

DEPARTMENTS OF TRANSPORTATION, AND  
HOUSING AND URBAN DEVELOPMENT, AND  
RELATED AGENCIES APPROPRIATIONS FOR 2020

---

---

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

---

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

**DAVID E. PRICE, North Carolina, *Chairman***

MIKE QUIGLEY, Illinois  
KATHERINE M. CLARK, Massachusetts  
BONNIE WATSON COLEMAN, New Jersey  
BRENDA L. LAWRENCE, Michigan  
NORMA J. TORRES, California  
PETE AGUILAR, California

MARIO DIAZ-BALART, Florida  
STEVE WOMACK, Arkansas  
JOHN H. RUTHERFORD, Florida  
WILL HURD, Texas

NOTE: Under committee rules, Mrs. Lowey, as chairwoman of the full committee, and Ms. Granger, as ranking minority member of the full committee, are authorized to sit as members of all subcommittees.

JOSEPH CARLILE, WINNIE CHANG, JOSEPHINE ECKERT, ANGELA OHM,  
SARAH PURO, REBECCA SALAY, and GLADYS BARCENA  
*Subcommittee Staff*

---

**PART 5**

	<b>Page</b>
<b>HUD's Management of Housing Contracts During the Shutdown .....</b>	<b>1</b>
<b>Stakeholder Perspectives: Fair Housing .....</b>	<b>77</b>
<b>Stakeholder Perspectives: Affordable Housing Production .....</b>	<b>99</b>
<b>Stakeholder Perspectives: Passenger Rail Development .....</b>	<b>129</b>
<b>Stakeholder Perspectives: Building Resilient Communities .....</b>	<b>159</b>
<b>Member's Day .....</b>	<b>189</b>
<b>Department of Housing and Urban Development .....</b>	<b>209</b>
<b>Department of Transportation .....</b>	<b>249</b>

---

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PUBLISHING OFFICE

## COMMITTEE ON APPROPRIATIONS

NITA M. LOWEY, New York, *Chairwoman*

MARCY KAPTUR, Ohio	KAY GRANGER, Texas
PETER J. VISCLOSKY, Indiana	HAROLD ROGERS, Kentucky
JOSE E. SERRANO, New York	ROBERT B. ADERHOLT, Alabama
ROSA L. DELAURO, Connecticut	MICHAEL K. SIMPSON, Idaho
DAVID E. PRICE, North Carolina	JOHN R. CARTER, Texas
LUCILLE ROYBAL-ALLARD, California	KEN CALVERT, California
SANFORD D. BISHOP, Jr., Georgia	TOM COLE, Oklahoma
BARBARA LEE, California	MARIO DIAZ-BALART, Florida
BETTY McCOLLUM, Minnesota	TOM GRAVES, Georgia
TIM RYAN, Ohio	STEVE WOMACK, Arkansas
C. A. DUTCH RUPPERSBERGER, Maryland	JEFF FORTENBERRY, Nebraska
DEBBIE WASSERMAN SCHULTZ, Florida	CHUCK FLEISCHMANN, Tennessee
HENRY CUELLAR, Texas	JAIME HERRERA BEUTLER, Washington
CHELLIE PINGREE, Maine	DAVID P. JOYCE, Ohio
MIKE QUIGLEY, Illinois	ANDY HARRIS, Maryland
DEREK KILMER, Washington	MARTHA ROBY, Alabama
MATT CARTWRIGHT, Pennsylvania	MARK E. AMODEI, Nevada
GRACE MENG, New York	CHRIS STEWART, Utah
MARK POCAN, Wisconsin	STEVEN M. PALAZZO, Mississippi
KATHERINE M. CLARK, Massachusetts	DAN NEWHOUSE, Washington
PETE AGUILAR, California	JOHN R. MOOLENAAR, Michigan
LOIS FRANKEL, Florida	JOHN H. RUTHERFORD, Florida
CHERI BUSTOS, Illinois	WILL HURD, Texas
BONNIE WATSON COLEMAN, New Jersey	
BRENDA L. LAWRENCE, Michigan	
NORMA J. TORRES, California	
CHARLIE CRIST, Florida	
ANN KIRKPATRICK, Arizona	
ED CASE, Hawaii	

SHALANDA YOUNG, *Clerk and Staff Director*

**DEPARTMENT OF TRANSPORTATION, HUD,  
AND RELATED AGENCIES APPROPRIATIONS  
FOR 2020**

---

TUESDAY, FEBRUARY 12, 2019.

**OVERSIGHT HEARING: THE DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENTS MANAGEMENT OF HOUSING  
CONTRACTS DURING THE SHUTDOWN**

**WITNESSES**

**IRV DENNIS, CHIEF FINANCIAL OFFICER, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**BRIAN MONTGOMERY, ACTING DEPUTY SECRETARY, FHA COMMISSIONER AND ASSISTANT SECRETARY FOR HOUSING, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. PRICE. The subcommittee will come to order.

Welcome to the first Transportation, Housing and Urban Development hearing of 2019.

Today we will be conducting oversight of HUD's management during the recent government shutdown, with a focus on nearly 1,200 expired housing contracts that put tens of thousands of tenants at risk.

I am pleased to have Brian Montgomery, the Acting Deputy Secretary of HUD, and Irv Dennis, the Department's Chief Financial Officer, here to testify this afternoon.

Thank you for being here. We look forward to your testimony.

Before I make a brief opening statement about the subject matter of the hearing, I do want to say how pleased I am that Mr. Diaz-Balart and I will again be working as partners in running this subcommittee, more or less, doing the best we can in a cooperative fashion. And that was the way it was when Mr. Diaz-Balart was chairman, and I certainly intend to operate in the same way. We plan to be collegial and cooperative, to work through our differences, and to produce a good fiscal 2020 HUD bill that will garner strong bipartisan support.

I also want to introduce the new subcommittee members on the Democratic side of the dais: Representative Bonnie Watson Coleman of New Jersey; Representative Norma Torres of California; and still to come, Representative Brenda Lawrence of Michigan. These are great new members. They are going to bring valuable perspectives to the subcommittee, and we are excited to have them join our returning members on Team T-HUD, we will call it.

Now let's return to the business before us this afternoon.

The recent presidentially induced government shutdown, which lasted 35 days, was one of the worst blunders in American political

history. Probably wouldn't get much disagreement on that. It was self-inflicted, damaging, and counterproductive. I don't believe anybody in this room wanted it. Unfortunately, the President did, and it took more than a month before he even allowed even a temporary solution to be put in place.

Unfortunately, HUD was a major casualty of the President's recklessness. Shutdowns hinder or halt essential government functions, and agencies like HUD are left with a skeleton staff to cope with the fallout. And every indication is that this time the damage was especially severe.

Serious questions have emerged about the Department's management of the lapse of appropriations, including the degree to which the shutdown was anticipated and whether adequate preparations were made in the weeks that preceded it.

Many housing contracts were allowed to expire, putting tens of thousands of tenants at risk, in the Project-Based Rental Assistance Program and the 202 and 811 housing programs for the elderly and disabled respectively.

Approximately 650 of these contracts expired in December, many of them before the lapse in appropriations occurred. The shutdown then greatly complicated the task of curtailing the damage. That is unacceptable. The Department should have seen this coming, but senior leadership failed to take necessary action.

HUD's options were further limited by the fact that the Department had imprudently spent approximately \$400 million in advance appropriations at the beginning of the fiscal year. Now, this money is flexible. It is designed to accommodate housing contracts, since they operate on a calendar year basis rather than a Federal fiscal year. HUD could have used the advance appropriations during the shutdown to renew expiring contracts, but the money had already been spent.

Compounding the problem was the Department's haphazard communication with stakeholders, including tenants, housing providers, and, I have to say, the Congress.

HUD expected landlords and nonprofit groups to tap into their funding reserves, their own reserves, to keep contracts afloat, but the Department failed to issue timely instructions. We heard numerous reports from landlords who had not received guidance.

Meanwhile, this subcommittee got wind of the difficulties and requested basic information from the Department about the number of expiring contracts and affected properties. HUD had already shared this information with outside stakeholders but refused to provide Congress with the same information for nearly a week despite frequent inquiries.

So this, too, is unacceptable. This Appropriations Committee expects HUD to comply with legitimate oversight requests, and I hope we will receive assurances from our witnesses today that this kind of episode won't be repeated. We need a better understanding of what went wrong and why it went wrong. Just as important, we need to know what HUD is doing to ensure similar problems don't recur.

The subcommittee is prepared to be a partner with HUD. If there are certain adjustments in the way the Department's funding is working, we need to know that. We want to be helpful. But we also

need for HUD to provide an honest assessment of what happened and how it can improve.

So, again, I look forward to hearing from our witnesses this afternoon.

I would like to recognize our ranking member, Mr. Diaz-Balart, for his opening statement.

Mr. DIAZ-BALART. Mr. Chairman, thank you very much.

I, again, first, would like to start to also welcome the new members of the subcommittee. So, Mr. Chairman, you already mentioned the new Democrats, and we are joined by, I think, among the best Members that the Congress has: Mr. Womack, Mr. Rutherford, and Mr. Hurd.

Frankly, I am thrilled that you are part of this subcommittee.

Mr. Chairman, you will find them to be, frankly, phenomenal members of this committee.

I might be a little biased, but I really think that this subcommittee plays a special, significant role to our Nation. And so I am thrilled to be on the subcommittee with all of you.

Now, let me start by first congratulating you, Mr. Chairman, for your chairmanship. Don't get me wrong, I would much rather—I liked it when you were ranking member better.

But, on a serious note, look, I have had the privilege to serve on the subcommittee with Mr. Price for 4 years now. And he is fair. It has been a partnership. And we not only have gotten to, I think, work and like each other but trust each other, and that is the most important thing.

And I have also gained a special appreciation for the chairman for his dedication to not only public service but, frankly, Mr. Chairman, your deep understanding of the individual and sometimes very complex programs of the jurisdiction of your subcommittee.

So I look forward to continue working with you, again, not only working with you but collaborating with you, and we are going to have a good time together, Mr. Chairman.

And I would just note, a lot of the times, it is, in essence, you know, chairman versus ranking member in the negotiations, and that has not been our experience. It has been House negotiating as one in the subcommittee to deal with the important issues.

And so, again, I look forward to continue working, Mr. Chairman. And congratulations.

I want to welcome our witnesses today.

Acting Deputy Secretary Montgomery, you know, you stepped into your role—again, the second in command at HUD—4 weeks into the shutdown, in difficult times. That was not an easy assignment, but I know you took on this role with, again, deep understanding of HUD's mission and operations.

And you also serve as Assistant Secretary for Housing and FHA Commissioner, and so you are serving double duty, managing the day-to-day operations of HUD while overseeing a trillion-dollar housing portfolio—something that a lot of us obviously care deeply about. So that is quite a responsibility, sir, and thank you for what you are doing and your service.

And, Mr. Dennis, I know you had an entire career in the private sector before you came to serve here at HUD as CFO. Thank you for agreeing to do that. I appreciate that you combine, again, a pri-

vate-sector perspective, which is so helpful, with a commitment to HUD's mission and its workforce.

Thank you both for your service.

I look forward to a hearing about how you dealt with this extremely challenging time and keeping HUD programs running across the country as best as you possibly could during the shutdown.

I would also like to thank the professional staff at HUD who were called to duty during the shutdown. And, again, I don't think staff gets enough credit. Even as they missed two paychecks, they worked to make sure that programs across the country continued to serve the neediest among us. Your efforts and theirs, gentlemen, ensured that no tenants were evicted during the 35-day shutdown.

We have an opportunity today to look at lessons learned from, again, this experience and explore how to move forward and improve HUD's systems and processes.

Chairman Price and I share the goal of helping HUD meet its mission, to serve our most vulnerable citizens, including the elderly, the disabled, and our heroes, our veterans. So I hope today's hearing will be a beginning of a conversation with you and other senior leaders at HUD on how to best do that. And so I look forward to our dialogue today.

I thank the chairman.

Mr. Chairman, I yield back.

Mr. PRICE. Thank you very much.

And we will now turn to the statement from our witnesses.

Mr. Montgomery, I understand you have a full written statement for the record. We will include that. You are recognized for 5 minutes.

Mr. MONTGOMERY. Thank you.

Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee, thank you for welcoming me today to discuss the most recent lapse in appropriations and how HUD performed during this weeks-long interruption to our normal operations.

And to those new members of the subcommittee, I would like to say welcome. Secretary Carson and the rest of HUD's senior leadership team looks forward to working with you.

I am pleased to be joined today by our Chief Financial Officer, Irv Dennis. Irv came to HUD in January of 2018 after considerable private-sector experience. With 37 years of accounting and audit work under his belt, ultimately as a partner with the global firm of Ernst & Young, Irv brings a vast well of knowledge to HUD as we seek to improve the agency's financial management and accounting practices—in short, to be better stewards of the taxpayer dollars.

Today I would like to offer you a brief summary of HUD's operations during the most recent government shutdown.

I am proud to report that, despite the furlough of close to 97 percent of our dedicated workforce, HUD continued to support activities that impact the health and safety of the individuals and families that we serve.

For example, we continued to make payments to 3,200 public housing authorities during the shutdown; we continued to make contract payments to private owners participating in our Project-

Based Rental Assistance Program; and we continued to renew expiring Section 8 contracts during the shutdown.

In cases where payments could not be made, our team worked with owners to find interim solutions, such as accessing property reserves, in order to ensure that residents were not impacted. We understood the vulnerability of those families who were concerned that, through no fault of their own, they would be at risk because of expired contracts.

In contrast to some of the predictions you may have read in the media, there were no evictions of our residents in any of our properties as a result of the shutdown. Zero.

On the single-family side, we continued to make certain families could secure FHA-ensured mortgages so they could purchase a home or refinance an existing mortgage.

In the area of disaster recovery, while our ability to review pending long-term disaster recovery action plans was suspended during the shutdown, we took the necessary steps to ensure that Puerto Rico could access the obligated \$1.5 billion in Community Development Block Grant disaster recovery funds for which an action plan had already been approved.

We continued and are continuing to provide needed technical assistance to our grantees in the development and execution of the recovery programs. I can assure this subcommittee that the shutdown did not materially alter the long-term recovery of our grantees.

Specifically in the case of Puerto Rico, we moved heaven and earth to make sure the financial systems were in place to allow the Commonwealth to draw upon their already-approved funds. In fact, just last week, Secretary Carson and I met with Governor Ricardo Rossello to confirm that HUD's work during the shutdown allowed Puerto Rico to proceed with its initial draw as early as February 4, 2019. I am pleased to announce this occurred on February 8. Again, we did what needed to be done.

Finally, we were in daily contact with your staff to make certain we were as transparent as could be during a very difficult period.

And we accomplished this all with just 3 to 5 percent of our staff, using IT systems that are in desperate need of modernization.

HUD employees from multiple program offices, none of them being paid during the shutdown, moved mountains to make sure that our critical and legally permissible activities continued to function even though most of our agency could not.

Irv's team and the Office of the Chief Financial Officer played a role that cannot be overstated, which is one of the many reasons I am pleased to appear with him today. We can all be immensely proud of their public service.

Again, thank you for the opportunity to tell the story before this subcommittee. Irv and I will be pleased to answer any of your questions.

[The information follows:]



**Acting Deputy Secretary Brian D. Montgomery**

**House Appropriations Subcommittee for Transportation, and Housing  
and Urban Development, and Related Agencies**

**February 12, 2019**

Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee, thank you for welcoming me today to discuss the most recent lapse in appropriations and how HUD performed during this weeks-long interruption to our normal operations.

And to those new members of this subcommittee, I'd like to say, welcome. Secretary Carson and the rest of HUD's senior leadership team looks forward to working with you.

I am pleased to be joined today by our Chief Financial Officer, Irv Dennis. Irv came to HUD in January 2018 after considerable private sector experience. With 37 years of accounting and audit work under his belt, ultimately as a partner with the global firm Ernst & Young, Irv brings a vast well of knowledge to HUD as we seek to improve the agency's financial management and accounting practices – in short, to be better stewards of taxpayer dollars.

Today, I would like to offer you a brief summary of HUD's operations during the most recent government shutdown. I am proud to report to you that despite the furlough of close to 97 percent of our dedicated workforce, HUD continued to support activities that impact the health and safety of the individuals and families we serve.

Rental Assistance

We continued to make payments to 3,200 public housing authorities during the shutdown.

We continued to make contract payments to private owners participating in our Project-Based Rental Assistance program.

We continued to renew expiring Section 8 contracts during the shutdown. In cases where payments could not be made, our team worked with owners to find interim solutions, such as accessing property reserves, in order to ensure that residents were not impacted. We understood the vulnerability of those families *who were concerned that*, through no fault of their own, they would be at risk because of expired contracts.

And in contrast to the apocalyptic predictions you may have read in the media, there were no evictions of our residents in any of our rental programs as a result of the shutdown. Zero.

#### Federal Housing Administration (FHA)

On the single-family side, we continued to make certain families could secure FHA-insured mortgages to purchase their homes, or to refinance their existing mortgages.

#### Disaster Recovery

While our ability to review pending long-term disaster recovery action plans *was* suspended during the shutdown, we took the necessary steps to ensure that Puerto Rico could access the already obligated \$1.5 billion in Community Development Block Grant—Disaster Recovery funds for which an action plan had already been approved. We continued and are continuing to provide needed technical assistance to our grantees in the development and execution of their recovery programs. I can assure this subcommittee that this shutdown *did not* materially alter the long-term recovery of our grantees.

Specifically, in the case of Puerto Rico, we moved heaven and earth to make sure the financial systems were in place to allow the Commonwealth to draw upon their already-approved funds immediately. Just last week, Secretary Carson and I met with Governor Rosselló to convey that HUD's work during the shutdown allowed Puerto Rico to proceed with its initial draw as early as February 4, 2019. I am pleased to announce this occurred on February 8. Again, we did what needed doing.

Finally, we were in daily contact with your staff to make certain we were as transparent as we could be during this difficult period. And we accomplished all this with just three to five percent of our staff, using systems that are in desperate need of modernization.

HUD employees from multiple program offices, none of them being paid during this shutdown, moved mountains to make sure our critical and legally permissible activities continued to function, even if most of our agency could not. Irv's team in the Office of the Chief Financial Officer played a role that cannot be overstated, which is one of the many

reasons that I am pleased to appear with him today. We can all be immensely proud of their public service.

Again, thank you for the opportunity to tell this story before this subcommittee. Irv and I would be pleased to answer your questions.

Mr. PRICE. Thank you.

Let me, before we start the questioning, just say that we plan to continue the ground rules that have been in effect on this subcommittee for some time. We will have 5-minute segments for questions and answers, the standard 5-minute rounds. We will alternate sides between the parties. We will recognize members in order of seniority as they were seated at the beginning of the hearing, and then those who come in after the beginning will be recognized later.

We ask all members to be mindful of your time. It is not 5 minutes for the question and then the answer is another 5. The idea is to have the question and the answer both within the 5-minute period. So you need to allow our witnesses time to answer within your 5-minute turn.

If there are no questions about that, we are familiar with the procedure, and I will go ahead with the first question.

We, of course, faced a huge challenge, as everyone acknowledges, when it organized on January 3. In fact, as soon as was possible, that very day, we passed legislation on the floor of the House to reopen the government. And we knew the harm that a shutdown can cause and was already causing.

The effects are widespread. We anticipated that there would be severe consequences for many, many Federal agencies and the people they serve, including this agency, HUD. And there was a risk of people being evicted. Thankfully, they were not evicted, as Mr. Montgomery just said, but we came very close. It was a real possibility. And that is a shocking realization and one that is at the heart of our inquiry today.

#### MULTIFAMILY CONTRACTS

So let me ask you, Mr. Montgomery—and, Mr. Dennis, chime in as needed—when did you know there was a problem with the renewal of expiring multifamily contracts—that is, that there could be a problem with respect to not only a shutdown but a CR? When did you realize that this could pose a problem and you would need to deal with it well in advance?

Mr. MONTGOMERY. Thank you, Mr. Chairman.

To pull back the curtain a little, we have contracts expiring every day. Contracts are expiring as we sit in this room today. We have 23,000 of them. We renew them on an ongoing basis.

I would add, it is a very paper-centric process, using antiquated technology, largely driven by wet signatures on paper documents. So it is a very time-consuming process we hope to fix through some upgrades in technology that are long overdue.

We began preparing for this shutdown, again, not knowing if it would ever occur, much less how long it would happen, weeks, if not months, before it happened.

Mr. PRICE. How far? How many weeks or months? That is what I am asking.

Mr. MONTGOMERY. Mr. Chairman, I know we had some discussions in November. You know, we frequently assess things, including the shutdown plans. Thankfully, the last one was 5 years ago. And, by and large, that was the blueprint, that contingency plan

developed during the previous administration. But, again, you never really know a shutdown happens until it happens.

Mr. PRICE. There is a 4 months' notice—is that right?—a 4 months' notice period. So would you not have known for—the contracts expiring at the end of year, let's say, would you not have known in—or had the notice period beginning in September?

Mr. MONTGOMERY. Well, again, the contracts expire on an ongoing basis. The overwhelming of them, sir, out of the 23,000 contracts, almost 21,500 of them were paid up through February, over 94 percent of them. The percentage of contracts that expired in December was about 550. We had another 500 or so expire in January.

Again, we typically, since that process happens all through the month, we, many times, spend the next couple of weeks of the following month getting caught up on the previous month, again, largely due because of the antiquated process that is currently used.

Mr. PRICE. So, in September, though, September, that is the 4-month advance notice date, right?

Mr. MONTGOMERY. Well, sir, but, again, we didn't know in September that there was going to be a shutdown.

Mr. PRICE. Well, that is part of my question. You had some pretty good clues, didn't you, that there would at least be a continuing resolution?

Mr. MONTGOMERY. Well, sir, I would say there have been a lot of CRs, and it is a difficult place to be in to administer a—

Mr. PRICE. All the more reason to anticipate. I mean, we worked on a—we had very good bill ready to go in September. I firmly believe that if we had been here 1 more week before we adjourned to go campaign we would have had that bill on deck, ready for the new fiscal year. But we didn't. And we certainly never doubted that the bill was in jeopardy.

I am asking, could you not anticipate in September that there might be a problem with these December contracts?

Mr. MONTGOMERY. Well, sir, I will reiterate that every month we have contracts expire. We typically spend into the next month to get caught up, which is what we did here, evening during a shutdown—which, by the way, we had never renewed contracts during any government shutdown. We are told by our long-term HUD staff that it had never happened, despite the fact that they had expired in previous shutdowns.

Mr. PRICE. All the more reason to anticipate a shutdown is coming and get as much of this cleared up as you possibly can in terms of—

Mr. MONTGOMERY. Yes, sir. No objections, sir.

Mr. PRICE. All right.

And so how long did it take you to get a handle on the magnitude of this problem?

Our staff were informed that HUD might have failed to review 1,150 multifamily housing contracts on January 4 and received confirmation of that from HUD.

#### CONGRESS-HUD COMMUNICATION

On January 9, Mr. Montgomery, I think you participated in a call with stakeholders where you provided additional details about

the renewal problems. Those stakeholders then reached out to committee staff with this information.

Our staff then called HUD to confirm these details and were told that HUD could not confirm it but that the information was, quote, "probably accurate."

Surely you can see why that would be frustrating.

Mr. MONTGOMERY. And, sir—

Mr. PRICE. It is concerning we wouldn't hear about this, or that we would hear about an issue this important only after outside groups were told.

Mr. MONTGOMERY. Well, sir, I will apologize for any miscommunication. I am fairly certain that Mr. Dennis' staff spoke with the committee staff on January 4. My first call was to housing advocates for the following week, I believe, started on January the 11.

I would say, could communication improve if there is a future shutdown? Absolutely. But, sir, I would just ask you to understand we had less than 3 percent of our staff trying to run an agency and it was pretty long days for everybody.

Mr. PRICE. Well, we will return to this.

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

#### CONTRACT RENEWALS

Mr. Montgomery, so we hear that there were approximately 1,200 contracts expired during the shutdown. How many of those contracts were you able to ultimately get signed during the shutdown? Any idea?

Mr. MONTGOMERY. Well, it is a lengthy process. And, again, I just want to keep reiterating this point. It is an antiquated, slow process that is long overdue for modernization. And, unfortunately, this episode pulled back the curtain on that.

So, again, we started renewing those contracts by recalling staff, something that had not been done during previous shutdowns. There was 550, another 650 or so in January. I am pleased to report that, as of today, all of them—

Mr. DIAZ-BALART. Well, that was going to be my followup. How many of those remain?

Mr. MONTGOMERY [continuing]. All the ones for December and January have been authorized for renewal.

Mr. DIAZ-BALART. So you don't have any remaining that expired that are still expired today, as far as you know?

Mr. MONTGOMERY. Well, I just want to make sure I am clear on the point, that they have been authorized for renewal, which, by and large, means all that is left to be done is to execute a signature—

Mr. DIAZ-BALART. Right.

Mr. MONTGOMERY [continuing]. Typically now by the owner.

So the total of 1,175 for December, January, and February have now been authorized for renewal. And that actually happened yesterday.

Mr. DIAZ-BALART. That is great to hear. And that is an impressive number, by the way. And, particularly, again, we are talking about a shutdown situation, so that is amazing.

Let me talk to you a little bit about during normal time, not shutdown times, as you run this program. I understand that, again, project-based, elderly, and disabled contracts, again, they can periodically expire. And so can you provide us with some of the reasons, normally, that you may not be able to immediately renew contracts that on the verge of expiration or that have already been expired? I am not talking about a shutdown situation; I am talking about the regular order of business.

Mr. MONTGOMERY. Well, we have some 23,000 contracts all together. About 18,000 are Project-Based Rental Assistance. Another 5,000 are what we call PRAC (Project Rental Assistance Contract) renewals, which are essentially for Section 202 and 811, the elderly and persons with disabilities programs.

There are different pots of money, sir, but, regardless, they all require a contract. So, as I mentioned before, that is a process that is ongoing, happens every day, all day. And, again, it is very time-consuming. And we have been working with our CIO (Chief Information Officer), as a result of lessons learned during the shutdown, to greatly modernize that process.

Mr. DIAZ-BALART. So, during the shutdown—and, again, to say you were understaffed during that time is an understatement, obviously—can you walk us through the steps that HUD took to, for example, communicate with the private owners whose contract had expired during the shutdown? How were you able to do that? Or were you able to do that at all?

#### HUD COMMUNICATION WITH PROPERTY OWNERS

Mr. MONTGOMERY. Well, as has been the practice in previous shutdowns—which, thankfully, they are not very frequent—we sent out notices to owners. This time, I elected to personally call some housing stakeholders, some advocates. I thought that they should hear directly from me with an update. I didn't realize until later that might be an issue, but, again, I stand by what I did.

So, again, we typically don't face off directly to tenants. That is simply done through the landlords and through the property owners.

Mr. DIAZ-BALART. Right.

You mentioned a little bit in your opening statement that certain owners could borrow from their reserves, right, if their contracts had expired? Can you just very briefly kind of explain to me how that works?

Mr. MONTGOMERY. Yes, sir. So owners are aware that they can, if they have to, pull down some of those, what are called, replacement for reserves. I suspect the ones we talked with anticipated, you know, that a shutdown was occurring there just days before it happened, but we officially put out a couple of notices, one on January the 4th and one on January the 9th, reaching out to property owners, advising them of the current situation.

Mr. DIAZ-BALART. And let me ask you then also, do you know how many staff did you have to recall to HUD headquarters and to the field to do the work of, again, dealing with all these issues?

## HUD STAFFING DURING SHUTDOWN

Mr. MONTGOMERY. So approximately 15 staff in the headquarters were working on it. We ultimately recalled another—a total of 50 out in the field. Because, you know, again, these contracts could have been in any number of places—in a field office, in our Fort Worth office, could have been with the owner, could have been with the headquarters staff.

Mr. DIAZ-BALART. I have to tell you that I am super-pleased to hear that you managed this shutdown—and it was a lengthy shutdown—without any evictions, obviously, which would have been horrendous, which I think says a lot to the skills and the ability and commitment of your team, frankly.

And I am running out of time, and if we get another round I want to kind of touch a little bit about that. Because that obviously is a huge priority for this subcommittee, and it obviously was a huge priority for you. And, again, that part, I think all of us have to say, job well done.

Mr. MONTGOMERY. Thank you.

Mr. DIAZ-BALART. I yield back, Mr. Chairman.

Mr. PRICE. Mrs. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman.

Mr. Montgomery, I am new to this subcommittee, so I am listening and learning. So I might ask you some very fundamental questions.

Mr. MONTGOMERY. Yes, ma'am.

## EXPIRING CONTRACTS

Mrs. WATSON COLEMAN. Of the 1,250, or the 1,150, or the 1,200 contracts that were expired during this shutdown, were these contracts with owners of properties? And did these represent multiple tenants, or were these contracts per tenant, per owner?

Mr. MONTGOMERY. So these are contracts basically per property, with a combination of what we call Project-Based Rental Assistance and then the Section 202 elderly program and then the section 811 program for persons with disabilities.

Mrs. WATSON COLEMAN. So the 1,200, or the—

Mr. MONTGOMERY. 1,175.

Mrs. WATSON COLEMAN [continuing]. 1,175 represents contracts which expired over the spectrum.

Mr. MONTGOMERY. January—excuse me, December and January.

## HUD PROGRAMS

Mrs. WATSON COLEMAN. But over different programs.

Mr. MONTGOMERY. Yes, ma'am.

Mrs. WATSON COLEMAN. What is 811?

Mr. MONTGOMERY. That is a program for housing for persons with disabilities.

Mrs. WATSON COLEMAN. Okay. And the 202 is for?

Mr. MONTGOMERY. For the elderly.

Mrs. WATSON COLEMAN. For the elderly.

Mr. MONTGOMERY. Yes, ma'am.

Mrs. WATSON COLEMAN. And so there are Section 8 housing programs for individuals that are renting an entire house, right?

Mr. MONTGOMERY. Well, most of these are for multifamily properties that are owned by—the project-based are owned by private owners, unlike the traditional public housing.

Mrs. WATSON COLEMAN. Okay. And what about the public housing contracts? Were those affected here as well?

Mr. MONTGOMERY. They have a different pot of money. They had access to more funds than we had. They were largely paid up through February during the shutdown.

Mrs. WATSON COLEMAN. When you talk about reserves, what kind of landlord are you talking about?

Mr. MONTGOMERY. So it depends on the program. If the project has FHA insurance, they are required to have reserves. Of those that don't, most of the owners keep reserves anyway for rainy-day funds. And for 202 and 811, they are required to have reserves.

Mrs. WATSON COLEMAN. These are the rentals, all rentals we are talking about?

Mr. MONTGOMERY. Yes, Congresswoman. Yes, they are.

Mrs. WATSON COLEMAN. All right.

So you said that all the contracts that had expired are brought up to date and only need a signature now.

Mr. MONTGOMERY. The category is “authorized for renewal.” And, right now, we are—actually made a decision a couple of days ago to accept PDF signatures. We put our heads together and realized we don't want to rely on not knowing what is going to happen Friday on U.S. mail or FedEx, so we are accepting PDF signatures.

Mrs. WATSON COLEMAN. So how long will it be before those people affected by those contracts actually receive the money that they would have gotten over that period of shutdown?

#### CONTRACT RENEWALS

Mr. MONTGOMERY. Well, we have already—well, 100 percent of them are authorized for renewal. About half of them actually have all the signatures. They should be receiving those funds imminently, if they haven't already. And our goal is to wrap all this up by Friday so that, again, not knowing what is going to happen Friday, we can have them all buttoned up.

Mrs. WATSON COLEMAN. So, during this shutdown, was there any—because I get the impression that everything went well, from your presentation. If that is so, that is great.

But is there any situation over this shutdown where, if you had had the advance appropriations of \$400 million unspent or some other pot of money, you would have actually had the occasion to use it then, during that shutdown?

#### ADVANCED APPROPRIATIONS

Mr. MONTGOMERY. Without passing judgment, I would just say it is difficult to administer a Cabinet agency under continuing resolution after continuing resolution. The last one, we had all of 2 weeks to expend those funds, again, not knowing what was going to happen, whether or not there was going to be another shutdown.

So that makes it very difficult, given we have a thousand different allotments—excuse me, we have about 85 different allotments and about a thousand different accounts, and every time we have a CR, we have to do that process all over again.

And, Irv, you might want to add something to that.

Mr. DENNIS. Yeah. You know, operating under a CR is extraordinarily difficult. The money that is appropriated on the first day of the CR is not available immediately for obligation. We have funds controls that go in place.

It is really a five-step process. There are 83 allotments. It finds itself down to a thousand accounts. And through those five processes, there are multiple levels of review and control. And it could take up to 1½ to 3 weeks for money to get from CR to obligation.

Mrs. WATSON COLEMAN. Can I ask a question just for clarification? The \$400 million that is defined as advance appropriations, what is that intended for?

Mr. DENNIS. So the advance funds—and this gets to an issue that we have been focused on since I have been there and even prior, is the technology side of our business. The advance funds are used to bridge us from one year to the next.

So the end of the fiscal year is September 30. Due to our poor and antiquated technology, we shut down the systems for 2½ weeks to close our prior year's books. Historically, these advance funds are used to bridge that period.

We do not use these advance funds to anticipate a shutdown. They are pretty much used in the first quarter, first month or two.

You know, I would say, during the CR, you know, we had 2 weeks to take the appropriated money, go through the steps of obligation. And this is Christmastime, it is holiday time. We were very focused on making sure that January and February's funds were allocated so there wouldn't be any—

Mrs. WATSON COLEMAN. Mr. Dennis, I am sorry. I am brand-new, and my time long ago expired.

I yield back.

Mr. DENNIS. Okay.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman.

Mr. PRICE. Thank you.

Mr. Womack.

Mr. WOMACK. Thank you, Mr. Chairman. Congratulations, by the way.

Mr. PRICE. Thank you.

Mr. WOMACK. In a previous life, I served on this subcommittee. I am back. So, warning to everybody.

To the gentlemen today, thank you. I mean, from what I have heard, it is not like we didn't have a shutdown, because we did, but it seems to me, based on the discussion that has happened here today already, that HUD did a masterful job in saving a lot of heartache out there, a lot of hardship out there. And that is a credit to the leadership of the organization, and I commend the Secretary and everybody on down.

I will come to you, Mr. Dennis, here in just a minute.

But how long could this successful handling of kind of a crisis situation actually have gone before we start seeing the ill effects of a shutdown that I am quite surprised maybe didn't happen?

## EFFECTS OF A LONG-TERM SHUTDOWN

Mr. MONTGOMERY. Well, obviously, during a shutdown, you can't obligate funds you don't have. We don't want to, obviously, get over the line of the Antideficiency Act.

If the question is when would we have reached a state of where things would have gotten a little out of control—I don't want to put words in your mouth, Congressman, but is that your question?

Mr. WOMACK. I think that is about the right way to put it, yes.

Mr. MONTGOMERY. Okay. March 1, things would have gotten much more difficult.

Mr. WOMACK. What have you been doing since we reopened the government, knowing that we have another cliff that we could possibly step off into, to continue the professional work and the activity that involved so many moving parts during the day?

You mentioned you have 23,000 contracts that you deal with. I did a little quick Arkansas math. That is about 100 a day that you are dealing with, maybe more, maybe less on given days.

So what have you been doing to prepare for what could happen if an agreement were not to be reached by the end of the week?

Mr. MONTGOMERY. So we find ourselves in a unique period. We just worked through the longest shutdown in government history. We came out of that for 21 days. We are spending that period to get caught up from the shutdown, to conduct regular business that we would during a 21-day period, and also try to prepare for the next shutdown, which may or may not happen and, if it does, could be of unknown length.

So it has been an extremely busy, you know, 50, 60 days now, whatever, since the last shutdown. And we are moving heaven and earth, staff working overtime, to get all these contracts fully executed and get the funds obligated.

I can assure you, we are moving every possible way to try to get this complicated and antiquated issue resolved, not knowing what is going to happen Friday.

Mr. WOMACK. Quick question about modernization, because that is a subject for a more advanced discussion, short of having to talk about shutdowns.

What would modernization do, from the IT perspective, that would allow you a better—not that we ever want to be experts at handling a government shutdown, because we don't like those and we shouldn't have to go through those. But what would modernization do, for example, in the past shutdown, that would have made life a little easier for you and the people you represent?

## IT MODERNIZATION

Mr. MONTGOMERY. That is an easy question, sir. Thank you.

Knowing the status of the contracts at any moment in time, knowing where they are and where they are in the process, would greatly improve our situation any day of the week, with or without a shutdown. And we did not have that capability and still do not have it.

The system that we use is early-1990s technology. It is called TRACS. And while it performs okay, it is almost 30-year-old technology.

Mr. WOMACK. Mr. Dennis, quickly, a question for you.

Mr. DENNIS. Sir.

Mr. WOMACK. Thirty-six-year distinguished career at Ernst. Tell me your frustration in dealing with the—you have to have some frustration, do you not?

Mr. DENNIS. I have actually very much enjoyed this last year. We have retirement at our firm at an early age, and I wanted to do public service and give back. So I have not been frustrated. I actually have enjoyed it.

But there are differences. And I would say the two key differences, when people ask me this question, is: When you want to get something done and progress and modernize, you know, I do not have control of resources. You know, I can't control people like you want to control in the private sector, and I don't control funds like you do in the private sector.

And I will tell you that probably the biggest frustration that we have at HUD is the technology. When you look at our technology—I had our team put together a matrix of all the systems and how they interface—it is old, it is antiquated, it is clumsy. It doesn't interface well. It is hard to move information from point A to point B. Sometimes that is a manual process; sometimes it is on an Excel spreadsheet. Very dated stuff.

And the number-one thing we need is to improve that technology. It would help with everything that the Acting Deputy Secretary just talked about, and that is just in that program. We could eliminate a lot of overtime.

And I think, generally, when I look at HUD per se, I look at the infrastructure and I look at the operations, and our operations are now starting to take over our infrastructure. And when you look at the number of employees 30 years ago, we were close to 16,000, 17,000; today we are around 7,000. When you look at the funds that went through the operations 35 years ago, it was about \$5 or \$7, \$8 billion; today we are over \$50 billion.

So we have the same infrastructure of technology doing the much more complicated stuff with half the people. So, to me, it is a very mildly risky environment. And, you know, I think the way that the team pulled together and did what we needed to do in the CR was a yeoman's effort on everyone's part.

Mr. WOMACK. Really appreciate the work.

Mr. Chairman, I know my time has way since expired. Thank you so much.

Mr. PRICE. Thank you.

Mrs. Torres.

Mrs. TORRES. Thank you, Mr. Chairman.

And I am, too, new to this subcommittee.

I don't expect you to have a crystal ball to try to, you know, figure out what the White House is going to do and when the next shutdown is going to come, if and when. Nobody here wants to see that, obviously. I think you have heard that from both sides of the aisle here. But we do expect you to do the best under the circumstances.

I am looking forward to reading your proposal on new technology, since you are operating under a 30-year-old TRACS pro-

gram. I can understand how frustrating that must be not only for you but for your employees.

On the issue of employees, your guidance states that, you know, you are to determine, you know, who is going to come to work based on health and safety issues that may come across that employee. So how did you determine, when it comes to housing issues, you know, who is a priority to come to work, who would be exempted?

#### EXEMPTED EMPLOYEES

Mr. MONTGOMERY. Well, there was a contingency plan that was in place at HUD that was used during the previous administration, and that was the basis of what we used this time.

Mrs. TORRES. So you haven't updated that?

Mr. MONTGOMERY. Well, we have updated it now.

Mrs. TORRES. Okay.

Mr. MONTGOMERY. We have what we are calling version 2.0, lessons learned from the last 34 days. So we have made a fair number of revisions to that plan.

Mrs. TORRES. Is that made available for us to review?

Mr. MONTGOMERY. It absolutely will be available as soon as it is finalized.

Mrs. TORRES. And when I look at domestic violence shelters—which, as a former 911 dispatcher, I am very keen to the needs of shelters and ensuring that they have funding available for domestic violence victims to be relocated and moved away from their abusers, not just the female or male victim but also the children involved in that family unit.

Were those employees that work that program required to come to work?

Mr. MONTGOMERY. So, as I understand NOFAs (Notice of Funding Availability), notice of funding availabilities, those are not permitted activities because they require the allocation of funds during a government shutdown.

Mrs. TORRES. So that is not a public safety issue?

Mr. MONTGOMERY. Well, it absolutely is. We still have to have the funding.

What we did, though, is we did recall staff to come in and be prepared to announce those grants as soon as the shutdown ended, which we did the day after it ended.

Mrs. TORRES. Can you walk me through the question on advance appropriations funding? Because I don't think that I am clear on your answer.

You had this funding available, but you spent it very early on in the fiscal year. You say that you need that for bridge funding. So how is the bridge funding made up later on? And did you have any CR funds go unused?

#### ADVANCED APPROPRIATIONS

Mr. DENNIS. So the advance funds are used, as you say and as we discussed earlier, early in the year; they are bridges from one fiscal year to the next. It is my understanding those advanced funds are not made up during that calendar year. They are not

made up with subsequent CRs. They are used and then not available.

Mrs. TORRES. So they are really not bridge funding. I mean, if you were utilizing it as part of your budget, why is it not just part of your budget?

Mr. DENNIS. It is the way the money is appropriated to us.

Mrs. TORRES. So is that a recommendation to change? Because if you are holding, you know, landlords accountable for having a reserve, where is your responsibility for a reserve?

Mr. DENNIS. I think you are bringing up a good point, that it would be very helpful through the appropriation process if we had a little more flexibility within the funding side.

We have some flexibility in the S&E (Salaries and Expenses), but on the program side we do not. And once the funds are appropriated for that particular program, it is there. You know, once the money is appropriated, there is not a lot of flexibility to move around once we run into these situations.

And we have had some conversations with your committee staff on the S&E funds for creating a little more flexibility as we go forward. And we hope that our financial controls—and we can prove to you that we are improving our financial controls—

Mrs. TORRES. In the last 3 seconds, did you have any CR funds go unused, yes or no?

Mr. DENNIS. We had—the answer is yes, but it wasn't a full month's worth of appropriations for those programs.

Mrs. TORRES. Okay.

I yield back.

Mr. PRICE. Thank you.

Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Mr. Dennis, you are the Chief Financial Officer. Can you tell me, under your rental assistance program, you have about 3,200 public housing authorities who receive payments. You have 2,300 contracts that we have talked about, all expiring every day.

Of those public housing authorities, how many of those did not receive payment during this time?

#### HUD PAYMENTS DURING SHUTDOWN

Mr. DENNIS. January and February, I think zero. I think most everyone received payments.

Mr. MONTGOMERY. And, yes, sir, just to split hairs, the public housing authorities are different than the 23,000 contracts.

Mr. RUTHERFORD. Okay. So that is in addition to the 23,000 contracts?

Mr. MONTGOMERY. Yes, sir. And those were paid up through February, the public housing authorities.

Mr. RUTHERFORD. And then all 23,000 contracts, of those, can you tell me how many did not get paid?

Mr. MONTGOMERY. Well, there are 18,000 that are project-based, 5,000 that are PRAC renewals. We advance paid 21,500 of them out of the 23,000 roughly. And there were some that are what we call suspension. This happens all the time, nothing to do with the shutdown.

Mr. RUTHERFORD. Right.

Mr. MONTGOMERY. So the 1,175, when you boil the number down, that is the amount that I referenced earlier that—

Mr. RUTHERFORD. And so those people that are doing business with you, no one was harmed financially. Is that—

Mr. MONTGOMERY. Well, I would hope not. I mean, again, it is difficult on owners, certainly on tenants. I don't think they would want to go through this again.

Mr. RUTHERFORD. Right. No, I understand that. Nobody wants to go through this again.

What about the Federal Housing Administration mortgages? Were any of those delayed or refused because of this shutdown?

Mr. MONTGOMERY. Well, thankfully, we were able to continue to process—because lenders do a good bit of that—the FHA forward mortgages. The reverse mortgages, however, ran out of commitment authority, so we can could not process or endorse any reverse mortgages. So we are getting caught up on those as well.

#### CDBG—DR

Mr. RUTHERFORD. And all of the CDBG money for Puerto Rico that was obligated, that was all accessible and ready for them as well, right?

Mr. MONTGOMERY. Well, on the \$1.5 billion, we were still working through, since those funds have been allocated, through the grant agreement. That has been finalized, as I mentioned before. Puerto Rico drew down the first amount Friday evening, \$45,000 out of the \$1.5 billion.

Mr. RUTHERFORD. Right.

So all of the angst that we heard in the media about the catastrophic hit that was about to take place in HUD, can you tell me how many tenants were actually evicted during that time?

Mr. MONTGOMERY. Sir, we are told that none were evicted as a result of the shutdown.

Mr. RUTHERFORD. Right.

#### HUD COMMUNICATION

Mr. MONTGOMERY. But I do want to say, just a lesson learned here, that there are could absolutely be better communication between all parties. And there was no intent on my part to not better communicate, but getting those contracts resolved was our highest priority. So we will endeavor to improve communications, with or without a shutdown.

Mr. RUTHERFORD. Right.

And during your normal business processes, you have these lapses in the contracts all the time. Is that correct?

#### CONTRACT RENEWALS

Mr. MONTGOMERY. That is correct, sir. Contracts renew every day, and we typically use a good bit of the next month to get caught up from the previous, because they come in all until the end of the month. And it is an ongoing, everyday process.

Mr. RUTHERFORD. Okay. And now, as of now, the 1,175 contracts that had expired through January, those are all back in place, correct?

Mr. MONTGOMERY. Well, sir, the category they are in right now is authorized for renewal, which happened this morning. About half of those still require the actual signatures. But, as I mentioned before, we are going to accept PDF signatures, which we were told are permitted.

Mr. RUTHERFORD. Okay.

Mr. MONTGOMERY. So we are working to get all those done by midnight just—

Mr. RUTHERFORD. But even with those, nobody missed a payment and nobody was put on the street. Not a single man, woman, or child was put on the street because of this—

Mr. MONTGOMERY. Well, we are not aware of any that happened as a result of the shutdown relative to the contract issues. I don't want to say—we all worked hard to make sure that didn't happen. We were focused on that every day that we were working through this.

Mr. RUTHERFORD. I think as you said—and I will close with this. I think, as you said, that 3 to 5 percent of your personnel, they did move heaven and earth. So thank you all.

Mr. MONTGOMERY. Well, and, by and large, that was career staff. Some of them are here with us today. They deserve the vast majority of that credit, and Irv's team in particular.

Mr. RUTHERFORD. Thank you.

I yield back, Mr. Chairman.

Mr. PRICE. Thank you.

Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman. Nice to be back with the subcommittee.

Welcome to our new members.

And, of course, all our thoughts are with Mike Quigley as he goes through this sad time.

Thank you. Thank you for being here.

I sort of want to go back to the line of questions that my colleague Congresswoman Torres started. It is my understanding that HUD's contingency plan for shutdowns, a lapse in appropriation, calls for HUD to continue performance functions that are necessary to prevent an imminent threat to the safety of human life. Is that correct?

#### HUD SHUTDOWN PROTOCOL

Mr. MONTGOMERY. That is correct, but there still has to be funding allocated for us to do that. Otherwise, we might find ourselves in an Antideficiency Act violation.

Ms. CLARK. So is it not really correct in a shutdown? Like, how do you make those decisions? If that is your contingency plan, then it is also subject to funding levels when it involves safety of human life?

Mr. MONTGOMERY. It is my understanding, again, to be able—we still have to have the funds to be permitted to be used, which is one reason why there are reserve funds that we require some—if it has FHA insurance, on 202s and 811s, they have those funds for situations like this when they have to access those reserve accounts.

Ms. CLARK. So is it your testimony that you have 3 percent of the workers who are still working, not furloughed, because they are there because of an imminent threat to human life, and then—but somehow domestic violence does not get covered. And is that decision—how was that decision made, to eliminate that from the category that is in your own contingency plan?

CONTINUUM OF CARE GRANTS

Mr. MONTGOMERY. I don't know that we eliminated it. The issue, as I understand it—and I am happy to research this more when this is over—that we didn't have the funds to allocate just yet. However, we knew we would at some point. So, so that we could be ready when the shutdown ended, that is the staff that we recalled to work on the Continuum of Care NOFA grants, to be prepared to announce them when the shutdown ended, which we did the day after the shutdown ended. And then we announced another one a week or so later, another NOFA grant.

Ms. CLARK. So were there any other situations where a real safety to human life is threatened where you would have said, well, we have to wait until after the shutdown? Or was it only domestic violence that fell into that category of—

Mr. MONTGOMERY. Well, again—

Ms. CLARK [continuing]. Not having the funding? Because if it is an emergency, sort of the essence of it is, we realize you are in a shutdown and don't have access to regular funding, but this is an emergency situation.

Mr. MONTGOMERY. Absolutely. So many of these nonprofits and organizations get money from us every year, so they, by and large, would have funds from the previous year. Again, this would have been access to future funds, again, which we announced, you know, the day after the shutdown ended.

Ms. CLARK. But isn't that the emergency nature of that exception in the shutdown, about protecting human life? I don't understand why domestic violence decided to get pushed out of that emergency planning.

Mr. MONTGOMERY. It is not that we pushed it out of the emergency planning; I just can't allocate funds that I don't have. And, again, we wanted to be ready to go when it ended, and we did it the next day. I totally understand where you are coming from, but, again, I can't allocate funds that I don't have.

Ms. CLARK. That is why we have emergency contingency plans when human life is at stake, as it was for many cases, you know, cases that we have heard of.

Another thing that we heard of was that domestic violence shelters attempting to secure HUD funding were locked out of the system. But that, again, is part of your contingency plan. It specifically says they will be able, in a shutdown, to access homeless assistance grants. So why were they not able to access that?

Mr. MONTGOMERY. So some of those groups that we heard from had password issues. Some of them had other issues just accessing the system. A lot of that is done through field office staff that was furloughed. So, working with our CIO in headquarters when we heard about this, we developed a workaround solution that allowed us to work through those problems from headquarters.

So, again, when we heard about them, we acted, we created a solution, and, as I am told, eliminated the problems, the few that had problems accessing the system.

Ms. CLARK. Do you think, when we see your report on lessons learned, that protecting people whose lives are at risk because of domestic violence will be back at the top of needing protection in the very unfortunate event that we ever go through another government shutdown?

Mr. MONTGOMERY. Well, they are absolutely a priority for HUD, I can assure you, every day of the week.

Ms. CLARK. Well, it seems like, if they are supposed to get funding in an emergency when life is threatened, and yet you say they weren't able to access that because there wasn't funding, that there is a breakdown in the system in how we are addressing these very real needs of the people in this situation in HUD properties.

Mr. MONTGOMERY. It is a convergence, obviously, of the CR, one funding cycle ending, another one beginning, and what we are permitted to do during a shutdown.

Ms. CLARK. Thank you.

Mr. PRICE. Thank you.

Mr. Hurd.

Mr. HURD. Thank you, Chairman.

#### HUD EMPLOYEES

Gentlemen, thank you for being here.

Have all of your employees, especially the 3 to 5 percent that worked their tails off to make sure everybody was protected, been made whole with their pay?

Mr. MONTGOMERY. Well, the good news, all of them were paid by the 31st. That was the last pay period in the previous calendar year and the first one this calendar year. We are absolutely working through ways that we can show our gratitude to the staff that worked without pay for 34 days.

Mr. HURD. Leave, pay, any—

Mr. MONTGOMERY. Any combination—

Mr. HURD [continuing]. Issue with healthcare, all of that has been sorted out?

Mr. MONTGOMERY. It is my understanding, yes. But, again, to show the gratitude for the staff that did that work, working through ways that we can show that gratitude in ways that they would appreciate.

Mr. HURD. Good copy.

#### IT MODERNIZATION

You talked about the manual processing of the TRACS system. Had this not been a manual process, the difficulty on the 3 to 5 percent that were running the show, it would have been a lot easier for them to understand where contracts were. Is that correct to understand that?

Mr. MONTGOMERY. It could have been nearly instantaneous—

Mr. HURD. Gotcha.

Mr. MONTGOMERY [continuing]. To track those contracts.

Mr. HURD. And who is responsible within HUD on automating the TRACS system? Who has operational control of that project?

Mr. MONTGOMERY. By the way, I would say to my previous answer, assuming we had the funding, obviously.

Mr. HURD. Sure.

Mr. DENNIS. Well, it is a joint effort between—a collaborative effort between all of the programs, the CIO, CFO. And one of the things that I did when I came—

Mr. HURD. Gotcha. I heard what I wanted to hear, the CIO's role, all right?

Mr. DENNIS. Okay.

Mr. HURD. And, Mr. Dennis, you said that there is no flexibility on the program side. Would you not consider the MGT Act that Congress passed last year—it is a piece of legislation from a dashing young Congressman from Texas—that was supported by this committee, would that not be considered flexibility within the program side?

Mr. DENNIS. I am going to have to—I don't know the answer to that. I am not familiar with that.

Mr. HURD. MGT was designed to have working capital, if you modernize your infrastructure, your IT infrastructure, the money that you save could be put into a working capital fund. And I see on your Fitara score card, which you went from a D in November of 2015 to a C+ in December, that you only got a C on MGT, which means you had plans on creating an MGT fund, but you hadn't.

Mr. DENNIS. Yeah. So thank you for clarifying the word capital fund. That is an area that we may be able to create some flexibility. One of the things that we are doing in the IT funds is really geared towards maintenance. And to the extent there are funds that roll over from 1 year to the next, we are hopeful that we can go through a reprogramming exercise and develop—

Mr. HURD. The answer is not may, it can, and that is why it was designed to do that. And I see on your software licensing on MGT—on your Fitara score card is an F, meaning that you do not know all the programs that are being used on your system.

Now, Mr. Montgomery, you have been on the job for less than a month. Is that correct?

Mr. MONTGOMERY. Well, I have been FHA commissioner since June 2018. I took over as acting deputy secretary a week before the shutdown ended.

Mr. HURD. Gotcha. Other agencies have saved billions of dollars on understanding the software licensing, which could then go into the MGT fund, which could then be used as rollover funds to work on the TRACS system. So I would be interested in your plans on how you plan to get control over the software licensing, because that can drive modernization in so much of your program, as well as how you plan to use MGT for the modernization of the TRACS system.

Mr. DENNIS. Thank you. We will absolutely take a look at that and come back to you with our thoughts. But, you know, I have spent time with your team talking about our finance transformation plan, which includes IT modernization. We are working very closely with our CIO and administration and the programs to make that a holistic approach. It is, you know, it can't be understated or overstated how antiquated these IT systems are for us.

So any ideas that you have to allocate money and help us find money is much appreciated.

[Mr. Dennis responded for the record.]

The Office of the Chief Information Officer (OCIO), and in particular the Chief Technology Officer (CTO), manages the acquisition of software licenses at the agency. The CTO has instituted a software inventory process, which includes validation and verification of all Agency licenses. The CTO has begun to consolidate and optimize software licenses in use by multiple Program Offices. The initial effort has already begun to realize some cost savings by allowing HUD to remove software that is no longer required to meet its mission. CTO is also working to acquire an IT Service Management (ITSM) solution that provides automated software asset management capabilities that will significantly improve our ability to manage software license requirements and costs and software compliance requirements.

OCIO is also working with GAS's Assisted Acquisitions office to explore quicker and more efficient ways to acquire software licenses. In the past, OCIO has had to complete individual procurement actions for each software purchase or renewal. The new approach is for a blanket purchase agreement in which all IT assets (licenses, hardware, supplies and warranties) will be procured and centrally tracked. Our current IT assets will then slowly transition to this vehicle.

TRACS is a legacy application residing on HUD's IBM Mainframe platform and using COBOL code that is over 30 years old. The CTO's recent assessment of HUD's systems determined that TRACS functionality closely aligns to HUD's overall subsidiary management and enterprise financial management capabilities. Therefore, we are incorporating TRACS system requirements into our Enterprise Subsidiaries Management Program, which has been established to modernize HUD's subsidiaries programs to include business process, financial management, and technology. This will transform and ultimately optimize the utilization of \$35 billion in housing subsidies, which include both Tenant-Based Rental Assistance (TRRA) and Project-Based Rental Assistance (PBRA).

HUD is already using the Technology Modernization Fund provided by the MGT for a \$20 million project to migrate other critical systems off HUD's Unisys mainframe. That project will transition from on-premise physical hardware to a cloud virtual machine environment. It will consolidate and modernize the existing infrastructure, which will substantially reduce costs for software licenses, operations, and end user support. The TRACS modernization, as part of the broader subsidiaries/financial management effort will instead use available resources in HUD's appropriate IT Fund. The initiative will embrace an agile methodology with six-month deliverables and identify potential cost savings for reinvestment, similar to the Unisys TMF project.

Mr. HURD. Well you have taken the first step in empowering your CIO, making sure that person reports directly to Mr. Montgomery and actually having a permanent CIO. Many other agencies haven't even taken these basic steps in order to modernize that enterprise. And it is going to increase efficiencies, which I am glad we have talked almost through everybody's question.

With that, I yield back, Mr. Chairman.

Mr. PRICE. Thank you.

Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman. It is good to be back in this subcommittee. I still remain the low person on the totum pole, so we have got to figure out how that worked. And just nice to follow the dashing young man from Texas walking through procurement and IT with us.

#### PUERTO RICO DISASTER FUNDING

Mr. Dennis, I wanted to ask you about Puerto Rico. Can you clarify your position on CDBG disaster funding (CDBG-DR)? HUD's contingency plan for the shutdown, as we have discussed, but it specifically mentioned appropriating in the fiscal year 2018 to be disbursed during the shutdown. HUD delayed the disbursement of

funds to Puerto Rico because the agency required additional documents outlining how Puerto Rico will spend the disaster funding.

On February 9, HUD published a notice stating the agency will take 60 days instead of 40 days it would normally take to review Puerto Rico's application.

So my question is, what is the delay? Shouldn't we be working to review this more quickly and disburse these funds?

Mr. MONTGOMERY. Do you want me—that is probably more my area, sir. So the \$1.5 billion I referenced earlier, we were able to work on that action plan. In those funds, Puerto Rico was able to draw down on February 4, that is the \$1.5 billion. And they did make the first draw Friday evening of \$45,000. The \$8.2 billion, and this is all unmet need category, that is this tranche of money, I believe, sir, that you are probably referring to.

We will be putting out a notice shortly regarding that action plan. We discussed this with Governor Rossello when he was in last week, and we communicate with his staff regularly. And we are hopeful then to get that action plan finalized and get the grant agreement signed. And we have been communicating this with his staff as recently as Friday.

Mr. AGUILAR. I appreciate that you are having those discussions with them. What are the delays?

Mr. MONTGOMERY. Well, sir, I am not sure that there is a delay right now. Again, and it is not just Puerto Rico, I know your question is directed at that. There is obviously California, Georgia, North Carolina, Texas, and other States in there. We have made the first tranche of unmet need a priority, which is why we did the \$1.5 billion first.

Puerto Rico, along with other states, we are reviewing their action plans as we speak, and hopefully getting closer to a solution on those as well.

Mr. AGUILAR. How would you describe their action plan compared to the other States that you mentioned, Georgia, California?

Mr. MONTGOMERY. Well, certainly the damage was more profound in Puerto Rico, no doubt about that. Texas, Florida, and Georgia had significant damage, as did some communities in California. There is no doubt Puerto Rico's was significant. The damage was devastating.

Mr. AGUILAR. I guess my comments would be—I appreciate the clarification. My comment would be, these individuals, when we speak with them, they know that Members of Congress advocate, and that is what we all do. They don't feel that they have the ear of folks here. They feel like they have been left behind. That they are U.S. citizens, but they aren't receiving the funds and the care and the advocacy, quite honestly, that other individuals, other communities receive.

So I would just like to ask that you be sensitive to that. We don't need to treat them any differently. Let's move on these action plans and let's give them the help that they need so those communities can rebuild, just like Georgia, Texas, Florida, California, the States that you mentioned.

Mr. MONTGOMERY. I will absolutely commit to doing that better, sir, where I haven't. I will be very mindful of that going forward.

## FHA LOANS

Mr. AGUILAR. I appreciate it, sir. Mr. Montgomery, again, for you. The FHA handbook, mortgages can be made to nonpermanent residents if the application is authorized to work—if the applicant, I am sorry, is authorized to work in the U.S. and has a history of status renewals. As you might know, Deferred Action for Childhood Arrivals, the DACA program, allows some undocumented immigrants to work in the United States.

In many cases, DACA recipients have renewed their status at least once, if not multiple times. These hardworking young men and women pay taxes and have undergone vetting process to participate in the DACA program. In December, an article was published that revealed HUD advised lenders to stop lending to FHA-backed loans to DACA recipients.

According to the article, HUD shared this information with lenders over the phone and at conferences, however, the agency has not put out any policy in writing. There is 700,000 DACA recipients living in the United States who I said pay taxes and contribute to our economy. Many want to become homeowners, and more are working to attain that goal in the future.

To your knowledge, has HUD issued any type of policy surrounding DACA recipients' eligibility for FHA-backed home loans?

Mr. MONTGOMERY. Sir, I can tell you, at my level I am also the FHA commissioner. The policy has been unchanged for many years. The current policy was developed in 2003 and it was codified into the new FHA handbook in 2015 in the previous administration. That policy is exactly what we are following today, sir.

Mr. AGUILAR. So it would surprise you if HUD staff or individuals were advising lenders of that, not to—not to work with DACA recipients?

Mr. MONTGOMERY. I am not aware of—I have heard some accusations of that, sir, it hasn't come from me.

Mr. AGUILAR. Sure.

Mr. MONTGOMERY. But, again, I can't speak for all my staff, but I do know we haven't changed that policy dating back 15 years or so.

Mr. AGUILAR. Okay. Well, we can make sure that you have that article as well that goes into some specifics, but I appreciate your answer. Thank you.

Thank you, Mr. Chairman.

## HUD CONTRACT MANAGEMENT DURING THE SHUTDOWN

Mr. PRICE. Thank you. Well, gentlemen, let me return to the subject with which we started, namely, the contract expirations and the way in which that—that they were handled and the kind of conclusions you have drawn, looking back on this as to how this went and how the process might be improved in the future.

As I understand it, as we said initially, there was a failure to renew some 1150 contracts that came to light about two weeks into the shutdown in early January. And those contracts were about half December contracts, half January contracts. And the question is, were those expirations appropriately anticipated and dealt with in the best possible way?

Mr. Montgomery, I appreciate your comments about communication, we do, of course, need to pay attention to that, and I appreciate your acknowledgement of that. In looking over this episode, we don't find much about this in the shutdown plans that HUD developed. In fact, the level of detail is much less than we have seen from other agencies. And then, as others have raised, there are questions I think that maybe we could nail down a little further about sources of funding that might have been used had they been available to deal with this situation into this shutdown. For example, the advanced funding. The advanced appropriations.

In retrospect, might that have been handled differently? And might that have been available to bridge some of these gaps? Had that not been spent, those \$400 million not been spent earlier.

And then the question was raised about the CR funds. The CR funds, of course, had expired on the 21st. We understand that something like a billion of those funds, a billion dollars of those funds, were allowed to expire. Might that have been applied to some of these contract renewals at an earlier point?

So you see what concerns us here. We, of course, are grateful that worse consequences didn't materialize, but it was a fairly close call, and there are plenty of alarm bells going off about what this might look like in the future. So you see what we are looking for here. And as you are looking toward the future and whether some of this might be corrected, we would like to have your reflections on that. We all need to understand it going forward.

Mr. MONTGOMERY. Absolutely. Mr. Chairman, and while I hope we never go through one again, it was certainly a big learning process for all of us. And we carefully documented, we have carefully updated our contingency plan as we see fit. And, you know, again, these happen so infrequently that it is hard to gauge.

First off, are they actually going to happen until they happen? And then, secondly, when they do happen, how long are they going to last? The last one in 2013 was a matter of days. I think you have to go back to 1995, 1996, to find one that lasted as long as this one.

So our principle driving and guiding principle, sir, was we didn't want people to suffer as a result of this. So there were different—between reserve accounts—replacement for reserve accounts, some either with the owners, some with HUD, through other funds—sources of funds, the housing certificate. We had the funds to get those contracts renewed, the 1175 for December and January.

Mr. PRICE. Yes, but you were scrambling. You were piecing together funds from various sources. And I asked you about two particular sources of funds that weren't available for you, for the reasons I stated. What is your retrospective assessment of that?

Mr. MONTGOMERY. So on the \$400 million, again, with the technology limitations we have and the gap between fiscal years, we literally, and this began a number of years ago, have to shut down the system—for 2½ weeks to change over. It is that \$400 million that is used every year to do that. So I don't know specifically when those funds were gone, but they were long gone, I am told, before the shutdown happened.

Mr. DENNIS. The other thing I would add is, you are right, some of that money from the CR was there, it wasn't quite a full month. And we are looking at a—it would require a change of a business

process to get those allocated quicker, and also a different technology. It is a very decentralized process, it requires coordination and communication with the landlords and our folks. It is not centrally controlled out of headquarters.

But, you know, as we learned, and as we go through finance transformation, IT modernization, we will take a look and see if there is a more efficient and a quicker way to allocate those funds. But I would say in the 2 weeks that we had or even in anticipation before, which is your question, it is very difficult to do that in a CR environment with our systems and our processes the way they are.

Mr. PRICE. Well, I appreciate that and we will await the results of those considerations. We have asked—our staff has asked that you provide more detail and future shutdown plans to address contract renewals. It really was not sufficiently detailed. Whatever your judgment about the kind of steps you took to meet these needs.

Mr. MONTGOMERY. And I will apologize for that.

Mr. PRICE. You need to articulate much more precisely what kind of activities will and will not be performed.

Mr. MONTGOMERY. Absolutely. Yes, sir, we absolutely will. And I apologize for that miscommunication and lack of it.

Mr. PRICE. And this is a question of planning also and making quite explicit what is going on be done in various contingencies.

Mr. MONTGOMERY. Absolutely, sir.

[Mr. Montgomery responded for the record:]

Per OMB Circular A-11, contingency plans are living documents that are updated on an on-going basis, at the very least every two years. This year draft contingency plan revisions are due to OMB by August 1. In the short CR window following the lapse ending January 25, HUD worked diligently to incorporate the lessons learned into a draft plan before the expiration of the CR. As the full year bill was enacted, HUD incorporated the lessons learned into the full revision of the contingency plan planned for this summer. Beginning in April, HUD will work across all offices to revisit the issues identified during the shutdown and propose corresponding updates to the contingency plan where appropriate. HUD will work internally with legal counsel to review proposed updates and the resulting draft plan will be submitted to OMB for review in late July. HUD and OMB will resolve any areas which need further review and a final updated contingency plan is expected to be posted publicly by mid-September.

Mr. PRICE. Thank you. Mr. Diaz-Balart.

#### DISASTER FUNDING

Mr. DIAZ-BALART. Thank you very much Mr. Chairman.

Actually, Mr. Aguilar just reminded me, speaking about CDBG-DR. One of the things that I am really proud of is that I worked with the chairman to provide funding not only for recovery, but also for mitigation, long-term mitigation. And just—I don't expect you to have the answer to this one now, but if I could just throw your way is—so obviously our States are awaiting anxiously for Federal Register notification for the disaster mitigation program. And if you could, again, I don't expect you to have it now, but if you get back to me about the status of the notifications of the CDBG-DR Mitigation funds, when you can, it would be helpful.

Mr. MONTGOMERY. And I am happy to do that now or we can do it afterwards.

Mr. DIAZ-BALART. I mean, if you have—you don't need to give it to me now, but—so let me go to other questions, but I would love it if you can get that to me.

Mr. MONTGOMERY. Absolutely sir.

[Mr. Montgomery responded for the record:]

HUD anticipates publishing the notice by May 1.

#### CONTRACT RENEWALS

Mr. DIAZ-BALART. Mr. Dennis, let me—obviously, the issue about—if you can give me some more details about how you worked to find the available funds to renew the contracts, because, you know, which accounts did you scrub, which programs presented the greatest challenges you worked to find the available funds to renew these contracts. And also you mentioned about the issue of the Antideficiency Act violations, how were you able to ensure that you weren't running into that?

Mr. DENNIS. So the first part of your question as it relates to the funds. You know, I would say we did a relatively normal process, only on an accelerated basis. You know, we did scrub prior year funding that was available. That is an exercise we go through every once in awhile. We did that during the two weeks and before.

So, again, we accelerated what I would call a normal process, that money is carried over from prior years and if we were able to use it, we did. PBRA was probably a little more challenging, but all programs have their challenges. PBRA probably, just because of the decentralized nature of it, and the process manual and having to reach out to the landlords on the other side of the contract.

Antideficiency is—again, 37 years in public accounting, I understand controls, I am passionate about them. And we have a—the Appropriations Law staff is within the CFO shop at HUD, as you know. We work very closely with the programs. Any time we want to make a modification to a contingency plan or do something different with funds, we go through that process.

I love his precision. He is very precise. He is good. And if there is—on the contingency plan, once we go through the process internally between the program lawyers, our—the Appropriations Law lawyers, and then General Counsel obviously goes through OMB review as well at that point. So we are very conscious of that, making sure that we did not have any ADA (Anti Deficiency Act) violations or tried not to.

Mr. DIAZ-BALART. Well, I appreciate that. Every member of the Appropriations Committee hates CRs, and obviously, shutdowns. And I think one of the issues we have had—there are so many new people in Congress, try to explain to folks just how damaging CRs are, not only shutdowns, but CRs are. And so I think you all kind of hit on that today, which I think is important for frankly other Members to hear as well.

But, you know, again, you just talked about—Mr. Dennis, you have extensive private sector experience. So what—tell me a little bit about some of the lessons learned from this experience, which is unique, obviously?

## SHUTDOWN LESSONS LEARNED

And, you know, are there some processes and improvements that HUD could make when it comes to, you know, project-based contracts, and just kind of an open-ended question, but again, you know, your experience. I want to tap into that.

Mr. DENNIS. Yeah, so—again, I constantly get asked the question, observe the difference between private and public sector. And I don't want to—you know, I have been through and have led a lot of crisis management through my 37 years, and I don't want to put this in a category of crisis, although some may suggest 3 percent of your workforce doing critical duty could be in that category.

And what I observed through this 2-week CR was great management by a great leadership team. You need calmness, which happened. You need coordination amongst all of the leadership, which happened. And you needed great communication within HUD. And I appreciate—you know, we maybe need a little bit better communication with you folks, and we can talk about that.

But I thought the team did a great job getting through it. The lessons learned from HUD specifically is, again, just a—not so much learned, but just another indication and awareness that our IT systems need to be improved. We did learn some from process stuff that we may be able to take a look back at future potential CRs. I think we learned that if we had a little more flexibility in how we can maybe use some of the program money, that would have been helpful to us.

So, you know, I think there are lessons learned that we can certainly share with you and maybe work together to get some of the flexibility that would help us do our jobs better and more efficient.

Mr. DIAZ-BALART. Thank you. Thank you, Mr. Chairman.

## HUD EMPLOYEE EXEMPTION

Mr. PRICE. Mrs. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman. I would just like to have some clarification on a line of questioning that Congresswoman Clark endeavored upon, and it has to do with exempting employees, including those who are performing emergency work involving the safety of the human life or the protection of property or performing certain other types of accepted work.

How do you determine who that is and what functions are they doing that constitute health and safety under your definition?

Mr. MONTGOMERY. So, again, those plans are developed and used infrequently and, you know, there is—it is a constant flow of program dollars between when NOFA grants are made, when old funding runs out, when new funding is made. In terms of what actually is used for health and safety, again, it is not like there is a moment in time where that organization will run out of money, in this case in January.

Mrs. WATSON COLEMAN. Okay. I think my question is more like, who—what types of programs are covered under that? For instance, my colleague presented for your consideration homeless programs, homelessness programs, especially in the dead of winter, and domestic violence programs involving protecting women and their children, moving them, paying for things that are actually life safe-

ty, taking them out of very violent situations. Do those not constitute accepted employee functioning under this definition?

Mr. MONTGOMERY. Well, you know, again, this was for a new notice of funding availability going from that point forward. We fund these organizations every year, whether it is domestic violence, homeless shelters, you name it.

Mrs. WATSON COLEMAN. I am sorry, Mr. Montgomery, you are confusing me. I just want to know, did those functions—those kind of programs, particularly sheltering the homelessness under—especially in bad weather like we have had, and domestic violence programs, do those people working to ensure that those programs are running, do they fall into that category? That is a yes or a no.

Mr. MONTGOMERY. Some staff are permitted to work on preparing those NOFAs, but again, Congresswoman, I can't make an announcement for funding I do not have. I think that is the core issue here.

Mrs. WATSON COLEMAN. I am sorry. That is a really—another good point. This seems to be directed at an emergency situation, the health and safety of somebody or some building or whatever, is in peril in proximity. What does that mean you got to have funding?

#### EMERGENCY PROGRAM FUNDING

Mr. MONTGOMERY. Well the Antideficiency Act prohibits me or any government employee from obligating funds they do not have. And if I don't have the funds for the NOFA, then I can't announce the notice of those funds being available.

Mrs. WATSON COLEMAN. Did you say NOFA?

Mr. MONTGOMERY. I am sorry, ma'am. Notice of funding availability, NOFA.

Mrs. WATSON COLEMAN. So should there be a fund available for such situations since they are not anticipated, they just occur. How do you deal with that?

Mr. MONTGOMERY. Well, that is probably a question probably more within this body, but we are certainly open to having those discussions with you. Again, we receive the funds as they are allocated.

Mrs. WATSON COLEMAN. But you ask for what you need, too.

Mr. MONTGOMERY. Yes. Well, we get those funds every year, and Congress gives them to us.

Mrs. WATSON COLEMAN. But you don't have any such things as emergency funds for that purpose per se, right?

Mr. MONTGOMERY. I am not aware of any emergency funds under the program. Congresswoman, I will be happy to look into that though.

[Mr. Montgomery responded for the record]

The NOFA and formula grant processes are what HUD uses to provide funding to organizations for service to the homeless and domestic violence victims. In HUD's programs, offices do not have emergency funds or the authority to fund organizations in any other way.

However, 2017 grant agreements for providers across the nation were in place during the shutdown. HUD is not aware of any programs suspending or terminating services during the shutdown. There were staff and TA services working to ensure that those programs were running.

Mrs. WATSON COLEMAN. Thank you, Mr. Montgomery.

Thank you, Mr. Chairman.  
 Mr. PRICE. Thank you.  
 Mr. Rutherford.

DOMESTIC VIOLENCE PROGRAMS

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Mr. Montgomery, I think what might be a little confusing here, the domestic violence in housing and technical assistance initiative that the money is provided for, \$2.3 million at one time, is to actually work with four different organizations, the District Alliance for Safe Housing in Washington DC, the National Network in Domestic Violence in Washington DC, the National Resource Center for Domestic Violence in Harrisburg, Pennsylvania, and the Training Development Associates from Laurinburg, North Carolina, and slash, Collaborative Solutions in Birmingham, Alabama.

Now, those four grant recipients of this domestic violence program, they are actually working to develop policy. How to improve a policy. How to ID promising practices around the country. Sort of a best practice initiative. And strengthening collaboration with community stakeholders. This is a planning function, correct? This is not someone who is like the police or providing protection to a domestic violence victim. Is that correct?

Mr. MONTGOMERY. Congressman, I would have to look into that. I have been in the acting deputy secretary role for just about 3 weeks, and so if I could get back to you on that question, I would be happy to.

Mr. RUTHERFORD. Let me know because I am sitting here a little confused myself. Are you actually—is HUD actually entering into agreements where they are taking on the responsibility of protecting domestic violence individuals, or are they developing policies where they will collaborate with the stakeholders in the community like police and others who are—you know, domestic violence shelters and those kind of things. Now, let me know because my—

Mr. MONTGOMERY. I will, Congressman.

Mr. RUTHERFORD. Because my understanding it looks more like a planning process than, you know, where I am responding to the scene of a domestic violence call.

Mr. MONTGOMERY. I would be happy to look into that, sir. I don't know the exact specific answer.

Mrs. WATSON COLEMAN. It is about shelter and shelter—they are protecting.

Mr. MONTGOMERY. We will look into this and get back to the committee.

[Mr. Montgomery responded for the record:]

Those grants were awarded by HUD, DOJ and HHS to the grantees named by Rep. Rutherford to form a consortium that will work with DV providers and homeless service providers to improve policies, identify promising practices and strengthen collaborations. This consortium does not police or directly provide protection to a domestic violence victim.

Mr. RUTHERFORD. Let me know. Thank you.

Mr. MONTGOMERY. I apologize. That I just came under my purview a few weeks ago.

Mr. RUTHERFORD. That is fine.

With that, Mr. Chairman, I yield back.

Mr. PRICE. Thank you. Mrs. Torres.

Mrs. TORRES. We fund shelters. We fund emergency housing programs. My initial question was about the shelters that we fund for domestic violence victims. Within those shelters they have programs, housing programs, sometimes they have to get an emergency voucher to get them from their abuser into a new location. Sometimes they have to pay utility bills. So those programs is what I was referring to. They were at risk.

There is no place to send a victim of a domestic violence if they don't have the funding. Should they have a mechanism of reserves, maybe—but, remember, that shelters depend on the Federal Government for 80 percent of their funding, 80 percent. So there are no reserves, sir. You are the reserve. And when we choose to shut down and refuse entry to workers that specifically work to fund those programs, people's lives are at risk.

Now, I want you to look forward and I want to figure out how we can fix this. I pray to God that, you know, this President would not shut down the government once again, but who knows what he will do if he doesn't get his way. But the grownups in the room here have to figure out how we are going to deal with victims and how we are going to house people that have severe disabilities and prevent them from being evicted. So you say so far you have heard of no evictions.

I say we have—I have heard from my housing authorities in the district that I represent, and the confidence that landlords no longer have in the Federal Government is a cost of doing business, and not just a cost of doing business, it is a cost of protecting a victim of violence. Now, that is not on you, that is on President Trump shutdown. I am not saying that is on you.

What is on you is a policy that I hope to get real soon on how we can be better at this. And as the first lady would say, we need to be best.

So I yield back.

Mr. MONTGOMERY. And I will absolutely commit to working with you, Congresswoman, and this committee on how we can avoid this should there be any future shutdowns. Thank you.

Mr. PRICE. Mr. Hurd.

Mr. HURD. Thanks again, Mr. Chairman. The San Antonio Housing Authority provides assistance to about 65,000 people, half of those are kids under 18. How did HUD ensure that the vulnerable families that need a HUD voucher was able to get that to make their rent payment?

#### HOUSING CHOICE VOUCHERS

Mr. MONTGOMERY. So, as I mentioned previously, the public and Indian housing program, separate from the PBRA that I run, they were paid up through February. All those public and housing authorities were paid up through February.

Mr. HURD. So if—

Mr. MONTGOMERY. That is the housing choice vouchers—

Mr. HURD. And going into a—you know, speaking like my friend, Mrs. Torres, was talking about looking forward, if the government

were to shut down this weekend, how does it impact those people that need those payments?

Mr. MONTGOMERY. They would be paid up through April.

Mr. HURD. Because of the——

Mr. MONTGOMERY. The funding that we got during the CR we are in right now.

Mr. HURD. Good copy. I appreciate that. Thank you, Mr. Chairman, I yield back.

#### DOMESTIC VIOLENCE PROGRAMS

Mr. PRICE. Thank you. Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman. Just going back again to this domestic violence issue. There are emergency transfers for Section 8 and homelessness assistant grants. I understand that funding was out, very difficult for people to access, maybe the people were furloughed who could help with the passwords, et cetera. What we have heard reports of is because they were blocked and these were true emergencies, some domestic violence organizations actually took out loans to provide the money to find alternative housing.

Is there a plan in HUD to reimburse those organizations for those costs?

Mr. MONTGOMERY. Yes. It is my understanding they will absolutely be reimbursed.

Ms. CLARK. Great. Thank you. Back to your testimony that there are zero evictions, and I understand you are putting some qualifiers around that, but to the best of your knowledge there are zero evictions, but there are definitely reports that while not technically an eviction, we do have landlords who are not renewing Section 8 housing leases because of the experience of the shutdown. So while different, the practical effect is the same. Tenants are forced to leave their housing.

#### LOSS OF HOUSING

Do you have account of how many situations that has happened with? How many landlords have decided not to renew because of the shutdown?

Mr. MONTGOMERY. Congresswoman, we don't have those, but I would say that with or without a government shutdown, it is always a problem regarding preservation and owners that want to opt-out for reasons, increased property value. So preservation with or without a shutdown is always a problem that we confront.

Ms. CLARK. It is, but I think you can agree that the shutdown definitely accelerated that in certain cases. Are you trying——

Mr. MONTGOMERY. I wouldn't disagree.

Ms. CLARK. Are you trying to get a handle on how many that may be? Are you—or just don't have that information yet or you are not counting?

Mr. MONTGOMERY. We don't have the information yet because we are using this three-week period to get caught up from the last one, get the funds allocated today, and prepare for another one. But we certainly had discussions about those topics.

Ms. CLARK. Yeah. Speaking of that. Having met with HUD employees in my home State of Massachusetts and having dealt with

the many talented people who devote their careers to public service, I am struck, Mr. Dennis, by you coming into public service after a career in private sector, and your comments on the dire staffing needs of HUD.

And I know from speaking to employees in my district that they are concerned that what was a problem before the shutdown is now accelerated. We can't have a month-long furlough with all the grants and other deadlines that people need to make to get the housing needs met in our communities without having a ripple effect across the system.

So can you tell me in the administration's budget what staffing level increases you are requesting to meet these very real needs?

#### HUD STAFFING

Mr. DENNIS. I don't have the numbers off the top of my head, but we can certainly get them for you and we are very focused on getting the right head count in our—at HUD.

Ms. CLARK. Okay. Great.

Mr. DENNIS. I am be happy to supply that information for you.

Ms. CLARK. We will look forward to that. Thank you very much. [Mr. Dennis responded for the record.]

HUD's staffing levels have declined over the last four decades from a high of almost 18,000 FTEs in 1977 to fewer than 7,600 FTEs in FY 2018, while its budget authority has steadily increased from just under \$30 billion to more than \$50 billion. This trend has resulted in fewer staff to manage and monitor compliance on an increasing number of grants, PHAs, and other programs. To mitigate these risks and reverse the decades-old trend of declining staff, the HUD 2020 Budget allocates \$1.6 billion toward salaries and expenses (S&E). This funding will provide HUD the resources to increase its staffing to nearly 7,800 employees, which includes the Office of the Inspector General. Using workforce succession strategies, the Department intends to execute this increase to ensure that additional staffing results in the right people allocated to the right jobs, providing the biggest impact toward achieving HUD's priorities.

Mr. PRICE. Thank you. Let me turn to CDBG—DR funding to a very different, but I think quite pertinent questions that I would like to raise as we enter our final round of questioning here.

#### DISASTER FUNDING

Mr. Montgomery, I will address this to you. In your testimony you used the rather striking phrase, move heaven and earth, in the case of Puerto Rico. I certainly hope that is true, and appreciate your emphasizing the—that is exactly the approach that needs to be taken in that very dire situation.

Now, we have heard lately in the press that the White House, and in particular the OMB director, Mick Mulvaney, former OMB director, that they are considering syphoning money away from Puerto Rico recovery efforts to help fund border wall construction. That clearly would circumvent the wheel of the Congress and probably violates both appropriations law and the separation of powers.

But I wonder what your view of that would be? Does HUD have the authority to divert funding from grantees that have received CDBG—DR allocations? And have you or anyone else, in HUD, that you know of, had conversations with the White House or OMB about redirecting funding from Puerto Rico, California, other grantees, to the President's wall project?

Mr. MONTGOMERY. Discussions that we have obviously with White House staff, we typically can keep private, but I would say there is no discussion about syphoning money away from disaster recovery, and it is my understanding that would require Congress to do that. So there has been no discussion of that topic, sir.

Mr. PRICE. And your understanding is that that would be in violation of appropriations law?

Mr. MONTGOMERY. It is certainly my understanding, Mr. Chairman, yes.

#### DISASTER RECOVERY EFFORTS

Mr. PRICE. Well, we share that understanding. Now, let me turn to the State action plans and something I hope you can clear up. I am referring now back to the shutdown contingency plan back in December, and a couple of apparently contradictory items here. Maybe you can respond right off the bat, maybe you will need to come back to us.

But on page 8 there is statement to the effect that the Office of Community Planning and Development will continue disaster recovery assistance programs funded through multi-year appropriations. That is into a shutdown period. The disaster funding included in the Bipartisan Budget Act is available until expended and contained \$10 million for salaries and expenses to administer the CDBG-DR program. But on that same page, the Department asserts that the review of consolidated plans or action plans is not an accepted activity.

Now, that appears, on the face of it, to be a direct contradiction. And the Department in fact did suspend review of CDBG-DR action plans and amendments during the shutdown. So it is not just a hypothetical problem.

So given the fact that no-year funding, no-year funding has been provided for disaster recovery efforts, and the contingency plan states that HUD would continue these programs, why did you suspend review of the action plans? Why didn't the Department use the \$10 million provided for salaries and expenses to continue to review plans and plan amendments?

Mr. MONTGOMERY. Mr. Chairman, I will give you a brief answer and then commit to responding with a more detailed one. There are several pots of money, as you mentioned, there is no-year money, and then there some staff that are called term staff. I do know this, I understand that we are prohibited from working on any sort of consolidation plans during a shutdown.

Funds that have been obligated, for example, with Puerto Rico, we were permitted to work on those funds that we were working to get available and allocated to Puerto Rico. Irv and I and a set of confirmed appointees were able to work on that.

So I apologize, again, for giving a short answer, but I will commit to getting a more detailed response to you following this hearing.

[Mr. Montgomery responded for the record:]

In accordance with its contingency plan, HUD limited its activities during the lapse in appropriations and did its best to make difficult but prudent choices to minimize the number of staff it recalled. The Department, in consultation with OMB, ultimately chose to extend the disaster action plan and plan amendment review timeline. On January 9, 2019, HUD published a notice announcing that the Secretary found good cause to waive the statutory 60-day review deadline and issued

an alternative requirement for review of pending action plans and plan amendments.

HUD deemed this extension of the plan review timeline necessary, given the lapse in appropriations, because review of CDBG–Disaster Recovery (CDBG–DR) action plans and plan amendments requires the work of HUD staff from a number of offices, not just the Office of Community Planning and Development (CPD). Plan review includes staff from the Offices of General Counsel, Fair Housing and Equal Opportunity, Public and Indian Housing, Housing, and Policy Development and Research.

Using the no-year disaster appropriations set-aside for salaries and expenses (S&E) during a lapse for all necessary HUD staff as mentioned above would have been inappropriate. The permanent HUD employees that would have been needed to perform this work during the lapse are paid from HUD’s regular, annual S&E appropriations and switching funding sources to pay them during a lapse and switching it back after the lapse would have be inconsistent with GAO appropriations law guidance. These no-year S&E funds were used to keep term employees working on CDBG–DR activities during the lapse, but they could not complete reviews on their own given the absence of necessary employees from CPD and other HUD offices.

Mr. PRICE. I appreciate that. That too is possibly an item for future attention—clarification.

Mr. MONTGOMERY. Yes, sir. And there are various pots of money, some employees are treated under different categories, and we will definitely work to clear that up.

Mr. PRICE. So related to that, when do you plan on announcing the resumption of these plan and plan amendment reviews? What should we—

Mr. MONTGOMERY. That is imminent, sir, probably within several days.

Mr. PRICE. Several days?

Mr. MONTGOMERY. Yes, sir.

Mr. PRICE. All right.

Mr. MONTGOMERY. And I can probably by the end of the week have a much better idea of the specific day.

Mr. PRICE. Have you communicated that to grantees and other interested parties?

Mr. MONTGOMERY. We have constant communication with those states. They do know that something is imminent, but again, sir, I think by the end of the week we will have a better idea of the exact date. We are working very hard, again, like a lot of things, to get caught up on that as well.

Mr. PRICE. All right. Thank you.

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, I will be brief. Actually, I was going to touch on exactly the same issue that you just did about—now, I understand that, you know, time and time again you said you can’t allocate funds that you don’t have.

So I think it is a pretty strong consensus, bipartisan consensus, at least among appropriators, and I think among many that—I don’t care what you want to call it, CRs. And you can put names to the CRs. Is it this person’s CR. Or is it this person’s CR? Or is it the Schumer shutdown or the last long shutdown. The reality is CRs are frankly very detrimental and shutdowns are beyond that. And so I just hope more people understand that. Clearly, the Appropriations Committee understands that.

But my understanding is that the impact communities from the storms were able to draw down funds because the funds were al-

ready available. And I know that Florida, for example, was able to continue drawing on funding allocations for Hurricane Irma and long-term recovery.

#### DISASTER MITIGATION EFFORTS

So I would just also—and I kind of asked about that to you, sir, about the CDBG–DR, the mitigation funds. Do you want to—where is that in—and, again, I didn't think you were going to be ready for that at this—

Mr. MONTGOMERY. Maybe in my—

Mr. DIAZ-BALART. Exactly. I know, exactly. But, again, if you want to touch a little bit on that, and if not, if you can get back to me on that.

Mr. MONTGOMERY. Sure. I will just provide a brief update. Our first priority was on met need, obviously. HUD is more the long-term supplemental funding mechanism. We have had discussions with FEMA, you know, they are more the resiliency and mitigation experts. And really the mitigation funds, this is the first time they have been allocated separately. To be forward looking, I think that was a great move by Congress. And now—

Mr. DIAZ-BALART. And we know that was this subcommittee, by the way.

Mr. MONTGOMERY. Absolutely.

Mr. DIAZ-BALART. It wasn't the Senate, it wasn't the—it was this subcommittee, right?

Mr. MONTGOMERY. But it is the first time we have done it, and we don't want it to necessarily look like traditionally what HUD does, nor do we want it to look exactly like what FEMA does. So in our discussions with them, sort of the hybrid approach, making sure it does its intended purpose.

Mr. DIAZ-BALART. Thank you. Look, and Mr. Chairman, let me thank you. I think it has been a very important hearing, a very fruitful hearing. But I do want to end by thanking you all. And, you know, the folks that were working under very difficult circumstances, weren't getting paid, doing some really important jobs. And, again, I would hope that non-appropriators would listen to what we have heard today and what those of us that kind of have a little bit better understanding as to the potential impacts. Not only the shutdowns, which are obviously disasters, but even the CRs that you mentioned time and time again.

But, again, I just want to thank you. And if you could, just know that—and I think I can speak for everybody, how grateful we are to all of you, but also those folks that you called up who worked awfully hard under difficult circumstances, not getting paid, and frankly not knowing when they could get paid.

So just—again, thank you all for what you do, and hopefully you will not have to ever deal with that circumstance. It is something that none of us should ever have to deal with.

But, again, Mr. Chairman, thank you for this hearing. I yield back.

Mr. PRICE. Thank you. And let me underscore that we see from our discussion here today the kind of circumstances that we are dealing with, that shutdowns are terrible, CRs are only slightly less so. And the kind of anticipation, planning, contingency plan-

ning that is required is very demanding, and you shouldn't have to go through this again. And, of course, we will do everything in our power to make certain that you don't.

I do want to thank you for being here today. I thank you for the preparation that went into this, the participation, your answers. I thank the people behind you, the staff members that back you up, the HUD staff that has been professional and dedicated and under a good deal of duress.

So we do acknowledge that and thank you for your good work, and we will hopefully now be free to, as you say, wrap up unfinished business, but then look down toward the writing of a new bill and dealing with any kind of challenges that need work, and prepare to learn from our experiences and chart a positive course going forward.

I think we will have a number of questions probably to submit to you for the record, and so we will do that within a very short period of time.

Please work with OMB to return the information for the record, and 30 days is the deadline we ask you to meet, 30 days from Friday. And so then we will be able to publish the transcript of today's hearing and make an informed decision as we look toward 2020.

Mr. Diaz-Balart, any final comments?

Mr. DIAZ-BALART. Thank you. Mr. Chairman.

Mr. PRICE. If not, then we thank you, and this hearing is adjourned.

Mr. MONTGOMERY. Thank you, Mr. Chairman. Thank you, ranking member.

[Material submitted for inclusion in the record follows:]

Department of Housing & Urban Development  
**Fiscal Year 2020 Questions for the Record**  
 Congressman David Price  
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies  
 House Committee on Appropriations

*Advance Appropriations*

The Appropriations Committee provides HUD with a \$400 million advance appropriation for PBRA to ensure that funds are available to cover housing contracts renewals on a calendar year basis. This funding could have been used to renew expired contracts but had already been spent by the time of the shutdown.

**Question:** Please provide the amount of advance appropriation available for obligation in the Project Based Rental Assistance program by week during fiscal years 2016, 2017 and 2018.

**Response:** There is not a mechanism to obtain advance appropriation obligation information by week. However, the Department is providing documentation that shows the advance appropriations for fiscal years 2016, 2017, and 2018. Specifically, these reports provide the signed allotment actions that made PBRA funds available for obligation.



FY 2016 Advance

PBRA (0303) funds.pd



FY 2017 Advance

PBRA (0303) funds.pd



FY 2018 Advance

PBRA (0303) funds.pd

**Question:** Please explain the Department's rationale for using advance appropriations first while saving less flexible funding, e.g. funds allocated under the Continuing Resolution, to be spent later?

**Response:** The advance appropriations allow for continuity of operations on a calendar year basis - between the end of the fiscal year and the first quarter of the next fiscal year. HUD also adheres to the OMB guidance and circulars governing the execution of CR funds.

Consistent with past practice, HUD processes apportionments prior to October 1 for the use of anticipated carryover and advance appropriations for both TBRA and PBRA. This allows for the commitment and obligation of advance appropriations.

***Contract Renewals***

**Question:** Have all contracts which expired during December and January been renewed? If not, please provide the status of outstanding contracts, and please provide that information by contract.

**Response:** Since mid-January, HUD's Office of Multifamily Housing has completed nearly 1,200 rental assistance contract renewals and made significant progress toward completing processing for hundreds more. The below chart reflects contracts that expired in December and January, which continue to reflect as expired in HUD systems of record (as of March 8, 2019). Attached please find property details for these contracts. For the majority of expired contracts, HUD is currently awaiting return of signed renewal contracts from owners or other required documentation from owners that is necessary to complete processing of the renewal.

<b>Jan./Dec. Contract Expirations with Renewal Pending (3/8/19)</b>	
<b>Program</b>	<b>Quantity</b>
Section 8 PBRA HAP	82
Section 202 PRAC	102
Section 811 PRAC	69
<b>Total</b>	<b>253</b>



Dec-Jan Expired  
Contracts - 3-8-19.xls

**Question:** Please explain the financial controls that were in place as HUD staff searched for available funding to cover these contracts and provide information on what sources of funding were used. Were any funds that were unavailable for obligation obligated during the lapse in appropriations?

**Response:** Prior to the shutdown, CFO staff briefed senior leadership on the availability of funds for each of the major rental assistance programs, as well as the limitations on establishing new obligations during a lapse in appropriations. Also, prior to the shutdown, HUD renewed as many contracts as it could process and obligated funds from the first CR (through December 7, 2018), carryover, and advance appropriations to support payments through January 2019 for Multifamily programs, and to support all Housing Choice Voucher and Public Housing payments through February 2019. For the contracts that expired during the lapse, where possible, HUD utilized programs' carryover funds, and carryover funding from the Housing Certificate Fund to renew Project-Based Rental Assistance contracts.

HUD is aware of 14 Housing for the Elderly (Section 202) Project Rental Assistance Contracts (PRAC) that were obligated during the lapse in appropriations against fiscal year 2019 CR

funding that had expired and was unavailable for obligation. The contracts were in process, meaning 2019 CR funds had been committed to the projects and contract documents had already been sent to owners, at the time of the lapse. Two field offices that received those owner-signed contracts during the lapse proceeded to sign those contracts on behalf of HUD, thereby obligating the government, not realizing that the funding source for those contracts was no longer available for obligation. The Office of Housing immediately reiterated to all field offices that no contracts should be executed during the lapse without Headquarters approval based on confirmation that the funding source was available (e.g. carryover). Working closely with OCFO, Housing was able to identify sufficient, continually available resources to use to correct the errors. HUD CFO is working with the Office of Housing to study and improve its contract obligation procedures for all of their rental assistance programs.

**Question:** Please explain whether Housing Assistance Payment (HAP) funds paid may be used to reimburse any local sources of funding nonprofits using to maintain housing during the shutdown.

**Response:** The Department had sufficient resources available and was able to obligate two months of Housing Choice Voucher (HCV) program Housing Assistance Payment (HAP) funds prior to the lapse in appropriations. Those obligations allowed HUD to provide on-time disbursements to Public Housing Agencies (PHAs) to cover estimated HAP needs for January and February. HUD was also reviewing and approving requests from PHAs for disbursements from their HUD-held reserves to the extent those disbursements were necessary to prevent termination of families' assistance.

During the lapse, the Department reiterated its guidance to PHAs contained in PIH Notice 2013-28, *Guidance on the Use of Outside Sources of Funds in the Housing Choice Voucher (HCV) Program*. HUD obligated funding to cover as many months' assistance as it was able, and put the reserves disbursement process in place, so that PHAs would be able to maintain current housing for families and prevent terminations of assistance, in accordance with the standards outlined in HUD's contingency plan.

**Question:** Please describe when a contract with a private owner would be considered breached due to HUD's non-payment under a Housing Assistance Payments (HAP) Contract that has otherwise not expired, and whether it can then be terminated by the owner. How much notice would a landlord need to give in order to terminate the contract?

**Response:** The Department's position is that there would not be a breach of contract if, due to a lapse in appropriation, HUD were to stop making payments under a valid Section 8 PBRA Housing Assistance contract. There is explicit language in each contract indicating that the year-to-year funding of a HAP contract is subject to the availability of sufficient appropriations. Because an otherwise valid contract cannot be unilaterally terminated by the owner due to non-payment by HUD due to a lapse in appropriations, there is no notice that an owner can give to terminate that contract. The Section 8 statute requires notification by an owner one year before a

HAP contract's termination date of their intention to renew the contract or, instead, opt out (to exit the program when the contract terminates after giving the required one-year notification).

**Question:** Would a contract termination, as outlined in the question above, make a tenant eligible to receive a tenant protection voucher?

**Response:** Because the contract cannot be terminated as outlined in the question above, there is no eligibility event for the tenant to receive a voucher.

### *Information Technology Needs*

**Question:** Please provide a copy of HUD's assessment of the information technology improvements that would be necessary for the PBRA contract renewal process to meet contemporary technological and business process best practices.

**Response:** In 2018, HUD completed a review of the potential for modernization of the Tenant Rental Assistance Certification System (TRACS), which is central to contract renewals, tenant income certifications, and payments for Multifamily's Section 8 PBRA, Section 202, and Section 811 programs. While the TRACS review did not specifically address contemporary technology platforms, it did highlight some of the functional systems enhancements needed to improve management of contract renewals. In addition to re-platforming the aging system, TRACS modernization would enhance Multifamily contracts management by eliminating certain manual entries and improving interfaces with the iREMS property data system and LOCCS payment system.

Completion of a contract renewal is a multi-step process involving a series of back-and-forth exchanges between owner, HUD staff, and in many cases a PBCA. Currently, this process occurs over email and through standard mail. HUD is exploring options for a secure cloud-based document exchange for renewal contracts and rents adjustment documents, and tools to standardize workflow tracking. By improving the process to share documents and increasing visibility into transaction status, we expect to enhance both efficiency and customer experience.

### *Tenant-Based Rental Assistance (TBRA)*

**Question:** Please explain why TBRA didn't have the same funds management challenges as the multi-family programs.

**Response:** The Housing Choice Voucher (HCV) Housing Assistance Payment (HAP) renewal funds and administrative fees were paid to PHAs on time for both January and February. The HAP funding was provided at a 99 percent proration of the PHAs' estimated Calendar Year 2019 HAP renewal allocation for both months. While these disbursements were sufficient to cover most PHAs' contracted HAP needs, PHAs were also permitted to request and receive additional HAP funding from the PHAs' available HUD-held reserves, if those funds were needed during the shutdown to prevent termination of families' assistance. Through a combination of proactive work by HUD staff and the ability to obligate HCV HAP and administrative fees for multiple

months at a time, two months of funding was obligated prior to December 22, ensuring beneficiaries of this program received uninterrupted assistance during the shutdown. In contrast, completion of a Multifamily contract renewal is a multi-step process involving a series of back-and-forth exchanges between the owner and HUD staff, and month-by-month obligations covering the entire program are not able to be processed for multiple months by HUD as they are for the HCV program.

### *Section 202/PRAC Reserves*

**Question:** HUD informed landlords they should rely on reserves during the lapse in funding. How current is HUD's information on reserves, particularly for the 202/PRAC program? Please provide information on how many landlords had sufficient reserves to get through this lapse in funding, by contract, if available.

**Response:** Each Section 202 property is required to submit an audited financial statement to HUD after the close of its accounting year. That statement contains the reserve for replacement account balance as of the end of the accounting period. Depending upon when the accounting period ended, the reserve account data may be a year old (for example, if the accounting period ended in December, the December 2018 data is for the year ending December 2017). The actual balance will have been affected by monthly deposits and any releases from the account. A review of the account balances existing in January 2019 revealed that all Section 202 owners with expired PRAC contracts that were not renewed had sufficient reserve for replacement account balances to sustain full operations for the period of the lapse in funding.

### *Communications with Landlords*

One of the potential long-term consequences of the shutdown is a loss of affordable housing. Many landlords participate in the program because the government is seen as a reliable partner who will make payments on time. If that changes, they may turn to the private rental market.

**Question:** Please describe what outreach efforts HUD conducted immediately after the shutdown ended to let landlords know when they can expect to have their expired contracts renewed and receive payment for the period covered by the lapse in appropriations.

**Response:** The Department's focus immediately upon returning from the shutdown was to prioritize actions that impacted property funding, with special attention on subsidy contract renewals. Upon return, field offices contacted owners of properties with a subsidy contract that had yet to complete the renewal process. On February 12, the Department sent an email to every owner with an expired contract that was yet to renew, encouraging them to promptly respond to all HUD inquiries to expedite the renewal process.

**Question:** Please describe the Department's efforts to retain landlords that were affected by the shutdown.

**Response:** The most effective retention efforts that the Department can perform to retain landlords in the rental subsidy programs are those that limit the amount of extraneous owner time and energy spent on the renewal process. With the existing staffing, subsidy, and systems limitations, HUD staff focus on timely processing of renewals and limiting burdensome requests. Short delays in contract renewal are not uncommon due to the lengthy and complicated renewal process, so while the delays experienced in the shutdown were not ideal, HUD does not believe a significant number of landlords will be motivated to leave the program as a result.

### *Contingency plan/staffing*

**Question:** HUD's 2018 contingency plan states there are approximately 7,500 employees on board as of November 10, 2018 (which they updated in the middle of the shutdown), of which 343 FTEs are excepted service during a shutdown. Please provide information on how many of these employees actually reported to work during the shutdown and the employees' geographic location.

**Response:** During the shutdown, managing the list of excepted and intermittent employees was performed daily. Each day modifications to the list were reviewed and approved for excepted work that needed to be performed the following work day. Note that excepted employees worked the full day, while intermittent staff's work day varied based on the activity that needed to be completed. As those working each day varied, this attachment provides the employee counts on January 25, 2019 (the last day of the lapse).



**Question:** Further, please provide the Subcommittee with information on how many intermittent employees were recalled conducting the review of PBRA contracts, as well as the FY18 Continuum of Care Notice of Funding Availability and how many of those employees actually reported to work on excepted activities.

**Response:** The Office of Multifamily Housing Programs recalled approximately 65 headquarters and field staff to work on PBRA contracts during the shutdown. All of the recalled Multifamily employees worked on excepted activities. For Continuum of Care renewals, HUD had four Office of Special Needs Assistance Programs employees that reported to work on an intermittent basis to work on excepted activities.

**Question:** Please describe the mechanism(s) HUD used to keep account of excepted and intermittent employees on any given day.

**Response:** HUD created an excel workbook that was connected to a data file provided by the Department's payroll provider. Prior to the lapse, offices went into the file and identified their excepted and intermittent staff based on the approved excepted activities in HUD's contingency plan. During the lapse, daily coordination meetings were held, and a reminder was given to provide any updates to the list by 1:30pm that day (for the following day). Updates were made to the list, the employee counts were analyzed and compared to those in the approved contingency plan, and the list and counts were provided to HUD leadership for approval. This process was repeated each work day (excluding federal holidays or weekends) during the lapse in appropriations.

### *Homeless Assistance Grants*

**Question:** Please provide the unobligated (both committed and uncommitted) and obligated balances in the Homeless Assistance Grant account, and the programs contained therein, by source year, on December 22, 2018. Please provide this information for each of FYs 2016, 2017 and 2018.

**Response:** HUD does not have the ability to run financial reports on a specific date unless in the office. Instead, HUD is providing information by fiscal year for unobligated and obligated balances available at the beginning of FY 2019 through the end of the first quarter of FY 2019, which ended on December 31, 2018.



HAG QFR  
Response.xlsx

Advice of Allotment

U.S. Department of Housing and Urban Development

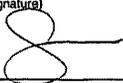
Edward L. Golding, Principal Deputy Assistant Secretary for Housing for Housing	Advice No. PBRA-HSNG-16-1
	Date: <b>OCT 01 2015</b>
	Period Covered: Fiscal Year 2016

Description	Current Allotment	Change Authorized	New Allotment
86 X 0303 HUD0303DBXXXXXX Project-Based Rental Assistance			
FY 2016 Appropriation Contract Renewals (16PBCCR/PBPCR) (HUDPBCCR/HUDPCCR000000).....		\$399,156,800.00	\$399,156,800.00
<b>Subtotal, FY 2016 Appropriation</b>		<b>\$399,156,800.00</b>	<b>\$399,156,800.00</b>
<b>Total, Project-Based Rental Assistance.....</b>		<b>\$399,156,800.00</b>	<b>\$399,156,800.00</b>

Remarks:  
This allotment is made available by an apportionment approved by OMB on September 30, 2015, and in accordance with the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235), the Continuing Appropriations Act, 2016, and OMB Bulletin No. 15-03. It provides resources of \$399 million from the Advance Appropriation.

The funds provided in this allotment represent a limitation of gross obligations which may be incurred during fiscal year 2016. Gross obligations represent all obligations which are entered into during fiscal year 2016, whether out of new funds, recaptures, or carryover balances. However, the

Allotment Holders are responsible for maintaining an adequate system of funds control, in accordance with HUD Handbook No. 1830.2 REV-5 and the current, applicable conditionally approved Funds Control Plan.

Approved By: (Signature) 	Title: Assistant Chief Financial Officer for Budget
---	--

Sarah Lyberg

HUD BD Program Budget Federal Status of Funds - Levels 1-5 SOF\_Fund : 'HUD0303%' , SOF\_Period : '2016-01' 08-MAR-19

Period:2016-01	Budget Level:<All>	Fund:<All>	BFY:<All>
----------------	--------------------	------------	-----------

Budget Level	TAS	CatB	BFY	Allotment Holder	CAM1	Source Year (CAM3)	Available Budgetary Resources
1 Appropriations	865/80303	-	-	-	-	-	6,470.00
	86X0303	-	2005	-	-	HUD200500000	7,408.33
	86X0303	-	2006	-	-	HUD200600000	6,817.32
	86X0303	-	2014	-	-	HUD201400000	30,296.88
	86X0303	-	2015	-	-	HUD200900000	0.11
	86X0303	-	2015	-	-	HUD201100000	1,819,760.00
	86X0303	-	2015	-	-	HUD201200000	722,366.56
	86X0303	-	2015	-	-	HUD201300000	9,751.35
	86X0303	-	2015	-	-	HUD201400000	3,675,127.63
	86X0303	-	2015	-	-	HUD201500000	169,781,779.86
86X0303	-	2016	-	-	HUD201600000	843,200.00	
Total 1 Appropriations:							176,902,978.04
4 Allotment Distributed	86X0303	PBCR	2015	HS	HUDPCR0PBR00	HUD201400000	-405,431.00
	86X0303	PBCR	2016	HS	HUDPCR0PBR00	HUD201600000	3,156,800.00
Total 4 Allotment Distributed:							2,751,369.00
5 Available for Obligation	865/80303	PBRA	-	HS	HUDPBARA800	-	6,470.00
	865/80303	PBRA	-	HS	HUDTBARA800	-	-6,470.00
	869/00303	PBBR	-	HS	XXXXXXXX	-	-8,119.00
	869/00303	PBBR	-	PH	XXXXXXXX	-	8,119.00
	86X0303	PBCR	2005	HS	HUDPCR0PBR00	HUD200500000	7,408.33
	86X0303	PBCR	2006	HS	HUDPCR0PBR00	HUD200600000	6,817.32
	86X0303	PBCR	2014	HS	HUD2500HCS8R	HUD201400000	-5.69
	86X0303	PBCR	2014	HS	HUDPCR0PBR00	HUD201400000	-5.69
	86X0303	PBCR	2016	HS	HUDPCR0PBR00	HUD201600000	359,709,896.00
	Total 5 Available for Obligation:						
Total Available Budgetary Resources:							539,378,457.31

Advice of Allotment

U.S. Department of Housing and Urban Development

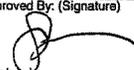
Edward L. Golding, Principal Deputy Assistant Secretary for Housing for Housing	Advice No. PBRA-HSNG-17-1 Date: <b>SEP 30 2016</b> Period Covered: Fiscal Year 2017
---	--

Description	Current Allotment	Change Authorized	New Allotment
86 X 0303 HUD0303DBXXXXXX Project-Based Rental Assistance  FY 2017 Appropriation Contract Renewals (17PBCR/PBPCR) (HUDPBCR/HUDPCR000000).....		\$398,016,000.00	\$398,016,000.00
<b>Subtotal, FY 2017 Appropriation</b>		<b>\$398,016,000.00</b>	<b>\$398,016,000.00</b>
<b>Total, Project-Based Rental Assistance.....</b>		<b>\$398,016,000.00</b>	<b>\$398,016,000.00</b>

Remarks:  
 This allotment is made available by an apportionment approved by OMB on September 29, 2016, and in accordance with the Consolidated Appropriations Act, 2016 (P.L. 114-113), the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017 (H.R. 5325) through December 9, 2016. It provides resources in the amount of \$398 million from the Advance Appropriation which includes an across-the-board reduction of 0.496 percent.

The funds provided in this allotment represent a limitation of gross obligations which may be incurred during fiscal year 2017. Gross obligations represent all obligations which are entered into during fiscal year 2017, whether out of new funds, recaptures, or carryover balances. However, the cancellation of an obligation made during fiscal year 2017 and its subsequent reobligations during fiscal year 2017 will not be double-counted

Allotment Holders are responsible for maintaining an adequate system of funds control, in accordance with HUD Handbook No. 1830.2 REV-5 and the current, applicable conditionally approved Funds Control Plan.

Approved By: (Signature)  Sarah Lyberg	Title:  Assistant Chief Financial Officer for Budget
---	--

HUD BD Program Budget Federal Status of Funds - Levels 1-5 SOF\_Fund : 'HUD0303%', SOF\_Period : '2017-01' 08-MAR-19

Period:2017-01	Budget Level:<All>	Fund:<All>	BFY:<All>
----------------	--------------------	------------	-----------

Budget Level	TAS	CatB	BFY	Allotment Holder	CAM1	Source Year (CAM3)	Available Budgetary Resources
1 Appropriations	86X0303	-	2012	-	-	HUD201200000	11,700.00
	86X0303	-	2013	-	-	HUD201200000	27,251.64
	86X0303	-	2015	-	-	HUD201200000	40,301.00
	86X0303	-	2015	-	-	HUD201500000	0.01
	86X0303	-	2016	-	-	HUD201400000	-119,332,412.00
	86X0303	-	2016	-	-	HUD201600000	176,165,771.33
	86X0303	-	2017	-	-	HUD200500000	7,408.33
	86X0303	-	2017	-	-	HUD200600000	6,817.32
	86X0303	-	2017	-	-	HUD200900000	0.11
	86X0303	-	2017	-	-	HUD201100000	819,760.00
	86X0303	-	2017	-	-	HUD201200000	75,331.64
	86X0303	-	2017	-	-	HUD201300000	1,952,944.35
	86X0303	-	2017	-	-	HUD201400000	127,779,564.99
	86X0303	-	2017	-	-	HUD201500000	10,925,152.44
	86X0303	-	2017	-	-	HUD201600000	19,462,295.76
	86X0303	-	2017	-	-	HUD201700000	1,984,000.00
	Total 1 Appropriations: 219,925,886.92						
3 Allotment Undistributed	866/70303	PBRA	-	HS	HUDPBRA	-	700,355.00
	866/90303	PBRA	-	HS	HUDPBRA	-	426,257.00
	86X0303	PBCA	2017	HS	HUDCA00	HUD201700000	41,032,464.00
	86X0303	PBCR	2017	CD	HUDSRO0	HUD201700000	18,512,321.00
	86X0303	PBCR	2017	HS	HUDPCR0	HUD201700000	1,549,252,215.00
	86X0303	PBEA	2017	HS	HUDS8A0	HUD201700000	20,000,000.00
Total 3 Allotment Undistributed: 1,629,923,612.00							
5 Available for Obligation	869/00303	PBBR	-	HS	XXXXXX	-	-8,119.00
	869/00303	PBBR	-	PH	XXXXXX	-	8,119.00
	86X0303	PBCR	2013	HS	HUD2500HCS8R	HUD201200000	-7.50
	86X0303	PBCR	2014	HS	HUD2500HCPBV	HUD201200000	-512.13
	86X0303	PBCR	2015	HS	HUD2500HCPBV	HUD201200000	139.81
	86X0303	PBCR	2015	HS	HUD2500HCPBV	HUD201500000	-0.01
	86X0303	PBCR	2015	HS	HUD2500HCS8R	HUD201200000	7.50
	86X0303	PBCR	2017	HS	HUDPCR0PBR00	HUD201700000	398,016,000.00
Total 5 Available for Obligation: 398,015,627.67							
Total Available Budgetary Resources: 2,247,865,126.59							

\*

Advice of Allotment

U.S. Department of Housing and Urban Development

Dana Wade, General Deputy Assistant Secretary for Housing for Housing	Advice No. PBRA-HSNG-18-1 Date: <div style="font-size: 1.5em; text-align: center;">9/29/17</div> Period Covered: Fiscal Year 2018
---	---

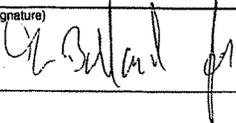
Description	Current Allotment	Change Authorized	New Allotment
88 X 0303 HUD0303DBXXXXXX Project-Based Rental Assistance  FY 2018 Appropriation Contract Renewals (18PBCCR/PBPCR) (HUDPBCCR/HUDPCR000000).....		\$397,283,600.00	\$397,283,600.00
<b>Subtotal, FY 2018 Appropriation</b>		<b>\$397,283,600.00</b>	<b>\$397,283,600.00</b>
<b>Total, Project-Based Rental Assistance.....</b>		<b>\$397,283,600.00</b>	<b>\$397,283,600.00</b>

Remarks:

This allotment is made available by an apportionment approved by OMB on September 27, 2017, and in accordance with the Consolidated Appropriations Act, 2017 (P.L. 115-31), the Continuing Resolution Through December 8, 2017 (P.L. 115-56) and OMB Bulletin 17-02. It provides resources of \$397,283,600.00 from the Advance Appropriation for Contract Renewals.

The funds provided in this allotment represent a limitation of gross obligations which may be incurred during fiscal year 2018. Gross obligations represent all obligations which are entered into during fiscal year 2018, whether out of new funds, recaptures, or carryover balances. However, the cancellation of an obligation made during fiscal year 2018 and its subsequent reobligations during fiscal year 2018 will not be double-counted against gross obligations.

Allotment Holders are responsible for maintaining an adequate system of funds control, in accordance with HUD Handbook No. 1830.2 REV-5 and the current, applicable conditionally approved Funds Control Plan.

Approved By: (Signature) <div style="font-size: 1.5em; text-align: center;">  </div> Sarah Lyberg	Title:  Assistant Chief Financial Officer for Budget
---	--

HUD BD Program Budget Federal Status of Funds - Levels 1-5 SOF\_Fund : 'HUD0303%', SOF\_Period : '2018-02' 08-MAR-19

Period: 2018-02	Budget Level: <All >	Fund: <All >	BFY: <All >
-----------------	----------------------	--------------	-------------

Budget Level	TAS	CatB	BFY	Allotment Holder	CAM1	Source Year (CAM3)	Available Budgetary Resources
1	867/80303	-	-	-	-	-	889,130.00
Appropriations							
	86X0303	-	2018	-	-	HUD200500000	7,408.33
	86X0303	-	2018	-	-	HUD200600000	6,617.32
	86X0303	-	2018	-	-	HUD200900000	0.11
	86X0303	-	2018	-	-	HUD201100000	789,339.94
	86X0303	-	2018	-	-	HUD201200000	192,871.46
	86X0303	-	2018	-	-	HUD201400000	387,491.78
	86X0303	-	2018	-	-	HUD201500000	1,287,089.46
	86X0303	-	2018	-	-	HUD201600000	89,343,942.59
	86X0303	-	2018	-	-	HUD201700000	7,944,627.65
	86X0303	-	2018	-	-	HUD201800000	17,401,319.63
							Total 1 Appropriations: 98,250,038.29
1	86X0303	-	-	-	-	HUD201400000	126,587.87
Recoveries Unapportioned							
	86X0303	-	-	-	-	HUD201500000	391,702.25
	86X0303	-	-	-	-	HUD201600000	1,885,577.00
	86X0303	-	-	-	-	HUD201700000	2,367,508.96
							Total 1 Recoveries Unapportioned: 4,771,376.06
2	86X0303	PBCR	2018	-	-	HUD201800000	2,716,400.00
Apportionment							
							Total 2 Apportionment: 2,716,400.00
3	86X0303	PBCA	2018	HS	HUDCA00	HUD201800000	31,882.70
Allotment Undistributed							
	86X0303	PBCR	2018	CD	HUDSRO0	HUD201300000	183,234.00
	86X0303	PBCR	2018	CD	HUDSRO0	HUD201400000	2,147,512.00
	86X0303	PBCR	2018	CD	HUDSRO0	HUD201500000	1,159,601.00
	86X0303	PBCR	2018	CD	HUDSRO0	HUD201600000	2,733,012.00
	86X0303	PBCR	2018	CD	HUDSRO0	HUD201700000	9,686,901.00
	86X0303	PBCR	2018	HS	HUD2500	HUD201800000	546,472.12
	86X0303	PBCR	2018	HS	HUDPCR0	HUD201800000	0.21
	86X0303	PBCR	2018	PH	HUDMOD0	HUD200600000	62,980.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201000000	14,963.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201100000	103,082.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201200000	316,183.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201300000	1,798,789.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201400000	3,664,256.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201500000	7,782,507.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201600000	2,084,044.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201700000	15,694,038.00
	86X0303	PBCR	2018	PH	HUDMOD0	HUD201800000	13,365,414.87
	86X0303	PBRP	2018	HS	HUDPBRA	HUD201400000	1,146.00
	86X0303	PBRP	2018	HS	HUDPBRA	HUD201600000	70,812.89
	86X0303	PBRP	2018	HS	HUDPBRA	HUD201700000	18,092,835.06
							Total 3 Allotment Undistributed: 79,539,645.65
4	86X0303	PBCR	2018	HS	HUD2500HCPBV	HUD201800000	83,675.00
Allotment Distributed							
							Total 4 Allotment Distributed: 83,675.00
5	866/90303	PBRA	-	HS	HUDPBRARA800	-	426,257.00
Available for Obligation							
	867/00303	PBRA	-	HS	HUDPBRARA800	-	20,119.00

867/80303	PBRA		HS	HUDPBRARA500		423,400.00
869/00303	PBBR		HS	XXXXXXX		-8,119.00
869/00303	PBBR		PH	XXXXXXX		8,119.00
86X0303	PBCR	2009	HS	HUDPCR0PBR00	HUD200900000	1,271.00
86X0303	PBCR	2013	HS	HUD2500HCSBR	HUD201200000	-7.50
86X0303	PBCR	2014	HS	HUD2500HCPBV	HUD201200000	-139.81
86X0303	PBCR	2015	HS	HUD2500HCPBV	HUD201200000	139.81
86X0303	PBCR	2015	HS	HUD2500HCPBV	HUD201500000	-0.01
86X0303	PBCR	2015	HS	HUD2500HCSBR	HUD201500000	7.50
86X0303	PBCR	2015	HS	HUDPCR0PBR00	HUD201500000	228,000.00
86X0303	PBCR	2016	CD	HUDSROCMRSR	HUD201600000	60,328.00
86X0303	PBCR	2016	CD	HUDSROCMRSR	HUD201600000	2,608,604.00
86X0303	PBCR	2016	CD	HUDSROCCSOSR	HUD201200000	49,872.00
86X0303	PBCR	2016	CD	HUDSROCCSOSR	HUD201600000	3,674,508.00
86X0303	PBCR	2016	CD	HUDSROCCSRSR	HUD201500000	10,274,480.00
86X0303	PBCR	2016	CD	HUDSROCCSRSR	HUD201700000	2,147,512.00
86X0303	PBCR	2018	HS	HUD2500HCPBV	HUD201800000	251,501.38
86X0303	PBCR	2018	HS	HUD2500HCSBR	HUD201800000	29,000.00
86X0303	PBCR	2018	HS	HUDPCR0PBR00	HUD201400000	313,608.00
86X0303	PBCR	2018	HS	HUDPCR0PBR00	HUD201500000	96,102.00
86X0303	PBCR	2018	HS	HUDPCR0PBR00	HUD201600000	253,249.00
86X0303	PBCR	2018	HS	HUDPCR0PBR00	HUD201800000	2,085,830,861.00 X
86X0303	PBEA	2018	HS	HUDS8A0S8A00	HUD201800000	20,000,000.00
86X0303	PBBR	2018	HS	HUDPBRARA200	HUD201700000	54,453.00
Total 5 Available for Obligation:						2,126,743,125.37
Total Available Budgetary Resources:						2,312,104,260.39

**Expired Multifamily Rental Assistance Contracts (Expiration Dates December 1, 2018-January  
Data as of March 8, 2019**

<b>Regional Center/Satellite</b>	<b>Contract Number</b>	<b>Property Name</b>
San Francisco	ID050004001	PORTNEUF TOWERS
Jacksonville	RQ46S971001	COLINAS DE RYDER
New York	NY36Q061001	Homes for the Exceptional V
New York	NJ39Q921011	CPEWH GROUP HOME 2
Minneapolis	MN46Q931006	HOME SHARE
San Francisco	AK06Q961002	HOPE COMMUNITY HOMES I
New York	NY06S011008	Hemlock Nob Estates
Chicago	WI39S931005	MCKEE PARK APARTMENTS
Chicago	IN36Q901002	WESTPLEX WOODS APARTMENTS
Minneapolis	MN46H162093	TRINITY APTS
Atlanta	NC19Q931007	ORANGE COMMUNITY RESIDENCE
San Francisco	AK06S091001	Connolly Square
Jacksonville	AL09Q101001	Wiregrass Rehabilitation Center
Minneapolis	WI39S941002	MARY JOHN VANDERLOOP VILLA
Baltimore	VA36H027058	NORTHWINDS
Denver	CO99S941008	CLARE OF ASSISI HOMES
Minneapolis	MN46H162113	HILLSIDE HOMES
New York	NY36S041002	Morris Heights Senior Housing
New York	NJ39S991002	Pineridge of Montclair
Chicago	WI390050005	PARKVIEW APARTMENTS
Chicago	IN36Q941004	LYONS MANOR
Jacksonville	SC16S031001	Bassett Park Apartments
Chicago	IL06Q931008	CANTICLE PLACE
Baltimore	MD06H020034	Drexel Park Apts - Ashley Apts
Chicago	IL06S961006	ELOIS MCCOY VILLAGE APARTMENTS
Jacksonville	SC16S041003	AHEPA 242
Chicago	IN36S011010	BOURBON GARDEN COURT
Baltimore	MD06T781017	ELDRIDGE/BARSTOW
Minneapolis	MN46Q941003	PINE GROVE APARTMENTS/aka ASI Duluth
Chicago	IN36S941010	JACKSON-PEOPLES SENIOR LIVING CENTER
Chicago	IN36Q931011	TRI-CITY MENTAL HEALTH CENTER
Denver	WA25M000044	John Carney
San Francisco	AK06Q931001	Andrew Housing Apartments
San Francisco	AK02R000003	WOODRIDGE APARTMENTS
Atlanta	AL09L000074	MARLAND APTS.
Atlanta	AL09R000004	LAWRENCE PLAZA IV APARTMENTS
Kansas City	AR37S911014	Heritage Manor of Sheridan
San Francisco	CA16M000385	Cannon Apts
San Francisco	CA16Q931015	ERAS HOME II
San Francisco	CA160004019	PACIFIC COAST VILLA
San Francisco	CA33Q901001	PROJECT ROHER

San Francisco	CA160049017	QUEENS TWELVE
San Francisco	CA16L000003	SUNSET APARTMENTS
San Francisco	CA165881015	THE GARDENS
San Francisco	CA168023082	Washington Apts.
Jacksonville	FL29S951007	SIERRA LAKE APARTMENTS
Atlanta	GA06M000182	Calvin Court
Atlanta	GA06M000183	Phillips Towers, Decatur, Inc.
Chicago	IL06H121031	OLYMPIC VILLAGE
Kansas City	LA48Q911009	BATON ROUGE REHAB
Baltimore	MD06S961002	WALKER AVENUE COOPERATIVE APARTMENTS
Minneapolis	MN46H162379	MISSION OAKS
Kansas City	MO36H195085	SOULARD IN FILL
Kansas City	NE26R000052	Pleasant View Retirement Village
San Francisco	NV39L000041	Silver Terrace Apartments
New York	NY36H110021	931-933 COLUMBUS AVENUE
Detroit	OH12E000007	BERKSHIRE COURT
Baltimore	PA28S921009	POPLAR LANE COURT
Baltimore	PA28Q931005	WESTFIELD APTS.
Jacksonville	RQ46R000021	JARDINES DE AGUADA
Baltimore	VA36Q941003	IVERSON ROAD GROUP HOME
Baltimore	VA39M000019	Heritage at Old Town (phase I)
Baltimore	VA390001003	Heritage at Old Town (phase II)
Baltimore	VA36Q921004	WISEMAN HOUSE
Denver	WA16T871001	Evergreen Non-Profit Housing
Minneapolis	WI39T861031	IMPACT HOUSING
Minneapolis	WI39S891009	WILLIAM JOHNSON MANOR
Chicago	WI390050004	GREENBRIER VILLAGE
Chicago	WI39Q931003	REFRESHING SPRINGS APARTMENTS
Chicago	WI39H200051	RIDGEDALE APARTMENTS
Chicago	WI39H200128	RIDGEDALE II
Boston	CT26Q961003	OAK HILL INDEPENDENT HOUSING OF WETHERSFIELD
New York	DE26Q951003	ARC HUD II
Baltimore	PA28S961011	FIFTH AVENUE COMMONS
Baltimore	MD06Q931002	Collins Way
Chicago	IL06S961003	Matthew Manor II
San Francisco	CA16S941012	TELACU POINTE
San Francisco	CA16S941027	VILLA DE LA ESPERANZA
San Francisco	CA16Q941006	MAGNOLIA TREE APTS
San Francisco	AK06S961001	COMMODORE PARK PLAZA
San Francisco	CA160014002	Subsidized Housing Corporation 4
San Francisco	CA16S981004	TELACU PICO ALISO
San Francisco	CA16S981006	Rosewood Court
Baltimore	MD06S991005	LORETTA VILLAGE II
Baltimore	VA36Q991005	Canterbury Group Home
Baltimore	VA36Q991006	High Point Group Home
New York	DE26S991001	LAUREL COMMONS
San Francisco	CA16Q001001	Acacia Villas

San Francisco	CA33Q001002	Grace House
San Francisco	CA43S011002	Hadley Villas
Baltimore	VA36S011005	Tartan Village
Minneapolis	WI39Q011002	ALBERT SKINNER VILLA
San Francisco	AK06S021003	Sutton Annex
San Francisco	CA16S021004	TELACU Las Brisas
Denver	AZ20S021003	Mountain Trace Terrace
Baltimore	VA36Q021007	Spruce Street Group Home
Baltimore	VA36S031004	Peele Manor
San Francisco	CA43S041001	AHEPA 302 Apartments
Baltimore	PA28S041002	SECOND BAPTIST APTS.
Baltimore	VA36Q041003	Maynor Street Group Home
San Francisco	CA16S041005	Harshfield Terrace
San Francisco	CA43S061003	TELACU El Paseo
San Francisco	CA33Q061001	Parham House
Baltimore	PA28S071003	LUTHERAN COMMONS/BERLIN PIKE
San Francisco	CA43S071003	TELACU Housing San Bernardino V
San Francisco	CA16S081001	Bakersfield Seniors
San Francisco	AK06S081002	St. Lucy's Senior Living
Baltimore	PA26S081002	LUTHERAN COMMONS AT PLEASANT GAP
Chicago	IN36Q091001	WOODS AT CROOKED CREEK
San Francisco	CA39S091002	Vera Haile Sr. Housing
San Francisco	AK06Q101002	Tyee Court
New York	NY06Q951006	BRICK SCHOOL HOUSE RESIDENCE
New York	NY36Q041002	Nassau AHRC
New York	NJ39S891001	SPRUCE TERRACE
Baltimore	VA36T851095	GREENSTONE RESIDENCE
New York	NJ39S921008	COUNTRYSIDE MEADOWS
Baltimore	VA36Q041001	New Hope Estate Group Homes
San Francisco	CA16H113123	COLUMBIA TOWER
Chicago	IN360037089	SHERIDAN COMMUNITY APARTMENTS
Minneapolis	MN46H162108	HIGHLAND COMMONS
Baltimore	PA28H084024	INDEPENDENCE HOUSE
New York	NY36S071008	St. Michaels Housing
San Francisco	CA160056009	HOLLYWOOD FOUNTAIN SOUTH,
Denver	CO99S961001	ASPEN PLACE
New York	NY06S991001	Delhi Senior Community II
New York	NY06Q011005	Lifetime Community Association
Denver	WA19S011003	Providence Elizabeth House
New York	NY36S101006	Meadow Lane Apartments
San Francisco	CA16S931013	LINCOLN COURT APARTMENTS
Chicago	IL06S061016	RUSH SENIOR GARDENS
Denver	CO99S951006	VILLA MARIA
Baltimore	MD390006003	COLUMBIA TOWERS LIMITED
Chicago	IN36S931009	NEIDLINGER GARDEN COURT PLYMOUTH
Baltimore	MD06T851007	H.O.P.E. Gagnon Housing, Inc.
New York	NY36Q981001	Independent Living Alternative

Chicago	IN360037092	HILLTOP TOWERS
Atlanta	NC19S921008	MOUNTAIN PLACE
Minneapolis	MN46Q081001	ASI Alexandria
Boston	VT36S961001	CLARKS LANDING
Boston	MA06S011005	ST THERESA'S HOUSE
New York	NJ39S071003	St Peter's Senior Housing
Baltimore	VA36H027025	Effingham Plaza
San Francisco	CA16T791029	DORIS FOSTER
Chicago	IL06S101013	PORTA COELI RESIDENCE
Atlanta	NC19S991012	St. Peter's Heritage Place
Chicago	IN36Q041003	NATIONAL PLACE APARTMENTS
Chicago	IL06Q891016	WILCO RESIDENCES
Minneapolis	MN46H162151	BROADWAY APARTMENTS -- (WELLS)
Atlanta	TN40T831014	FAXON/TCHULAHOMA
Atlanta	NC19S021001	Catherine Booth Gardens
New York	NY36S901003	PAUMANACK VILLAGE IV
Chicago	IN36Q941001	SOUTH CENTRAL HOUSING
Boston	VT36Q951001	Arroway Group Home
New York	NY06S961029	St. Clare Apartments
Kansas City	MO36S951004	ROSE HILL HOUSE
Chicago	IL06Q021014	Richland Residences
New York	NY36Q061002	Nassau AHRC Development 2006
Denver	SD99H001087	HARRISON APARTMENTS
San Francisco	CA16S901007	South Bay Retirement Residence
Atlanta	AL09L000066	CANDLEWOOD II APTS
San Francisco	CA16S891012	Burke Manor
San Francisco	CA160070004	CHARTER OAKS APARTMENTS
San Francisco	CA16T841020	CHILDRENS AID GUILD HOUSE
San Francisco	CA16M000284	DEL AMO GARDENS
San Francisco	CA16M000416	Corona Park Apartments
San Francisco	CA33Q931002	DOWNSTOWN SAN MARCOS
San Francisco	CA16T841013	SPASTIC CHILDRENS HSE
San Francisco	CA16L000194	Syracuse Park Apts.
Boston	CT26H037021	Marjorie Moore Village
Baltimore	DC39M000051	BROOKLAND MANOR aka Brentwood Village
Jacksonville	FL29S911010	HERITAGE OAKS OF PALM HARBOR
Jacksonville	FL29A002015	VILLA CHRISTINA
Jacksonville	FL29A002010	VILLA MARGARITA
San Francisco	HI10S901002	HARRY & JEANETTE WEINBERG SILVERCREST
Chicago	IL06S921009	Our Savior's Senior Housing
Baltimore	MD06Q921005	DON MILLER HOMES
Baltimore	MD062829205	GREENSBORO ELDERLY HOUSING
Baltimore	MD06S941001	TRINITY HOUSE
Baltimore	MD06M000087	WAKEFIELD TERRACE
Baltimore	MD39Q881003	YOUTH IN TRANSITION
Minneapolis	MN46R000069	HILLSIDE APTS / Midaka Properties
Kansas City	MO36M000934	Grandview Tower Apartments

Atlanta	NC19S911006	CHADWICK APARTMENTS
Detroit	OH16T801025	FOUR OAKS
Detroit	OH12R000004	LOUDON BLUFFS
Detroit	OH16A001003	UPTOWN VILLAGE
Fort Worth	OK56L000015	College View Apartments
Baltimore	PA28S901013	HAVELOCH COMMONS
Baltimore	PA26S941010	PINN GARDENS
Jacksonville	RQ46S901003	CASA BARRANQUITAS
Denver	SD99H001016	HERITAGE ESTATES II
Denver	SD99L000018	NORTHGATE COMMUNITY HOMES
Baltimore	VA36Q911006	Bruton Park Group Home
Baltimore	VA36L000014	BLUE RIDGE MANOR
Baltimore	VA36Q931005	EASTMAN ROAD GROUP HOME
Baltimore	VA36L000013	Mecklenburg Manor Apts
Denver	WA19M000112	GRANDVIEW APARTMENTS
Chicago	WI390040007	SUNRISE VALLEY
Baltimore	VA39H027015	CLARIDGE HOUSE
Baltimore	VA36S951003	Springdale II
Baltimore	VA36Q951010	South Hampton Roads Apartments
Baltimore	VA36Q971011	Wilkins Group Home
Jacksonville	SC16S971004	AHEPA 284-II
San Francisco	CA16S941022	Adams Senior Housing
San Francisco	CA16S961004	Telacu Villa Hermosa
San Francisco	CA43S931002	Mission Villas
San Francisco	CA160014005	Subsidized Housing Corporation 4
San Francisco	CA160070015	Subsidized Housing Corporation 4
San Francisco	CA160060036	Subsidized Housing Corporation 65
San Francisco	CA160014009	Subsidized Housing Corporation 116
San Francisco	CA160070018	Subsidized Housing Corporation 28
San Francisco	CA160030057	Subsidized Housing Corporation 35
San Francisco	CA160030060	Subsidized Housing Corporation 35
San Francisco	CA160057011	Subsidized Housing Corporation 44
New York	NY06S981010	Lewiston Villa
San Francisco	NV39Q981001	John Butterworth Estates
Baltimore	MD06Q981004	FLURY PLACE
San Francisco	CA16Q981003	VILLA APARTMENTS
Kansas City	MO36S991002	Les Chateaux North Apartments
Minneapolis	WI39S991010	THELMA WOODLAND VILLA
Chicago	WI39Q991003	GARDEN GROVE APARTMENTS
San Francisco	AK06Q991002	Jack & Virginia Wright House
Baltimore	VA36S991004	Monarch Woods
San Francisco	CA33S991001	Cantebria Senior Homes
New York	DE26Q991002	ARC HUD V
Kansas City	MO36S001002	ST. ANDREWS OF JENNINGS PHASE II
Jacksonville	FL29S001007	AHEPA 489 APARTMENTS
Jacksonville	FL29S001011	LUTHER HALL
San Francisco	CA43S001005	Tierra Del Sol

San Francisco	CA16Q001009	Long Beach Manor
Minneapolis	WI39S011001	WOODSIDE HAVEN
Baltimore	MD06Q021001	Rivendell Homes
Baltimore	MD39Q021002	Bucksville
Baltimore	MD06S021006	Weinberg Village I
Atlanta	KY36S031001	Blackberry-McCarr Senior Housing
Baltimore	MD06Q031001	Woolard Homes
Minneapolis	MN46S031006	Owatonna Senior Housing, Inc. aka Maple Trail
Jacksonville	FL29S031012	PALERMO LAKES APARTMENTS
San Francisco	CA16Q031004	Wills Manor
Atlanta	AL09S041001	Villa Maria II
Baltimore	MD39Q041001	Sager Homes
Baltimore	VA36Q041006	Pine Ridge Drive Group Home
San Francisco	OR16Q051002	SPRINGBROOK PLACE
San Francisco	CA16Q051001	UCP Glendale Accessible Apts.
San Francisco	CA16Q051002	HFL Vanowen Apartments
Baltimore	PA28S051001	MARTINS LANDING
Minneapolis	WI39S051003	RICHARD GURNOE VILLA
Denver	AZ20S061009	Casa Del Pueblo II
San Francisco	NV25S061003	Sierra Manor II
Baltimore	PA26S071001	IVY RESIDENCES II
Baltimore	MD06S081002	OLF Senior Housing II
Baltimore	PA28Q081001	NORTH COAST PLACE
San Francisco	CA33S101001	Victoria at COMM 22

r 30, 2019)

City	State
POCATELLO	ID
HUMACAO	PR
Nanuet	NY
BELLEVILLE	NJ
MINNEAPOLIS	MN
ANCHORAGE	AK
TANNERSVILLE	NY
Fitchburg	WI
BLOOMINGTON	IN
MINNEAPOLIS	MN
CARRBORO	NC
Anchorage	AK
Dothan	AL
MINOCQUA	WI
WYTHEVILLE	VA
WESTMINSTER	CO
SPRING VALLEY	MN
Bronx	NY
MONTCLAIR	NJ
WEST ALLIS	WI
MARION	IN
Sumter	SC
WHEATON	IL
LAUREL	MD
CHICAGO	IL
Greenville	SC
BOURBON	IN
PRINCE FREDERICK	MD
DULUTH	MN
INDIANAPOLIS	IN
EAST CHICAGO	IN
Seattle	WA
ANCHORAGE	AK
KENAI	AK
BIRMINGHAM	AL
GUIN	AL
Sheridan	AR
LOS ANGELES	CA
CULVER CITY	CA
LONG BEACH	CA
SAN MARCOS	CA

PALMDALE	CA
LOS ANGELES	CA
GLENDALE	CA
LOS ANGELES	CA
MIAMI	FL
Atlanta	GA
ATLANTA	GA
CHICAGO HEIGHTS	IL
BATON ROUGE	LA
BALTIMORE	MD
Plymouth	MN
SAINT LOUIS	MO
OSCEOLA	NE
Reno	NV
NEW YORK	NY
LORAIN	OH
UNIONTOWN	PA
New Wilmington	PA
AGUADA	PR
MIDLOTHIAN	VA
Alexandria	VA
ALEXANDRIA	VA
CHARLOTTESVILLE	VA
CAMAS	WA
WAUSAU	WI
DEER PARK	WI
MENOMONEE FALLS	WI
MILWAUKEE	WI
GREENDALE	WI
GREENDALE	WI
WETHERSFIELD	CT
NEWARK	DE
Mc Keesport	PA
FREDERICK	MD
Chicago	IL
LOS ANGELES	CA
LOS ANGELES	CA
BAKERSFIELD	CA
ANCHORAGE	AK
LOS ANGELES	CA
LOS ANGELES	CA
PASADENA	CA
PRINCESS ANNE	MD
Culpeper	VA
Culpeper	VA
LAUREL	DE
Hemet	CA

VISTA	CA
La Quinta	CA
Kilmarnock	VA
BALSAM LAKE	WI
Sutton	AK
POMONA	CA
TUCSON	AZ
CHARLOTTESVILLE	VA
Blackstone	VA
San Bernardino	CA
Homestead	PA
Rocky Mount	VA
Quartz Hill	CA
Riverside	CA
Vista	CA
Somerset	PA
San Bernardino	CA
Bakersfield	CA
Haines	AK
Bellefonte	PA
Indianapolis	IN
San Francisco	CA
Soldotna	AK
HAMLIN	NY
Levittown	NY
KEARNY	NJ
WAYNESBORO	VA
GALLOWAY	NJ
Fredericksburg	VA
SAN DIEGO	CA
SHERIDAN	IN
ARLINGTON	MN
ERIE	PA
Amagansett	NY
LOS ANGELES	CA
AURORA	CO
DELHI	NY
LEROY	NY
Seattle	WA
New Rochelle	NY
SANTA MONICA	CA
East St. Louis	IL
WESTMINSTER	CO
SILVER SPRING	MD
PLYMOUTH	IN
WALDORF	MD
Wantagh	NY

MARION	IN
MOUNT AIRY	NC
Alexandria	MN
Groton	VT
LYNN	MA
Pleasantville	NJ
PORTSMOUTH	VA
VAN NUYS	CA
Chicago	IL
Winston Salem	NC
Indianapolis	IN
Joliet	IL
WELLS	MN
MEMPHIS	TN
Gastonia	NC
GREENLAWN	NY
BEDFORD	IN
Burlington	VT
BUFFALO	NY
KIRKWOOD	MO
OLNEY	IL
Hicksville	NY
PIERRE	SD
COMPTON	CA
SELMA	AL
ALHAMBRA	CA
COVINA	CA
THOUSAND OAKS	CA
LONG BEACH	CA
CORONA	CA
SAN MARCOS	CA
THOUSAND OAKS	CA
Baldwin Park	CA
Berlin	CT
WASHINGTON	DC
PALM HARBOR	FL
MIAMI	FL
MIAMI	FL
WAHIAWA	HI
DOLTON	IL
BALTIMORE	MD
GREENSBORO	MD
TOWSON	MD
WALDORF	MD
TAKOMA PARK	MD
EDEN VALLEY	MN
SAINT LOUIS	MO

GARNER	NC
Saint Clairsville	OH
LOUDONVILLE	OH
COLUMBUS	OH
Edmond	OK
MC DONALD	PA
PHILADELPHIA	PA
BARRANQUITAS	PR
BROOKINGS	SD
STURGIS	SD
NEWPORT NEWS	VA
VINTON	VA
RICHMOND	VA
South Hill	VA
GRANDVIEW	WA
LANCASTER	WI
ARLINGTON	VA
FRANKLIN	VA
NORFOLK	VA
SUFFOLK	VA
COLUMBIA	SC
LOS ANGELES	CA
Whittier	CA
RIVERSIDE	CA
LOS ANGELES	CA
LOS ANGELES	CA
POMONA	CA
LOS ANGELES	CA
WHITTIER	CA
MONROVIA	CA
MONROVIA	CA
LOS ANGELES	CA
LEWISTON	NY
Reno	NV
ELKRIDGE	MD
Pasadena	CA
Saint Louis	MO
RHINELANDER	WI
MILWAUKEE	WI
NORTH POLE	AK
RICHMOND	VA
Encinitas	CA
Wilmington	DE
JENNINGS	MO
NEW PORT RICHEY	FL
SOUTH DAYTONA BEACH	FL
CATHEDRAL CITY	CA

LONG BEACH	CA
ASHWAUBENON	WI
Reisterstown	MD
BOWIE	MD
Owings Mills	MD
McCarr	KY
Frederick	MD
Owatonna	MN
Miami	FL
Los Angeles	CA
Birmingham	AL
Bowie	MD
Louisa	VA
Newberg	OR
Glendale	CA
Van Nuys	CA
Girard	PA
Bayfield	WI
tucson	AZ
Reno	NV
Philadelphia	PA
BALTIMORE	MD
Erie	PA
San Diego	CA

Congressional District	Assisted Units	Program Category	Program Type	TRACS Expiration Date
02	72	Section 8	Sec 8 NC	12/1/2018
98	41	PRAC	PRAC/202	12/1/2018
17	12	PRAC	PRAC/811	12/1/2018
08	6	PRAC	PRAC/811	12/2/2018
05	22	PRAC	PRAC/811	12/4/2018
00	4	PRAC	PRAC/811	12/5/2018
19	12	PRAC	PRAC/202	12/5/2018
02	41	PRAC	PRAC/202	12/6/2018
**	19	PRAC	PRAC/811	12/7/2018
05	120	Section 8	HFDA/8 NC	12/7/2018
04	6	PRAC	PRAC/811	12/7/2018
00	20	PRAC	PRAC/202	12/9/2018
02	7	PRAC	PRAC/811	12/9/2018
07	20	PRAC	PRAC/202	12/10/2018
09	144	Section 8	HFDA/8 NC	12/11/2018
07	59	PRAC	PRAC/202	12/12/2018
01	37	Section 8	HFDA/8 NC	12/13/2018
15	70	PRAC	PRAC/202	12/15/2018
10	47	PRAC	PRAC/202	12/16/2018
05	41	Section 8	Sec 8 NC	12/17/2018
05	24	PRAC	PRAC/811	12/19/2018
05	53	PRAC	PRAC/202	12/20/2018
	12	PRAC	PRAC/811	12/22/2018
03	8	Section 8	HFDA/8 NC	12/22/2018
07	59	PRAC	PRAC/202	12/22/2018
04	48	PRAC	PRAC/202	12/25/2018
02	22	PRAC	PRAC/202	12/27/2018
05	55	Section 8	202/8 NC	12/29/2018
08	24	PRAC	PRAC/811	12/29/2018
07	49	PRAC	PRAC/202	12/29/2018
01	6	PRAC	PRAC/811	12/30/2018
07	6	Section 8	Sec 8 NC	12/30/2018
00	9	PRAC	PRAC/811	12/31/2018
00	24	Section 8	515/8 NC	12/31/2018
07	40	Section 8	LMSA	12/31/2018
04	45	Section 8	515/8 NC	12/31/2018
04	16	PRAC	PRAC/202	12/31/2018
44	35	Section 8	Preservation	12/31/2018
37	6	PRAC	PRAC/811	12/31/2018
47	50	Section 8	Sec 8 NC	12/31/2018
50	12	PRAC	PRAC/811	12/31/2018

	8 Section 8	Sec 8 NC	12/31/2018
28	81 Section 8	LMSA	12/31/2018
28	74 PRAC	PRAC/202	12/31/2018
37	5 Section 8	Sec 8 NC	12/31/2018
17	79 PRAC	PRAC/202	12/31/2018
05	92 Section 8	LMSA	12/31/2018
05	136 Section 8	LMSA	12/31/2018
02	128 Section 8	HFDA/8 NC	12/31/2018
06	12 PRAC	PRAC/811	12/31/2018
02	87 PRAC	PRAC/202	12/31/2018
03	26 Section 8	HFDA/8 NC	12/31/2018
01	32 Section 8	HFDA/8 NC	12/31/2018
	12 Section 8	515/8 NC	12/31/2018
02	97 Section 8	LMSA	12/31/2018
13	16 Section 8	HFDA/8 SR	12/31/2018
09	48 Section 8	PD/8 MR	12/31/2018
09	49 PRAC	PRAC/202	12/31/2018
03	8 PRAC	PRAC/811	12/31/2018
98	70 Section 8	515/8 NC	12/31/2018
07	3 PRAC	PRAC/811	12/31/2018
08	68 Section 8	LMSA	12/31/2018
08	72 Section 8	Sec 8 NC	12/31/2018
05	6 PRAC	PRAC/811	12/31/2018
03	68 Section 8	202/8 NC	12/31/2018
07	103 Section 8	202/8 NC	12/31/2018
07	8 PRAC	PRAC/202	12/31/2018
05	45 Section 8	Sec 8 NC	12/31/2018
04	19 PRAC	PRAC/811	12/31/2018
01	180 Section 8	HFDA/8 NC	12/31/2018
04	40 Section 8	HFDA/8 NC	12/31/2018
01	7 PRAC	PRAC/811	12/31/2018
00	17 PRAC	PRAC/811	12/31/2018
14	21 PRAC	PRAC/202	12/31/2018
06	12 PRAC	PRAC/811	12/31/2018
07	61 PRAC	PRAC/202	12/31/2018
34	83 PRAC	PRAC/202	12/31/2018
34	87 PRAC	PRAC/202	12/31/2018
23	24 PRAC	PRAC/811	12/31/2018
00	24 PRAC	PRAC/202	12/31/2018
34	14 Section 8	Sec 8 NC	12/31/2018
	74 PRAC	PRAC/202	12/31/2018
27	64 PRAC	PRAC/202	12/31/2018
01	10 PRAC	PRAC/202	12/31/2018
	4 PRAC	PRAC/811	12/31/2018
07	4 PRAC	PRAC/811	12/31/2018
00	21 PRAC	PRAC/202	12/31/2018
36	17 PRAC	PRAC/811	12/31/2018

49	6 PRAC	PRAC/811	12/31/2018
36	79 PRAC	PRAC/202	12/31/2018
01	22 PRAC	PRAC/202	12/31/2018
07	7 PRAC	PRAC/811	12/31/2018
00	4 PRAC	PRAC/202	12/31/2018
35	79 PRAC	PRAC/202	12/31/2018
03	63 PRAC	PRAC/202	12/31/2018
05	4 PRAC	PRAC/811	12/31/2018
07	24 PRAC	PRAC/202	12/31/2018
08	90 PRAC	PRAC/202	12/31/2018
14	35 PRAC	PRAC/202	12/31/2018
05	6 PRAC	PRAC/811	12/31/2018
25	74 PRAC	PRAC/202	12/31/2018
42	74 PRAC	PRAC/202	12/31/2018
50	6 PRAC	PRAC/811	12/31/2018
12	32 PRAC	PRAC/202	12/31/2018
**	74 PRAC	PRAC/202	12/31/2018
21	48 PRAC	PRAC/202	12/31/2018
00	5 PRAC	PRAC/202	12/31/2018
05	14 PRAC	PRAC/202	12/31/2018
05	15 PRAC	PRAC/811	12/31/2018
12	86 PRAC	PRAC/202	12/31/2018
00	8 PRAC	PRAC/811	12/31/2018
27	4 PRAC	PRAC/811	1/1/2019
02	7 PRAC	PRAC/811	1/2/2019
09	74 PRAC	PRAC/202	1/4/2019
06	13 Section 8	202/8 NC	1/4/2019
	83 PRAC	PRAC/202	1/6/2019
01	6 PRAC	PRAC/811	1/6/2019
52	148 Section 8	HFDA/8 NC	1/8/2019
05	10 Section 8	Sec 8 NC	1/8/2019
07	41 Section 8	HFDA/8 NC	1/8/2019
03	12 Section 8	HFDA/8 SR	1/8/2019
01	40 PRAC	PRAC/202	1/8/2019
28	72 Section 8	Sec 8 NC	1/9/2019
06	57 PRAC	PRAC/202	1/9/2019
19	20 PRAC	PRAC/202	1/9/2019
27	8 PRAC	PRAC/811	1/9/2019
07	74 PRAC	PRAC/202	1/9/2019
16	32 PRAC	PRAC/202	1/10/2019
29	39 PRAC	PRAC/202	1/13/2019
12	53 PRAC	PRAC/202	1/13/2019
07	40 PRAC	PRAC/202	1/14/2019
03	14 Section 8	Sec 8 NC	1/15/2019
02	40 PRAC	PRAC/202	1/16/2019
05	15 Section 8	202/8 SR	1/16/2019
02	6 PRAC	PRAC/811	1/16/2019

05	98	Section 8	Sec 8 NC	1/17/2019
05	24	PRAC	PRAC/202	1/17/2019
07	14	PRAC	PRAC/811	1/17/2019
00	9	PRAC	PRAC/202	1/19/2019
06	32	PRAC	PRAC/202	1/20/2019
02	73	PRAC	PRAC/202	1/20/2019
03	176	Section 8	HFDA/8 NC	1/21/2019
29	10	Section 8	202/8 NC	1/22/2019
02	86	PRAC	PRAC/202	1/22/2019
05	42	PRAC	PRAC/202	1/23/2019
07	14	PRAC	PRAC/811	1/23/2019
11	24	PRAC	PRAC/811	1/24/2019
01	35	Section 8	HFDA/8 NC	1/24/2019
09	13	Section 8	202/8 NC	1/24/2019
10	82	PRAC	PRAC/202	1/24/2019
03	61	PRAC	PRAC/202	1/25/2019
00	19	PRAC	PRAC/811	1/26/2019
00	7	PRAC	PRAC/811	1/27/2019
26	39	PRAC	PRAC/202	1/27/2019
02	67	PRAC	PRAC/202	1/27/2019
15	17	PRAC	PRAC/811	1/27/2019
03	8	PRAC	PRAC/811	1/28/2019
01	23	Section 8	HFDA/8 NC	1/31/2019
44	74	PRAC	PRAC/202	1/31/2019
	16	Section 8	LMSA	1/31/2019
27	74	PRAC	PRAC/202	1/31/2019
32	44	Section 8	Sec 8 NC	1/31/2019
26	10	Section 8	202/8 NC	1/31/2019
44	230	Section 8	Preservation	1/31/2019
	94	Section 8	Preservation	1/31/2019
51	0	PRAC	PRAC/811	1/31/2019
26	10	Section 8	202/8 NC	1/31/2019
32	36	Section 8	LMSA	1/31/2019
01	40	Section 8	HFDA/8 NC	1/31/2019
00	373	Section 8	LMSA	1/31/2019
12	94	PRAC	PRAC/202	1/31/2019
27	12	Section 8	Sec 8 SR	1/31/2019
27	20	Section 8	Sec 8 SR	1/31/2019
02	78	PRAC	PRAC/202	1/31/2019
02	99	PRAC	PRAC/202	1/31/2019
03	10	PRAC	PRAC/811	1/31/2019
01	20	Section 8	202/8 NC	1/31/2019
02	82	PRAC	PRAC/202	1/31/2019
05	40	Section 8	LMSA	1/31/2019
08	6	PRAC	PRAC/811	1/31/2019
07	8	Section 8	515/8 NC	1/31/2019
01	130	Section 8	LMSA	1/31/2019

04	40 PRAC	PRAC/202	1/31/2019
06	6 Section 8	202/8 NC	1/31/2019
07	40 Section 8	515/8 NC	1/31/2019
03	75 Section 8	Sec 8 SR	1/31/2019
05	82 Section 8	LMSA	1/31/2019
18	50 PRAC	PRAC/202	1/31/2019
02	39 PRAC	PRAC/202	1/31/2019
98	75 PRAC	PRAC/202	1/31/2019
01	44 Section 8	HFDA/8 NC	1/31/2019
00	43 Section 8	LMSA	1/31/2019
03	5 PRAC	PRAC/811	1/31/2019
06	48 Section 8	LMSA	1/31/2019
07	4 PRAC	PRAC/811	1/31/2019
05	24 Section 8	LMSA	1/31/2019
04	5 Section 8	LMSA	1/31/2019
03	32 Section 8	Sec 8 NC	1/31/2019
08	300 Section 8	HFDA/8 NC	1/31/2019
03	40 PRAC	PRAC/202	1/31/2019
02	25 PRAC	PRAC/811	1/31/2019
04	4 PRAC	PRAC/811	1/31/2019
02	48 PRAC	PRAC/202	1/31/2019
	74 PRAC	PRAC/202	1/31/2019
00	74 PRAC	PRAC/202	1/31/2019
43	53 PRAC	PRAC/202	1/31/2019
34	14 Section 8	Sec 8 NC	1/31/2019
34	14 Section 8	Sec 8 NC	1/31/2019
35	20 Section 8	Sec 8 NC	1/31/2019
43	13 Section 8	Sec 8 NC	1/31/2019
38	10 Section 8	Sec 8 NC	1/31/2019
32	9 Section 8	Sec 8 NC	1/31/2019
32	9 Section 8	Sec 8 NC	1/31/2019
37	13 Section 8	Sec 8 NC	1/31/2019
	24 PRAC	PRAC/202	1/31/2019
02	24 PRAC	PRAC/811	1/31/2019
	6 PRAC	PRAC/811	1/31/2019
27	5 PRAC	PRAC/811	1/31/2019
01	61 PRAC	PRAC/202	1/31/2019
07	10 PRAC	PRAC/202	1/31/2019
04	11 PRAC	PRAC/811	1/31/2019
00	5 PRAC	PRAC/811	1/31/2019
**	71 PRAC	PRAC/202	1/31/2019
00	44 PRAC	PRAC/202	1/31/2019
00	8 PRAC	PRAC/811	1/31/2019
01	27 PRAC	PRAC/202	1/31/2019
12	50 PRAC	PRAC/202	1/31/2019
06	39 PRAC	PRAC/202	1/31/2019
36	75 PRAC	PRAC/202	1/31/2019

	6 PRAC	PRAC/811	1/31/2019
08	24 PRAC	PRAC/202	1/31/2019
02	12 PRAC	PRAC/811	1/31/2019
05	10 PRAC	PRAC/811	1/31/2019
03	75 PRAC	PRAC/202	1/31/2019
05	24 PRAC	PRAC/202	1/31/2019
06	19 PRAC	PRAC/811	1/31/2019
01	25 PRAC	PRAC/202	1/31/2019
27	109 PRAC	PRAC/202	1/31/2019
37	7 PRAC	PRAC/811	1/31/2019
07	57 PRAC	PRAC/202	1/31/2019
05	10 PRAC	PRAC/811	1/31/2019
07	5 PRAC	PRAC/811	1/31/2019
01	14 PRAC	PRAC/811	1/31/2019
28	23 PRAC	PRAC/811	1/31/2019
29	24 PRAC	PRAC/811	1/31/2019
03	35 PRAC	PRAC/202	1/31/2019
07	12 PRAC	PRAC/202	1/31/2019
03	38 PRAC	PRAC/202	1/31/2019
02	39 PRAC	PRAC/202	1/31/2019
02	53 PRAC	PRAC/202	1/31/2019
02	51 PRAC	PRAC/202	1/31/2019
03	10 PRAC	PRAC/811	1/31/2019
51	30 PRAC	PRAC/202	1/31/2019

<b>EMPLOYEES ON 1/25/19</b>			
<b>Duty Location</b>	<b>Number of Excepted</b>	<b>Number of Intermittent</b>	<b>Total</b>
ALBANY, NY	2	7	9
ALBUQUERQUE, NM	1	1	2
ANCHORAGE, AK	1	1	2
ATLANTA, GA	15	35	50
BALTIMORE, MD	1	7	8
BIRMINGHAM, AL	1	2	3
BOSTON, MA	3	14	17
BUFFALO, NY		3	3
BURLINGTON, VT		1	1
CASPER, WY		1	1
CHARLESTON, WV		2	2
CHICAGO, IL	3	34	37
CHRISTIANSTED, VI	1		1
CLEVELAND, OH		5	5
COLUMBIA, SC		3	3
COLUMBUS, OH	1	4	5
DENVER, CO	8	25	33
DES MOINES, IA		2	2
DETROIT, MI	1	9	10
FARGO, ND		1	1
FORT WORTH, TX	8	29	37
GREENSBORO, NC	1	4	5
HARTFORD, CT	1	4	5
HELENA, MT		1	1
HONOLULU, HI		1	1
HOUSTON, TX	2	1	3
INDIANAPOLIS, IN		2	2
JACKSON, MS		2	2
JACKSONVILLE, FL	3	19	22
KANSAS CITY, KS	7	11	18
KANSAS CITY, MO	3	6	9
KNOXVILLE, TN	1	1	2
LAS VEGAS, NV		4	4
LITTLE ROCK, AR		1	1
LOS ANGELES, CA	6	14	20
LOUISVILLE, KY	1	2	3
MANCHESTER, NH		2	2
MEMPHIS, TN		1	1
MIAMI, FL		4	4
MILWAUKEE, WI		3	3
MINNEAPOLIS, MN	1	8	9
NASHVILLE, TN		1	1

NEW ORLEANS, LA	1	3	4
NEW YORK, NY	7	24	31
NEWARK, NJ	1	6	7
OKLAHOMA CITY, OK	4	12	16
OMAHA, NE		1	1
PHILADELPHIA, PA	11	15	26
PHOENIX, AZ	1	3	4
PITTSBURGH, PA		1	1
PORTLAND, OR		2	2
PROVIDENCE, RI	1	1	2
RICHMOND, VA		3	3
SACRAMENTO, CA		1	1
SALT LAKE CITY, UT		1	1
SAN ANTONIO, TX		1	1
SAN FRANCISCO, CA	7	24	31
SAN JUAN, PR	7	2	9
SANTA ANA, CA	7	13	20
SEATTLE, WA	7	5	12
SIOUX FALLS, SD		1	1
ST LOUIS, MO		4	4
TAMPA, FL		2	2
TULSA, OK		2	2
WASHINGTON, DC	162	351	513
WILMINGTON, DE		1	1
<b>Grand Total</b>	<b>288</b>	<b>757</b>	<b>1045</b>

<b>Homeless Assistance Grants</b>							
<b>Fiscal Year 2019 1st Quarter Activity</b>							
<b>FY 2016/2018</b>	<b>Enacted Budget Authority</b>	<b>Unobligated</b>		<b>Obligated</b>		<b>Total</b>	
		<b>Committed</b>	<b>Uncommitted</b>	<b>Unexpended</b>	<b>Expended</b>		
Continuum of Care	\$ 1,935,000,000.00	\$ -	\$ 11,349,942.28	\$ 59,086,883.72	\$ 39,844,762.81	\$ 110,281,588.81	
Emergency Solutions Grants	\$ 270,000,000.00	\$ -	\$ -	\$ 1,236,471.00	\$ -	\$ 1,236,471.00	
Homeless Data Analysis Project	\$ 7,000,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Youth Demonstration Project	\$ 38,000,000.00	\$ -	\$ -	\$ 31,482,813.74	\$ 328,506.26	\$ 31,811,320.00	
<b>Total</b>	<b>\$ 2,250,000,000.00</b>	<b>\$ -</b>	<b>\$ 11,349,942.28</b>	<b>\$ 91,806,168.46</b>	<b>\$ 40,173,269.07</b>	<b>\$ 143,329,379.81</b>	

<b>FY 2017/2019</b>	<b>Enacted Budget Authority</b>	<b>Unobligated</b>		<b>Obligated</b>		<b>Total</b>
		<b>Committed</b>	<b>Uncommitted</b>	<b>Unexpended</b>	<b>Expended</b>	
Continuum of Care	\$ 2,018,000,000.00	\$ 24,308,379.00	\$ 24,161,891.00	\$ 24,552,487.07	\$ 856,293.93	\$ 73,879,051.00
Emergency Solutions Grants	\$ 310,000,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Homeless Data Analysis Project	\$ 12,000,000.00	\$ -	\$ 5,000,000.00	\$ -	\$ -	\$ 5,000,000.00
Youth Demonstration Project	\$ 43,000,000.00	\$ -	\$ 42,763,304.00	\$ -	\$ -	\$ 42,763,304.00
<b>Total</b>	<b>\$ 2,383,000,000.00</b>	<b>\$ 24,308,379.00</b>	<b>\$ 71,925,195.00</b>	<b>\$ 24,552,487.07</b>	<b>\$ 856,293.93</b>	<b>\$ 121,642,355.00</b>

<b>FY 2018/2020</b>	<b>Enacted Budget Authority</b>	<b>Unobligated</b>		<b>Obligated</b>		<b>Total</b>
		<b>Committed</b>	<b>Uncommitted</b>	<b>Unexpended</b>	<b>Expended</b>	
Continuum of Care	\$ 2,106,000,000.00	\$ -	\$ 2,106,000,000.00	\$ -	\$ -	\$ 2,106,000,000.00
Emergency Solutions Grants	\$ 270,000,000.00	\$ 27,405,696.00	\$ -	\$ 72,932,447.09	\$ 886,787.91	\$ 101,224,931.00
Homeless Data Analysis Project	\$ 7,000,000.00	\$ -	\$ 7,000,000.00	\$ -	\$ -	\$ 7,000,000.00
Youth Demonstration Project	\$ 80,000,000.00	\$ -	\$ 80,000,000.00	\$ -	\$ -	\$ 80,000,000.00
Victims of Domestic Violence and other Projects	\$ 50,000,000.00	\$ -	\$ 50,000,000.00	\$ -	\$ -	\$ 50,000,000.00
<b>Total</b>	<b>\$ 2,513,000,000.00</b>	<b>\$ 27,405,696.00</b>	<b>\$ 2,243,000,000.00</b>	<b>\$ 72,932,447.09</b>	<b>\$ 886,787.91</b>	<b>\$ 2,344,224,931.00</b>

**Notes:**

- 1) Includes recaptures from October 1, 2018 to December 31, 2018.
- 2) Amounts with zero activity were fully obligated in previous fiscal years.



WEDNESDAY, FEBRUARY 27, 2019.

## **STAKEHOLDER PERSPECTIVES: FAIR HOUSING**

### **WITNESSES**

**CLAUDIA L. ARANDA, SENIOR RESEARCH ASSOCIATE, DIRECTOR OF  
FIELD OPERATIONS, URBAN INSTITUTE  
KEENYA ROBERTSON, PRESIDENT AND CEO, HOUSING OPPORTUNI-  
TIES PROJECT FOR EXCELLENCE, INC.**

Mr. PRICE [presiding]. The hearing will come to order. Good morning. Welcome, everyone, to our second Transportation, HUD Subcommittee hearing of the year. Today we are going to examine fair housing, a critical component of our ongoing national effort to combat discrimination and ensure equal opportunity for all of our citizens.

Last year we celebrated the 50th anniversary of the Fair Housing Act, one of the three key civil rights acts of the 1960s. It outlawed discrimination on the basis of race, national origin, religion, sex, familial status, or disability. This and other landmark laws, including the other civil rights acts and the Americans with Disabilities Act, have bolstered and expanded fair housing protections for millions of people, whether it is someone seeking a mortgage, renting an apartment, or living in federally-assisted housing.

These laws promote equal rights and economic opportunity, but the Fair Housing Act goes one step further. It requires the Department of Housing and Urban Development and its State and local grantees affirmatively to further the goals of the act. In other words, there is an expectation that communities must proactively combat discrimination to overcome historic patterns of segregation and to foster inclusive communities.

HUD has placed renewed focus on enforcing this aspect of the Fair Housing Act until the current administration indefinitely suspended the affirmatively furthering fair housing rule that was promulgated in 2015. To say the least, that is concerning. HUD has an obligation to receive and investigate fair housing complaints, issue grants to State and local government as well as nonprofit organizations to help enforce our fair housing laws, and to assist communities as they seek to comply with the Fair Housing Act. These activities support what should be a bedrock Federal commitment to fair housing.

Unfortunately, we have seen some troubling signs in the last 2 years that this commitment is waning at HUD headquarters. In addition to suspending the affirmative responsibility rule, the affirmatively furthering fair housing rule, the number of high-profile Secretary-initiated fair housing complaints intended to address systemic discrimination, such as banks being less likely to approve African-Americans and Hispanics for mortgages, those have dropped precipitously.

The disparate impact rule that sought to ensure lenders and landlords were held accountable for discriminatory outcomes, whether the discrimination was intentional or not, that is being re-assessed reportedly by HUD. Guidance for the equal access rule, which laid out protections for LGBT individuals has been removed from the HUD website.

HUD has yet to distribute fair housing enforcement grants despite having received funding for this purpose in the Fiscal Year 2018 THUD bill enacted last April. As a result, local organizations that work with vulnerable populations are feeling pinched. There are also reports that HUD's staffing levels and internal capacity are inadequate when it comes enforcing our fair housing laws.

Finally, we need to come to terms with new and emerging trends in housing discrimination. Who faces discrimination today? What is being done about it? How has technology made it easier or harder to enforce fair housing laws? How can HUD improve their oversight, and how can this subcommittee be an active partner in this effort?

To help us examine these questions, I am pleased to have two expert witnesses join us today. Claudia Aranda is a senior research associate, director of field operations, at the Urban Institute where she conducts research on the housing market and housing discrimination. She has supervised numerous empirical studies about differential treatment in the rental housing market, including some work on behalf of HUD. We are also excited to have Keenya Robertson with us this morning all the way from Miami, Florida, Mr. Ranking Member. She is president and CEO of the Housing Opportunities Project for Excellence, a private, nonprofit fair housing organization. Prior to her work with HOPE, Ms. Robertson worked as an attorney fighting on behalf of people with disabilities and other vulnerable populations in Georgia, Arkansas, and Mississippi.

Both witnesses will provide us with valuable insight and perspectives about fair housing. We expect this hearing will help us inform our subcommittee's work as we engage with HUD officials on this issue in the months ahead, and eventually draft a Fiscal Year appropriations bill. So we really do appreciate your both being here. We look forward to your testimony.

Now I would like to recognize our distinguished ranking member, Mr. Diaz-Balart, for any statement he might have.

Mr. DIAZ-BALART. Mr. Chairman, thank you very much. I also would like to welcome our witnesses today, and I thank Chairman Price for holding this important hearing. Mr. Chairman, I will be brief in my opening remarks, one hopes, so that we can get right to the witness testimony and questions.

I do want to first welcome Ms. Robertson. Thank you for making the trip from sunny, warm southern Florida. Look, anyone who lives, works, or visits the southern part of the State of Florida quickly understands that it is not only one of the most dynamic places in the country, but it is also a very diverse part of the country. So, again, I look forward to listening to your testimony. Thanks for being here.

Ms. Aranda, I also look forward to hearing from you today. I know HUD and, frankly, the wider community has benefitted and

continues to benefit from your research. So I, again, look forward to hearing from both of you. The research, I believe, leads to improved policies. Frankly, there are few areas as important as our common goal of eliminating discrimination and expand opportunities. We value your perspective and look forward to your testimony.

Chairman Price and I have worked very closely together to make sure that housing opportunities are available to vulnerable populations, and I am proud of what we have been able to do together with our bills, particularly within the last past 2 years to expand opportunities for veterans, for the disabled, and families with children.

I have made it a priority, by the way, during my service in Congress and before that, my service in the Florida legislature, to ensure that nothing stands in the way of housing opportunities. To expand opportunities, we need to work together and remove barriers, and the Fair Housing law, I believe, is a key component of this work.

And so it has been over 50 years since passage of the Fair Housing Act. Much progress has been made, but we obviously know that there is yet important work that has to take place. And so, again, I look forward to your testimony. Thank you for being here. And with that, Mr. Chairman, I yield back.

Mr. PRICE. Thank you. Now let's turn first to Ms. Aranda, if that is all right, for her testimony. You are recognized for 5 minutes. We are happy, of course, to print a longer statement in the record. But if you could shoot for 5 minutes for an oral statement, and then we will have plenty of time for our discussion. So Ms. Aranda.

Ms. ARANDA. Chairman Price, and Ranking Member Diaz-Balart, and other members of the subcommittee, thank you so much for this opportunity to discuss the importance of housing discrimination, its forms and its prevalence, and to highlight lessons from the past decade of paired testing research conducted by me and my colleagues at the Urban Institute, a nonpartisan research organization based here in Washington, DC.

My name is Claudia Aranda, and I am a research associate at Urban. The views I express today are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

Since the late 1980s, Urban has conducted numerous housing discrimination studies funded by the Department of Housing and Urban Development, including the 1989, 2000, and 2012 studies on racial and ethnic discrimination in rental and sales markets nationwide. Over the past decade, we have also conducted a national study on people with disabilities, those who are deaf or hard of hearing, and people who use wheelchairs, and pilot studies on families with children, sexual orientation, gender status, and Housing Choice voucher holders.

The paired testing research we have conducted since 2010 shows that the discrimination that persists today in 2019 is harder to detect than it once was, but the barriers confronted by home seekers increase the time and cost of their search for housing, and further limit the choice that in many metropolitan areas is already constrained by the challenge of reaching landlords and finding available affordable housing.

Our research confirms that for many Americans, the promise of the Fair Housing Act has not yet been realized, even more than 50 years after its passage. As the director of field operations since 2010, I have overseen the completion of over 14,000 paired tests in over 44 metropolitan areas. In a paired test, 2 people are assigned fictitious identities and qualifications. They are comparable in every way except for the characteristic being tested, such as race or ethnicity. When the almost identical home seekers receive unequal treatment from landlords and real estate agents, paired testing essentially catches discrimination in the act.

When the Federal Fair Housing Act was passed in 1968, African-American families were routinely and explicitly denied homes and apartments in white neighborhoods. The findings from the first HUD-funded studies of the 1970s and 80s showed discriminatory practices against minorities that further perpetuated high levels of segregation and limited access to opportunity-rich neighborhoods. In 2012, the most recent nationwide study on race and ethnicity, showed that although the most blatant forms of housing discrimination may be less common, such as when a landlord refuses to meet with a potential renter, minority home seekers still faced discriminatory practices, even when they are well qualified as renters and home buyers. Landlords and real estate agents recommend and show fewer available apartments and homes to African-Americans, Latinos, and Asian-Americans compared to equally-qualified whites.

The discrimination studies we have conducted on other groups, some of which are also explicitly protected by the Fair Housing Act, also experienced differential treatment, including people with disabilities, transgender people, gay men, and voucher holders. It is also important to note that our testing studies may underestimate the level of discrimination against any particular group because testers were well qualified for the housing they sought, and tests were done in response to publicly-listed advertisements. For housing that is not advertised, discrimination is likely more overt and more prevalent as fair housing organizations may confirm in smaller scale enforcement testing. Additionally, our studies capture the discriminatory treatment that can occur during the initial inquiry and information gathering phase, but not during the final stage of a rental or sales transaction.

Paired testing is a powerful tool for detecting and documenting discrimination, but it does not fully explain or begin to address the longstanding patterns of residential segregation and economic disparities seen in communities across the country. In order to overcome ongoing housing discrimination and the legacy of past exclusionary land use and zoning policies, a multipronged strategy is needed, one that includes that vigorous enforcement of anti-discrimination protections as well as proactive testing to uncover otherwise undetected forms of differential treatment, public education and outreach to residents about housing rights and opportunities and incentives to encourage affordable development and neighborhood reinvestment.

As rental and sales markets continue to change and as attitudes towards residential diversity continue to evolve, policymakers and fair housing practitioners will continue to need reliable evidence,

not only on the forms incidents and targets of discrimination, but also in other factors that may contribute to segregation and disparities in neighborhoods, such as information gaps, local regulatory policies, stereotypes, and fear.

Taken together, these efforts and other recommendations I outline in my written testimony can help grow and sustain inclusive high-opportunity communities that give residents access to good schools, jobs, transportation, and other services.

Thank you again for this opportunity to share highlights from our research. I look forward to answering any questions you may have.

Mr. PRICE. Thank you very much. Ms. Robertson.

Ms. ROBERTSON. Good morning. I am, again, Keenya Robertson, president and CEO of Housing Opportunities Project for Excellence, or HOPE, a private, nonprofit fair housing organization serving Miami-Dade as well as Broward Counties. I also serve as chair of the board of directors of the National Fair Housing Alliance, the only national organization solely dedicated to ending housing discrimination.

Thank you, Chairman Price, for this opportunity. Your stalwart support of fair housing enforcement has not gone unnoticed, and I thank this committee for putting fair housing on the agenda today. I am also grateful to our congressman and ranking member, Mario Diaz-Balart, for his support of efficient fair housing enforcement and equal housing opportunity.

I would like to talk to you today about community-based perspectives on the Nation's enforcement of the Federal Fair Housing Act, and to express concerns regarding the resources that the major players have to combat housing discrimination. Enforcement of the Fair Housing Act in the United States is carried out through a combination of efforts by U.S. HUD, DOJ, local and State civil rights and human rights agencies, and private nonprofit fair housing groups. Fair housing assistance programs, or FHAPS, are State and local agencies that operating under a memorandum of understanding with HUD to process complaints of housing discrimination. It allows HUD to be more efficient and far reaching.

HUD's Fair Housing Initiative Program, or FHIP, is the only Federal funding for groups like mine, private, nonprofit fair housing groups, to carry out fair housing education and enforcement throughout the country. FHIP has three major components. Those components are education and outreach, enforcement, which allows testing complaint intake. Organizations like mine do direct advocacy on behalf of the individuals who call us, and we also conciliate, take cases to mediation, and other processes that get to resolution. The Fair Housing Organizations Initiative allows for new organizations as well as expansion of existing programs.

The FHIP Program is made available through the notice of funding availability, or the NOFA. Over several years we have watched the deterioration of the process. You have delays in release of the NOFA itself, award decisions, grant award negotiation, timing of payments to grantees. All of this has caused serious damage to long-established organizations, often the only entities serving their areas. As a small agency, we serve two major metropolitan areas.

Many have been forced to take out lines of credit to complete existing work, to continue paying their employees, and to maintain basic operations, and some have even been forced to close their doors for a period of time. In fiscal year 2017, we were awarded a new 3-year enforcement grant. We successfully negotiated the terms in December of 2017. However, we were offered a start date of April 2018. We pushed and pushed and got a March 1st start date.

For 2 months, we had to operate and maintain staff and their benefits with very previous cash reserves. During our 2-month funding gap we received a complaint from an expectant mother. She lived in a low-income tax credit property with her two other small children. Her lease was not being renewed for failure to provide truthful information on her rental application. What this meant was she failed to disclose her pregnancy on the application, provide an ultrasound picture of her unborn child, and a doctor's letter estimating the time of birth of the child.

In order to save her housing, a Federal lawsuit was filed. News coverage of the case resulted in other residents coming forward. Three families joined the lawsuit. Two of them had already lost their housing, and one came from another property where the same discriminatory rule was being enforced.

We also received a complaint from a gentleman who had recently moved from the property. When he returned from the hospital after having open heart surgery, he went to the leasing office to request a live-in aide. Despite providing documentation and being asked to show his surgical scar to the assistant property manager in the leasing office, his request was denied.

We are able to successfully resolve cases like this with significant changes in policies. These properties, they were for women, for families with children, and residents with disabilities. This may not have been accomplished had we been forced to lay off our staff or close our doors during that funding gap.

HUD's Office of Fair Housing and Equal Opportunity is experiencing a shortage of staff that affects all aspects of its work, but, most importantly, the administration of its program and timely investigation of complaints. FHEO needs the adequate human resources and additional resources to assist in the development of increasingly complex investigations.

FHIP organizations like ours need increased funding. Large areas served by small agencies like ours need adequate funding to serve our actual service areas, and those FHAP organizations need increased funding to maintain their staff and to conduct thorough investigations. We have submitted further detail in the written testimony, and I look forward to any questions that you may have. Thank you for this opportunity.

Mr. PRICE. Thank you, Ms. Robertson. We do want to get to your comments about FHIP and how they operate and how they are funded in due course. I want to first ask you, though, for a little more direct commentary on some of the trends we have seen at HUD during this administration that affect our capacities to enforce fair housing and equal opportunity.

These look like troubling signs to me, and I would like to know what your assessment is in terms of what their impact might be.

The affirmatively further fair housing rule has been suspended. The disparate impact rule is being reassessed, that standard of judgment. Guidance on the treatment of LGBTQ individuals have been removed from the website. Number of Secretary-initiated complaints addressing systemic discrimination has been scaled back to just one, I believe.

So whichever you see as most impactful and whichever you would focus on, I want to ask you both about those moves and how they might affect your work and fair housing overall. So, Ms. Robertson, I will start with you. These trends or others you might want to highlight, how have they affected your ability to carry out your mission of advancing fair housing? What particularly should we be focused on?

Ms. ROBERTSON. Thank you, Chairman Price. I think everything that you mentioned impacts our work directly, indirectly, and holistically. I can start with disparate impact. I am very concerned that a legal doctrine acknowledged by the United States Supreme Court that has been in effect for over 40 years. I was in the room during oral arguments during the Inclusive Communities case, and even Justice Scalia acknowledged that the Court has acknowledged the doctrine of disparate impact and its applicability to the Fair Housing Act.

I think that one of the most important approaches to disparate impact is commonsensical. I am going to use domestic violence victims for example. You have unintended consequences, for example, with a nuisance ordinance and also rules of a housing provider regarding criminal activity. Women happen to be the most common victims of domestic violence in that if you had rules that people out of housing or subjected them to fines or other penalties, you would have a disproportionate impact on women when those rules are enforced against them as victims. The unintended consequence would be the displacement of women from housing when you do not put the appropriate protections in place.

Where disparate impact is concerned, I can speak to south Florida and some of the work we have been able to do with regard occupancy restrictions. Some apply to affordable housing and then also high-end housing on Key Biscayne, on the water. Occupancy restrictions that limit residences to less than 2 persons per bedroom have a disparate impact on families with children.

For example, we examined the policies of the fifth largest affordable housing developer in Florida, representing about 7,500 housing units. They had less than 2 persons per bedroom allowed in some of their units, and we looked at the policies across the entire State. An example would be a three-bedroom unit that did not allow more than 4 people. So a family of five or a family of six would be put out completely of housing availability at these affordable housing properties. You would also have families, for example, we had a mother who had two daughters who was forced into a larger, more expensive unit as opposed to allowing her daughters to share a bedroom. She was required to get a 3-bedroom unit.

Shall I continue? Thank you.

Mr. PRICE. Those appear to be almost textbook cases of disparate impact.

Ms. ROBERTSON. Absolutely. And you also saw this with regard to another property management company that had over a dozen between Miami and Broward Counties where we were able to eliminate those policies and make sure that a reasonable standard of at least 2 persons per bedroom was the occupancy restriction.

So doing away with the rule, cutting back the rule, scaling back the rule would eliminate the ability for us to do work like this and have that type of impact in our investigations. These were systemic investigations where we got multiple properties. We had statewide impact, actually one of the cases that was a Secretary-initiated complaint. Our jurisdiction is only Miami-Dade and Broward, so to reach the rest of the properties throughout the State, there was a HUD Secretary-initiated complaint that made that property management company take a look at its policies throughout the State and change them.

Mr. PRICE. Thank you. That gets into another controversial area. And my time has expired, so, Ms. Aranda, we will wait for the next round to let you elaborate. What I do want to ask you is the impact as you see it of these changes and overall if you have seen any, it is early I know to say this, but have you seen changes in discrimination trends in the last year and a half. But let's wait on that.

I will turn to Mr. Diaz-Balart for his questions.

Mr. DIAZ-BALART. Mr. Chairman, thank you very much. Ms. Robertson, so your organization is charged with raising public awareness on fair housing issues and also helping clients, as you mentioned, with allegations of discrimination when they arise. So how do you work with your organization to balance these two priorities, outreach and compliance?

Ms. ROBERTSON. In each of our offices we have an education and outreach coordinator, one assigned to each county. In Miami-Dade and Broward, each office has an investigations coordinator, and then we also have one person who coordinates all intake of complaints. So being able to maintain that staff is critical.

These are not individuals that you find out in the market. From an employer's perspective, I can get an accountant. I can get someone to help with me human resources. But individuals who conduct fair housing investigations, we invest a lot of time, training, dollars into those staff members. By maintaining them, we are able to continue our programs and also hit the ground running as soon as we receive new funding awards.

And I think that the big difference between just simple, sterile complaint intake and investigating of a process and filing a complaint, we are advocates on behalf of the residents who call us. I am just going to pull an example from Hialeah. We had a young man who is 9 years old, came to this country from Cuba with his mother and his father. Their grandfather had a 3-bedroom, 2-bathroom mobile home in a mobile home park. The policy of the housing provider was to use the children's report cards, specifically their conduct grade, to make decisions on whether or not the family was going to be allowed to stay.

We were able to get enough outrage from community and get the local news investigator to chase folks through the parking lot asking about the policy, and essentially shamed them, educated them about what was wrong that shamed them into changing policies.

Mr. DIAZ-BALART. And you work with local community organizations as well, right?

Ms. ROBERTSON. Absolutely.

Mr. DIAZ-BALART. And so do you work with also faith-based organizations?

Ms. ROBERTSON. Absolutely. Every type of organization that we can get our foot in the door with, we do. Our housing counseling agencies allow us to teach first-time home buyers how to spot discrimination. With regard to religious organizations, we would speak to them specifically about fair housing, but also issues that affect folks who are discriminated against on the basis of religion. We get to schools to talk to families with children.

Working with community organizations that are service-based allow us to, say, get to 10 counselors, but those 10 counselors each have access to, like, 70 folks. So one of the cases that I mentioned with regard to the occupancy restrictions was referred to us. Their client was referred to us from one of their counselors. Now, while we can't reach 700 or 7,000 clients, just getting to those counselors alone allows us to get to folks.

Mr. DIAZ-BALART. And, Ms. Aranda, so if you could give us your assessment of HUD's Fair Housing Initiative Program, FHIP, you know, and also what makes for an effective grantee?

Ms. ARANDA. What makes for an effective grantee as a FHIP agency?

Mr. DIAZ-BALART. Yeah.

Ms. ARANDA. So, you know, just to clarify my perspective on this issue, we have in order to be able to do all this work over the last decade have worked closely with FHIP organizations. We have worked closely with Mr. Robertson. We wouldn't have been able to do this work out the FHIP organizations.

And the housing discrimination studies, because we have had to do so many tests to be able to generate these estimates have required some of the fair housing organizations to do 200, 400, in some cases 600, paired tests in the course of a year in addition to all of the other important work that they are doing. And so that is certainly very challenging work that we ask them to do.

But one of the things that we talk about across all of the reports that we have completed over the last decade, and actually consisting in reports in previous years when we have completed the national discrimination studies, is the importance that we see in ongoing enforcement work, ongoing outreach and education, the work that many of the FHIPs do in so many of the communities across the country that without them, that wouldn't be accomplished.

And so I talk about in my written testimony, but certainly there is a lot more detail that we include in the reports about the importance of those functions. And that without them, obviously our fair housing laws would go unenforced without that important work.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. My time is up.

Mr. PRICE. Thank you. Mrs. Watson Coleman?

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman, and thank you for your testimony, both of you. My very first job in life was working for the Division on Civil Rights in the State of New Jersey. My very supervisory position was to be the chief of the Bureau of

Rooming and Board. I mean, the chief of housing discrimination complaints, so somewhat familiar. I want to understand, you do complaints. You do conciliation conferences. Where is your enforcement authority, and what happens if a person doesn't cooperate?

Ms. ROBERTSON. So unlike the organization or the agency that you led, our role is a little bit different. We are able to initiate our own complaints. So we are actually complainants and plaintiffs in appropriate actions. Sometimes we are simply referring victims, and depending on the role that we took in an investigation, we actually become a party.

Mrs. WATSON COLEMAN. To whom do you refer these complaints? Is there a division on civil rights that enforces the law against discrimination?

Ms. ROBERTSON. Well, for HOPE, we have different avenues, and if there is a victim of discrimination involved, it is actually their choice, but we offer to them the different choices. For example, Miami-Dade County has a human rights division that accepts complaints as does Broward County. The difference between the two is Broward County receives funds directly from HUD to investigate. We can file them directly with HUD, which we have done, particularly when there is HUD funding involved. We think we can be more impactful with making change. And then we have nonprofit cooperating attorneys. The Florida Justice Institute and the Disability Independence Group are two private nonprofit law firms that we refer clients to as well.

Mrs. WATSON COLEMAN. And so the consequences of a landlord or realtor or person who is selling a home who does not comply with the findings of discrimination, what are they?

Ms. ROBERTSON. Will you repeat the question for me?

Mrs. WATSON COLEMAN. What are the consequences of not getting someone to do the right thing?

Ms. ROBERTSON. Well, it is going to depend. It will depend. I mean, if the investigator or the investigative agency finds cause, usually what would follow would be a lawsuit. Everything that we have actually initiated that is based on our investigations has ended in settlement. We have been able to come out with resolutions that change policies that remedy the victims, and also put in place best practices that avoid closure of housing opportunity and eliminate discriminatory practices.

Mrs. WATSON COLEMAN. So the reexamination of the disparate act is like putting a damper on looking at policies in place that are supposed to be neutral on their face, but have a disparate impact. Patterns and practices are harder to investigate and deal with without this authority?

Ms. ROBERTSON. Absolutely, yes.

Mrs. WATSON COLEMAN. Okay. When I was in the Division on Civil Rights back in 19—

[Laughter.]

Mrs. WATSON COLEMAN [continuing]. The best way to determine whether or not someone was being discriminated against was this pair testing, and that is what you do now. But you also mentioned that discrimination is harder to detect. So I want to know something about that, but I also want to know to what extent do you hold referred complaints of realtors who are doing the targeting

into communities based upon race, and ethnicity, and other issues, and low income? I would like to hear from both of you if I have that—

Ms. ARANDA. Thank you for the question, Congresswoman. And I can say a little bit more about what we have seen most recently in our work on the paired testing methodology, and that when the paired testing methodology was first used by civil rights organizations in the 60s and 70s, that the treatment was much more overt, right? So a landlord might to say to you we don't rent to black people, right? So you knew in that moment that you were discriminated against, whereas now what we see if that a landlord may tell somebody, sorry, that apartment has been rented, and then later that afternoon the second tester in the pair will be offered an appointment to view that apartment, right?

So without that direct comparison, and that is the power of the methodology, you wouldn't know that discrimination was happening. And so that is the benefit of what you see.

The role that we play is as a research organization, so our testing is designed to be able to look at systematic differences. And so we wouldn't actually take action on any particular outcome. And so I am happy to let Mrs. Robertson say more about that.

Mrs. WATSON COLEMAN. My time is up, and perhaps we can get to this a little bit later. Thank you.

Mr. PRICE. Thank you. Thank you. We will ask you to defer and pick this up on the next round. Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman. And thank you both for being here this morning. Ms. Robertson, in your testimony you referenced the challenges in some of the delays in funding and what that does to the operation. When did these delays actually start, and have they had a major impact on HOPE?

Ms. ROBERTSON. Absolutely. I can trace delays back to, if I just go through our funding cycles. We received a Fiscal Year 2010 enforcement grant that was a 3-year grant. Typically in the grant cycle, April would be the notice of fund availability release, and before September 30 you would receive notice. Our Fiscal Year 2010 grant actually didn't begin until May of the following year. We had a 6-month funding gap during that time period.

This is a competitive process, so unlike the government agencies, the local private agencies don't receive ongoing consistent funding. This is competitive based. But when we successfully get a grant, we should be able to hit the ground running with the dollars. When you lose staff during funding cuts, you have to start all over again with training them with regard to testing. We conduct testing. It is a very specific process, and then every new test coordinator has to get its whole new tester pool to be able to conduct its investigations.

Mr. RUTHERFORD. Well, you know, I used to run a very large law enforcement organization, and I know losing those knowledge skills and abilities of those investigators, you don't just hire somebody and start, you know, where you left off. It takes a long time to ramp that up. Is everyone on the same grant cycle or do some FHIPs have longer periods where they are not funded than others? Are you all—

Ms. ROBERTSON. No, it is different, so my answer would be affirmative to the latter part of your question. So, for example, the Fair Housing Center in Atlanta, their 3 years ended on January 31st, I believe. Right now the Fiscal Year 2019 awards have not even been announced. They don't know if they are going to get funding. And then once they do find out they are going to get funding—I am claiming it for them—they have got to negotiate the grant.

And in the meantime there is no telling whether or not they are going to be able to maintain all of the staff members that they currently have. Staff morale is very important. When you are cutting back on benefits, when you are not able to provide cost of living increases because the dollar amounts have not increased, it becomes difficult.

Mr. RUTHERFORD. So let me ask this in light of all that. Do you have other sources, and I think I already know the answer to this having listened to you. Do you have other sources of income, like private funding and other things, that will help you get over those gaps? You mentioned earlier you have to lay people off.

Ms. ROBERTSON. Right. I have currently 3 staff members who are on part-time schedules right now. But what we do is traditional nonprofit fundraising and resource development. We do consulting work for some of the housing authorities, and we are also fair housing planning consultants to some of the jurisdictions. When we talk about affirmative furthering fair housing, one piece of that is accomplished through funding fair housing organizations. And some of our local jurisdictions provide some funding as there are cuts in CDBG and other funds.

For example, our funding has been cut. When I joined HOPE in 1998, we had \$200,000 in funding from Miami-Dade County. We don't receive a dime any longer. We had \$50,000, I believe, from Miami Beach and from City of Miami. We are down to \$10,000 from each of those organizations and \$20.

Mr. RUTHERFORD. So is that at the heart of your request? In your conclusion in your testimony, in your written testimony, you talked about the need to hire an additional, I think it was almost 300 individuals at the FHEO.

Ms. ROBERTSON. Yes, sir.

Mr. RUTHERFORD. And I would assume that would be to help mitigate and eliminate some of these gaps?

Ms. ROBERTSON. Right, to replace retirees, to make certain that programs are running efficiently. Also to make certain that when you look at the significant backlog of its own complaints, for HUD to be able to investigate and process its own complaints to resolution.

Mr. RUTHERFORD. Thank you. I see my time has expired, Mr. Chairman. I yield back.

Mr. PRICE. Thank you. Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman. Ms. Aranda, I wanted to dive back into the paired testing discussion in your testimony. Can you go into more detail about the experience that immigrants with limited English-speaking abilities face and what were their experiences, and what guidance can the committee provide to HUD to make housing more accessible to these populations?

Ms. ARANDA. Thank you for the question, and I just wanted to point out that so far we actually haven't done any paired testing studies that focus on immigrants or individuals with limited English capacity. That is certainly one of the groups that we identify as potentially being a group that we would focus on in future work and that we would certainly recommend would be the subject of future work. But we haven't included those groups so far.

Mr. AGUILAR. What types of work can we do with HUD in order to kind of dive deeper into the outcomes that you found with paired testing?

Ms. ARANDA. So one of the things that I think is important to just note is that these studies that we have done over the last decade beyond the national studies have been these pilot studies, have also been exploratory studies that have been really important first steps for HUD to take looking at families with children, looking at voucher holders. Our study on LGT community was actually 2 distinct studies. So it was a pilot study focused on same-sex couples, but then also it was an exploratory study looking at discrimination against transgender people.

And so I think that we learned many things from that work, but there are certainly many opportunities to be able to push forward in that work in the study focused on transgender people to be able to take some of those lessons, some of the initial challenges that we faced in thinking about the safety concerns for our testers and worrying about whether we needed to have particular protocols in place to make sure that they had clear procedures in case something happened to them in the course of a test or they felt threatened in the course of a test.

And we work closely with advocacy organizations, with LGBT organizations to develop these protocols and procedures. And so the fact that there has been so much learning that has happened in the course of this work, and then to be able to take that and take the next step to be able to do a pilot study, to develop estimates of discrimination in particular regions and across the country, would, I think, be a very important opportunity for further learning and for the Department to take, and similarly to be able to do that based on what we have learned from voucher holders, that voucher holders suffer discrimination that when they are looking for housing in places that have higher opportunities, that are low-poverty areas, they face even more discrimination.

So the issue of whether it is really the case that voucher holders, although in theory they should be able to take their vouchers anywhere to be able to find housing, just the challenge that it takes. We had to review many ads, hundreds of thousands of ads, to be able to do the testing in the five places where we conducted the study. And it took us on average 39 ads to find that seemed that it might be affordable for someone with a voucher. In some places, it took more work than that to be able to find an ad.

So just the level of effort that the housing search itself takes is something that we have continued to see across all of these studies. But particularly when we were looking in the part of the market that would be affordable to a voucher holder, that is something that was definitely underscored for us of just the amount of effort, time that it takes. And then ultimately, given the particular pa-

rameters of the voucher search, of how long voucher holders are given, the fact that they may end up in a neighborhood, they may end up in housing that is not what they might want to try to be in. It is not near good schools. It is not in a community with other services that they might want, but they are put in a position where they have to take what they have found because other housing with more opportunities is not available to them. So I think these have been important lessons, but they have also been important first steps that have been taken.

Mr. AGUILAR. Thank you. Thank you, Madam Chairman.

Mr. PRICE. Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman, and thank you for both your testimony today. Mrs. Robertson, I would like to go back to some of the discussion of the guidance that was issued on local nuisance ordinances. And studies have shown us that domestic violence is the leading cause of homelessness for women and children. According to a survey by the National Center for Children and Poverty, 80 percent of women with children experiencing homelessness are identified as survivors of domestic violence.

So we have this sort of perfect storm forming with the nuisance laws that we have seen and also the difficulty that both of you have testified to around familial status. And that is one of the most prevailing forms of discrimination that we see. With the guidance that HUD has issued around nuisance ordinances, have you seen that being used by local governments and housing providers, and has it resulted in change that has been positive for domestic violence survivors?

Ms. ROBERTSON. In Broward County, they added the specific protection for victims of domestic violence and stalking to its local ordinance that is substantially equivalent to the Fair Housing Act. I think that the training that is done with regard to survivors of domestic violence and current victims specific to the Violence Against Women Act and the requirements of properties that are federally subsidized have been quite effective in getting those changes.

I don't know that it was specifically the HUD guidance and their reading of it, but I do believe that the work on the ground that is done by fair housing organizations to train housing providers with regard to their responsibilities to make them aware of guidance and to also talk to them about best practices in protecting victims. Another piece that I believe fair housing organizations are able to address, for example, we had a familial status and disability-related complaint at a project-based Section 8 property in Miami Gardens. This are fully-subsidized units throughout the property. But in just a review of all of their rules, we were able to identify their lack of protection for victims of domestic violence.

So I think that really what all of it ties back to for me is the education and outreach that is important. That is most important to raise awareness of victims of their rights, but also housing providers about their responsibilities. And that is what really translates itself into change. So in resolving a complaint we are able to make certain that they put those policies in place, that they train their employees, et cetera.

So I think that is what it really looks like when you start to see change. It is that awareness that education and outreach initiatives are part of or that they affect as well as taking a look at holistically everything that limits housing opportunity in the rules of the housing provider to address those things.

Ms. CLARK. Great. Thank you. Do you have anything to add?

[Nonverbal response.]

Ms. CLARK. Okay. I had a question for you. There has been a lack of Secretary-initiated complaints coming out of this Administration, and it has been an effective tool that has been used by prior Administrations to combat systemic discrimination, both Republican and Democratic administrations. One example is in 2015, an agreement between HUD and the Wisconsin-based Associated Bank where the bank paid \$200 million in settlement for denying mortgage loans to African-Americans. How do you see HUD's lack of these Secretary-initiated cases as impacting the work of fair housing across the country?

Ms. ARANDA. I think it is certainly like disparate impact, like the AFFH rule. I think it is an important tool, and we certainly agree and include in our reports recommendations for very vigorous enforcement. And so I think it is another important tool.

Ms. CLARK. Thank you. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. Ms. Aranda, I am going to pick up right where you left off and where we left off in the first round because I would like to give you the chance to comment on the various trends we have seen in HUD over the last 2 years and if you can detect direct impacts. And then maybe a little more broadly what kind of changes you have seen in discrimination trends, however you would account for them, and these new forms of discrimination that we have heard about, and what is required to deal with those.

Ms. ARANDA. No. Thank you for the question and the opportunity to return to your first question where I think everything that you named—AFFH, disparate impact, the LGBT guidance—all of those key issues and tools being really important in being able to combat ongoing discrimination, but also to address the effects of past discrimination, past exclusionary policies.

And so I did want to say a little bit more about the implementation of the AFFH rule because we have included in our all of our reports the recommendation of the fact that jurisdictions across the country, in order to be able to combat the past effects of these exclusionary practices, need to be able to approach it very holistically. And so it doesn't include just enforcement based on complaints that come in. It is not just about doing additional outreach, and we certainly recommend the increased outreach not only to housing providers about the law because we have seen over time the impact that litigation and then the education that becomes sort of compulsory afterwards, that that seems to have played a role in decreasing the level of discrimination, certainly the overt discrimination.

So in terms of the AFFH rule, that the initial implementation and the lessons that we have seen from the initial cohort of jurisdictions that actually began to implement this new planning process, that they benefited from not only some of the specific guidance, but also some of the technical assistance that was provided as part of the implementation of the rule, and what that led them to do

as far as community outreach, community engagement, and really reflecting diverse communities, the communities that Mrs. Robertson talked that she works with in Miami, to have them reflected in the planning processes and the thinking about what can be done in a particular jurisdiction to not only combat what continues to happen, but what has happened in the past, the levels of segregation that we have continued to see in communities across the country.

These are hard things to combat. And so the fact that this planning process really has given in the initial implementation of the rule a path for communities to be able to follow. And I think we began to see, however limited a time frame we have, we began to see the impact of some of that.

But to your question about what discrimination continues to look like in these sort of emerging forms, one of the issues that I think is really important is related to what we have continued to see and that I mentioned about the challenge of the housing search process. And all of the different modes in which home seekers may be communicating with landlords, may be communicating with housing providers, the different ways that they may receive information. So we have certainly seen as prospective renters looking for housing, that they may be initially emailing in response to an ad that is posted online, but then they may receive a message from a prospective landlord saying, why don't you text me, and then I will send the link to the updated posting. And the landlord may call the prospective renter and then may say, why don't you fill out this form online.

And so all the different ways that people are receiving information or not receiving responses then to their requests, all the ways that they may be looking for information, that the housing search process is much more complicated. And all of these different modes provide opportunities for landlords to limit the response, to limit information based on what they are able to learn about a particular person based on what information may be available to them, and some kind of a credit screening or background check. And one of the things that we have seen over time is apartment complexes that may not even make an appointment with you until you go through an initial screening process. So just the different challenges that we have continued to see in getting access to information.

Mr. PRICE. Thank you. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, thank you very much. When I think of, you know, obviously the issue of discrimination, which is such an important issue, you know, I always think back about how fortunate we are to have a Secretary of HUD, somebody who's history and life is an example to all of us as to how to move forward despite all of one's challenges.

Let me kind of go into an issue that obviously much of HUD's fair housing work is delegated to the States and local levels to the fair housing assistance programs. Now, I know that neither of you work directly with this particular program, but your work touches some of the same issues and challenges, frankly, faced by FHAP organizations. So while I have you here, and I want to take advantage of it, could you, both of us, give us your views on how well

that program works? What are some of the challenges faced by these organizations as they carry out their mandates? It may be a little unfair to kind of ask you to do that, but I am going to take advantage of having both of you.

Ms. ROBERTSON. Yeah, we actually work closely with those programs. We work in partnership with HUD as well as our local FHAP agencies. I was just in Tampa yesterday conducting a training for recipients of Federal funding along with the City of Tampa, who happens to be a fair housing assistance program.

I believe that the same funding issues exist for FHAP organizations. I believe that the time that they invest in their investigations and bringing their complaints to resolution require increased funding. In order to be efficient they also require adequate staffing in order to conduct their investigations timely and thoroughly. And also for them to be able to conduct any type of outreach or marketing to let their communities know that they are a resource for individuals to file complaints, you know, for them to know who they are and what they do. And we certainly include that in the work that we do.

And that is why the partnerships are so very important because we all work together to make the most efficient and impactful use of what we consider to be limited funds.

Mr. DIAZ-BALART. And, Ms. Aranda, do you want to comment on that as well?

Ms. ARANDA. So we don't work directly with FHAPs and haven't in our work, but certainly in looking at complaint data overall continue to see the important role that they play and that they play in enforcement.

Mr. DIAZ-BALART. And so, Ms. Robertson, you were talking about this, I don't know if it is more a challenge in fair housing, you know, access to folks with personal disabilities, but you were also talking about families with children. Is that something that you are seeing more of?

Ms. ROBERTSON. I think it has been a consistent issue. While disability has overtaken race in many instances as the most common form of discrimination—

Mr. DIAZ-BALART. That is an interesting statement you just made.

Ms. ROBERTSON. Oh yeah, but as you look at the work that HOPE has done and even some of the litigation that we have been involved in, the discrimination against families with children is quite prevalent. It comes in different forms. And we already talked about disparate impact with regard to rules, but there are also just discriminatory rules period. We have seen, and I want to add to Ms. Clark's questions regarding realtors.

For example, we received a complaint from a realtor who was seeking housing for her client, a rental property. And when contacting a listing agent, MLS and in the text exchange was told, the owner doesn't want any children. And we also received another complaint out of Bell Harbor. There was a gentleman looking for a unit to rent, and the realtors when you called them up, we do testing as well. We do responsive testing to complaints, and we substantiated the fact that the realtors were enforcing the no children rule. And they felt that because it was the owner's desire not

to have children, it was okay as a real estate professional to enforce that particular desire of the owner.

We have no children allowed on the second floor for safety reasons, pregnant women evicted, and then rules and regulations that don't allow children's things to be present on a property, that don't allow them to play in common areas, parking lot, on your balcony or anywhere that anybody can see you. The requiring of report cards for children as like character references or background checks for kids is something that has also been seen not just in that example that I gave. There was a case that came out of Palm Beach County as well.

So families with children I believe experience, and also different terms and conditions, pools that they can't use or restrictive hours where the pool is only open Monday through Friday 9 to 5 when the kids are at school in their after-school programs, that sort of thing. So the effect of discrimination on families with children I think is definitely more prevalent than people realize and takes effect in many different forms that we have to continue to attack.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chair. Ms. Aranda, when we were talking about the difficulty with the folks with vouchers, and in your testimony it talks about extending the Search Assistance Program from 60 to 120 days. And I am not familiar with this, quite frankly. So is that a rule that FHAP passes down and all of the assistance programs follow that rule? How does that work?

Ms. ARANDA. So the search times, and this is part of the rule for Housing Choice Vouchers. Those are the particular vouchers that we were looking at, and so that is the time frame that is then required and it has to sort of be enforced by the housing authorities. If they are a part of particular different kinds of programs, there may be some leniency that they are able to apply.

But essentially, and you may know already, that in so many places there are very long wait lists for people trying to get a voucher. Some of those wait lists, many of them have essentially been closed for a very long time because there haven't been new vouchers to be able to issue. And so if you are able to get access to a voucher, you have this particular window of time to be able to use it. If you can't use it, then you lose it. And so it is the issue then of as I described the challenge of finding housing that meets their needs.

Mr. RUTHERFORD. Can't we simply change the rule?

Ms. ARANDA. So the rule can certainly be changed.

Mr. RUTHERFORD. Let's change it. [Laughter.]

It doesn't take a law, right? I mean, it doesn't take an act of Congress to change that, does it?

Ms. ARANDA. And I think that is right, and I think there are other rules related to the Voucher Program that also could provide tremendous support to voucher holders to be able to use their voucher in the way that it is intended. And one of the things that we talk about in the report is certainly to be able to provide housing search assistance. There are public housing authorities that struggle to be able to provide a list to people, but it is the issue of continuing to expand outreach to landlords as well, to be able

to provide better sort of service and support to them so that that is a way of also bringing them into the program.

Mr. RUTHERFORD. You mentioned in the paired testing that you find the discrimination, but you don't really necessarily know why they are doing what they are doing. And I think that is a very good question to ask because they are property owners. They have concerns. They want to protect against, for example, it was mentioned earlier, the number of people that can sleep in a room and that sort of thing. That is reasonable to me because you don't want human trafficking. You don't want other things that could be going on in a rental property that someone owns.

What are we doing about looking into those circumstances sometimes? That is evaluated, too, right, the property owners' concerns?

Ms. ARANDA. So this is an issue that we feel there is a lot more learning to do, and there has been some recent work that does do some interviews of landlords to better understand the challenge. You may know that the Secretary also launched in response actually to our findings on the voucher study, launched a landlord task force that has had some initial meetings around the country and encourage landlords to come and talk about their experiences, so the experiences that some report of having concerns about receiving payments on time from a particular housing authority, the issue what screening they are able to do of voucher holders.

So I think that that is something that we have started to learn a little bit more, but on the whole the methodology doesn't really allow us to learn more about that. I think that would be an important next step.

Mr. RUTHERFORD. I also appreciate your intent to, you know, go out and actually proactively search for landlords that would be willing to take vouchers. I know we did the same thing with felons coming out of prison. We went to businesses and asked, you know, would you consider, and gave them all the information on why it really is a good idea to hire this convicted felon. And so I see my time is up, and thank you very much for what you are doing. I yield back.

Mr. PRICE. Thank you, and I am going to turn the gavel over to Ms. Torres. It is her turn to question, and I have another hearing I meant to check in on.

Mrs. TORRES [presiding]. Thank you, Mr. Chairman, and good morning. I am bouncing back and forth in between meetings, so I apologize if I ask something that has previously been covered, maybe not exactly to the extent that I am interested in hearing a response.

You should know that in 2005, I had a devastating fire. I lost everything that I owned. I checked into a hotel with nothing but the clothes that I had on. My oldest son had no shirt on, and my youngest son didn't have shoes on. Everything was lost completely. At 3 a.m. checking into a hotel, little did I know what I would experience in trying to house myself and my children.

When landlords refer to teenage sons as "how many of those do you have," at first I was shocked because I thought, like, what are they referring to, and then I realized he's talking about a human being. I said, oh, you are talking about the young man that is with me. I have three of those. And add a pet to that liability, it is im-

possible. It is impossible. So we lived in a hotel for several months, and then we had to pay almost double what the house, the rental would have been because of the liabilities that I had.

So discrimination is real. Discrimination is very, very difficult to prove. For us it was a terrible experience, not just trying to deal with landlords, but trying to deal with school districts that all of a sudden because I did not have a permanent residence, my children did not belong in that same school district. So all of those things are very difficult. It is no wonder why we have a homelessness epidemic. It is no wonder why so many people are sleeping in the streets every single night.

So of the complaints that you receive and of the complaints that you have filed with Secretary Carson's office, what are you getting back? Are you getting responses? I mean, what is happening there?

Ms. ROBERTSON. I most recently was talking about a complaint that we filed that was actually received from a realtor regarding another realtor. We had also filed, I don't believe this was with Secretary Carson, but Region 4, HUD's office, with a project-based Section 8 property. What you end up getting is your intake. Fair housing agencies are able to put together complaints that are concise and guaranteed to be jurisdictional so that they are efficiently and quickly processed by HUD. We can help victims put theirs together that way as well. That assists HUD also in weeding through allegations.

You receive back their words of what they believe your complaint is and how it fits into what a fair housing violation may be or that which is jurisdictional under the act for them to investigate. There you are assigned to an investigator, and then you are also offered the opportunity to conciliate or negotiate the resolution of the complaint. Both parties have to agree.

Mrs. TORRES. But for a person with disabilities, for example, that may need some accommodations, right, a wider door maybe, it doesn't have to be changing the entire façade of a building.

Ms. ROBERTSON. What does that one look like?

Mrs. TORRES. What does that one look like?

Ms. ROBERTSON. So immediate needs, an earlier example was a woman whose lease wasn't going to be renewed. That is an emergency situation. We actually work with private, nonprofit cooperating attorneys. You can file a lawsuit and a HUD complaint at the same time. So if we have the immediate need of preserving housing, acquiring housing, or an accommodation because sometimes for a person needing a reasonable accommodation or even a modification, life could be at risk as well as health, and other safety issues come into play.

So I was describing to you an administrative process, you know.

Mrs. TORRES. Right.

Ms. ROBERTSON. So we are able to take on different approaches in terms of the people we serve to get them immediate assistance when something is on fire, so to speak. HUD, they do offer the availability of immediate action. We have not utilized that because you are still going through a process. For me, I am a real person on the ground dealing with a real issue and a family that has got to stay right now. So whoever can get help to them the quickest, that is the connection we are making.

Mrs. TORRES. My time is up, but I would love to follow up with you more on this issue.

Ms. ROBERTSON. Absolutely.

Mrs. TORRES. I am going to now turn it over to Ranking Member Diaz-Balart.

Mr. DIAZ-BALART. Madam Chairman, thank you. I actually don't have any more questions, but I do want to take the opportunity to thank both of you for being here. I think your testimony has been, frankly, very helpful to us, and I look forward to continuing to working with you. Thank you for being here and thanks for your testimony. Very helpful. Thank you, Madam Chairwoman.

Mrs. TORRES. Congressman Rutherford? No? Okay. Great. And I think I am okay. I am not going to keep you here any longer, but I would again like to follow up with you. Thank you so much to the both of you for your testimony. This is a critical issue. I am afraid that once you being to negotiate as a victim of housing discrimination, the only way to negotiate is your rights away. And you are on the front lines of ensuring that that doesn't happen, and I appreciate your work very much.

And with that, the hearing is now adjourned. And I get to do this. [Laughter.]



THURSDAY, MARCH 7, 2019.

**STAKEHOLDER PERSPECTIVES: AFFORDABLE HOUSING  
PRODUCTION**

**WITNESSES**

**SCOTT FARMER, EXECUTIVE DIRECTOR, NORTH CAROLINA HOUSING  
FINANCE AGENCY**

**ELLEN LURIE HOFFMAN, FEDERAL POLICY DIRECTOR, NATIONAL  
HOUSING TRUST**

**ANTHONY SCOTT, CHIEF EXECUTIVE OFFICER, DURHAM HOUSING AU-  
THORITY**

Mr. PRICE. Good morning. The hearing will come to order. Thanks for being here, everyone. We look forward to a productive discussion on Affordable Housing Production, a very timely topic.

I don't think it is an understatement to say there is a housing crisis in our country. Many of the people affected by this crisis are the most vulnerable among us, seniors, the disabled, low-income families with children, veterans. But increasingly, middle-income families, also, are being squeezed.

Studies from HUD and other sources indicate that more and more families are struggling to pay rent. The cost for housing, for transportation, for medicine and education keep increasing.

Amazingly, only one in four people at this moment, one in four, eligible for Federal rental assistance can receive it because of funding constraints. Now, we sometimes talk about funding constraints like they are written in the stars, actually they are not. It is a political failing. It is a matter of political judgment. It is a matter of political priority setting.

At a time when housing should be a front-burner issue we seem to be falling further behind. It is not a reality any of us should be comfortable with; in fact, it should force us to ask tough questions about our values and priorities.

There are numerous factors that contribute to this crisis, aging housing stock, rising rents, low vacancy rates, onerous local zoning requirements, high unemployment in areas of persistent poverty. The list goes on and on as all of you know.

We know the crisis spans geographic boundaries, both urban and rural areas are suffering from an acute lack of affordable housing. Meanwhile, producing and preserving these units has become nearly impossible without government subsidies.

At the Federal level, this means flexible grant programs like HOME and CDBG, which can act as gap funding. It also means categorical programs like 202 for the elderly, 811 for people with disabilities, and transformational grants, like Choice Neighborhoods.

Other Federal funding streams for public housing and project-based rental assistance to ensure millions of America have a safe, decent place to call home.

On the tax side of the ledger, the low-income housing tax credit remains an absolutely essential source of private equity for new, affordable housing.

Unfortunately, the Trump administration's budget request for the previous two fiscal years have been draconian, entirely eliminating many of these categories of funding. But I am proud that this subcommittee under the leadership of then Chairman, Mario Diaz-Balart, rejected those cuts on a bipartisan basis, and after last year's enactment of the Bipartisan Budget Agreement to lift the spending gaps, we made some progress to boost funding for some of these housing programs, including new production, for example, under 202 and 811 for the first time since 2011.

We must build on this progress. The consequences of failing to reach consensus on the budget this year would be dire. At least 10,000 units of public housing each are lost, private properties utilize other Federal funding streams to maintain affordability are increasingly vulnerable. Without an influx of new resources and capital we won't make a dent in our national affordable housing crisis.

Of course addressing this challenge isn't just about the production of a unit, it is also about preserving our existing stock that would otherwise fall into disrepair, or no longer remain affordable.

How do we balance production and preservation? What Federal funding streams and tools are most useful? How should Congress prioritize investment in housing programs and make it easier for housing providers to use them?

These are some of the questions I hope we can explore today. And we have a panel that is well equipped to help us with these questions.

Our slate of witnesses this morning includes Scott Farmer, the Executive Director of the North Carolina Housing Finance Agency; Ellen Lurie Hoffman, the Federal Policy Director of the National Housing Trust; and Anthony Scott, the Chief Executive Officer of the Durham North Carolina Housing Authority.

Each of these witnesses brings a unique perspective on affordable housing production and preservation. I realize the representation of North Carolina is a bit robust.

Mr. DIAZ-BALART. How did that happen?

Mr. PRICE. Well, I don't know. We had a Miami witness last week, you will remember. So we are happy to have robust representation, and believe me, I am sure our other witness can more than hold her own.

But these gentlemen are here for a reason. They are both accomplished at what they do. They both have a story to tell, and they have quite different perspectives; and not contrasting but complementary perspectives on the questions that we are raising here today. And so I wanted them both here, but I assure you we will be inviting witnesses from any and all states who can help us out in future hearings, in any way.

Thank you all for being here this morning. I would like to recognize our Ranking Member for his opening statement.

Mr. DIAZ-BALART. Mr. Chairman, first, let me thank you for holding this hearing. And on a serious note, the Chairman has put together a great list of witnesses. Not only for this hearing, but others also.

And Mr. Chairman, on a serious note, I want to thank you for doing that. The fact that they happen to be slightly heavy in one part of the country, doesn't diminish the fact that you, Mr. Chairman, have done a great job, and have been very fair. So, I appreciate that.

Let me first welcome our witnesses. Your appearance today here will offer us frankly three unique perspectives on the challenges of preserving and expanding affordable housing opportunities for the people of this country.

This work often happens in the communities back home, and so again, this is going to be very, very important for us to hear from you as we prepare our work for the FY 2020 Budget.

And Mr. Scott, as Public Housing Authority Director you know you are a little bit unique. Right? You are not only a HUD customer, but you are also a steward of HUD's resources, and so we appreciate what you bring to the table today.

And Mr. Farmer, your perspective as the State Housing Finance Agency is important for us to hear today. Each of the State's Financing Agencies across the country is tasked with leveraging millions, or frankly, potentially even billions of dollars in housing tax credits, and bonds with the objective of ensuring that families have affordable housing options.

Ms. Hoffman, we also look forward to hearing your views as a representative of a national organization with the goal of bringing, frankly, really complicated pieces together with a unique focus on affordable housing preservation.

And so, thank you all for being here today. We look forward to your testimony in this engagement.

As I have engaged with HUD's budget and programs over the years, I have been struck by the fact that, as I have said before, that the vast majority of HUD resources are deployed to outside organizations, outside of HUD.

This includes public housing authorities, state and local governments, non-profits and countless private organizations, again including for for-profit entities. It is also important to note that HUD resources often work in conjunction with tax credits, bonds, and private equity.

So, when we evaluate HUD programs we should look at them as part of a really network that involves decision-makers from many sectors, government, nongovernmental, non-profit and for-profit.

In recent years, when the Chairman and I have considered the HUD budget, we first have to evaluate what it takes to just preserve the housing options for the nearly 5 million households that receive housing assistance.

And as the Chairman and I note every year, just to keep pace with inflation we, in essence, have to just add about a billion dollars each year, just to keep up; that is not new people that is just to keep up. And it is a challenge. It is a challenge to do so.

We have been in the fortunate position in the last 2 years in particular to provide targeted increases for programs for the disabled

veterans, and the elderly, and recent increases in CDBG and HOME.

Now I, however, appreciate the significant investments to preserve or expand affordable housing units are really only possible through tax credits and bonds. Often in conjunction with HUD programs such as Section 8, project-based rental systems, and home improvement partnerships.

So, again, I look forward to learning how these resources, and these financial tools are deployed at the community level, hearing about the important work that you all do. And I thank you for being here. And I thank the Chairman for putting together such a great panel.

Thank you, Mr. Chairman. I yield back.

Mr. PRICE. Thank you. All right. Let us begin. And Mr. Farmer, we will start with you, and you will be followed by Ms. Hoffman, and then Mr. Scott.

Our procedure is to ask you to speak for 5 minutes, and we understand you may have a longer statement that we will put in the record, and we will do that immediately following your oral statement. But that will let us proceed quickly to questions and to the exchange we want to have. Now, Mr. Farmer?

Mr. FARMER. Let me try that again. Chairman Price, Ranking Member Diaz-Balart, and honorable members of the subcommittee, my name is Scott Farmer, and I am the executive director of the North Carolina Housing Finance Agency.

Thank you for the opportunity to share how state housing finance agencies use Federal resources to leverage private market resources to create and preserve affordable housing. Among these programs are the HOME Investment Partnerships Program, Community Development Block Grant Program, the National Housing Trust Fund, tax exempt housing bonds, and the low-income housing tax credit.

Nationally, State Housing Finance Agency have used these and other resources to deliver more than \$450 billion in financing to purchase, build or rehabilitate more 7 million homes and apartments.

Housing build strong communities, support families and drives our Nation's economy. Housing contributes to social mobility, educational attainment, and health care access and outcomes, these and other benefits and largely unrealized in the face of a nationwide affordable housing shortage, which is most-acutely felt by low-income households as housing cost outpace wages.

Construction costs have risen dramatically since the Great Recession while Federal housing production resources have stagnated, or in the case of HOME and CDBG, declined.

While recent increases are a positive step the 2019 HOME appropriation is still 32 percent below the 2010 levels.

The housing shortage affects both homeowners and renters. Many credit-worthy homebuyers are priced out, particularly first-time homebuyers, who have struggled to obtain affordable mortgages and save for a down payment.

Renters fare no better. Affordable apartments are scarce with nearly half of the U.S. renters paying more than 30 percent of their income for housing.

In North Carolina only affordable home is available for every eight low-income families. Back-to-back hurricanes have exacerbated this situation hitting areas with already extreme housing shortages and older housing stock.

The housing loss to these devastating storms cannot be easily replaced. Decades-old home valued at \$40,000 costs far more to replace in 2019 dollars. Recognizing there is no single solution, our Agency employs a range of resources to address the needs.

Our Agency sells mortgage revenue bonds or MRBs to finance low-cost mortgages and down payment assistance for low-income, first-time homebuyers. Nationally, MRBs have helped more 3 million low-income buyers. We also invest HOME funds in community-based homeownership programs, such as Habitat for Humanity.

HOME is an important resource for Habitat affiliates nationwide. HOME funds are also to rehabilitate existing homes, stabilize communities and yield significant health savings by keeping low-income seniors, veterans, and disabled homeowners in their homes, and avoiding costly institutionalized care. CDBG funds can also be used to make critical home repairs as well as for infrastructure cost and single-family developments.

HOME is critical for making housing credit developments feasible in rural communities where rents are not high enough to cover building costs and replay loans.

In urban markets HOME allows for rents that are affordable to lower-income households. Housing bonds used in conjunction with housing credits have produced nearly 1 million units of affordable housing to low-income families nationwide.

In 2018 our Agency awarded more 300 million in tax exempt bonds for housing credit apartments, more than doubling the affordable units financed by housing credits alone.

CDBG is also an important tool for housing credit developments, as they can be used for eligible infrastructure costs.

Federal funding is vital to the work of Housing Finance Agencies, expanding housing credits and increasing other Federal funding sources, would allow us to leverage private market resources to address the most urgent housing needs to our most vulnerable citizens.

Given the impact that housing has on local state and national economies, and its influence on education and health care outcomes, preserving and expanding successful programs promises to deliver exceptional return on investment, our Agency is proud of what has been accomplished for North Carolina, and its citizens through the use of housing credits, bonds and HOME.

We thank Congress for entrusting us with these resources, and pledge to continue investing them with efficiency and innovation to meet our State's housing needs.

Thank you for the opportunity to share our story.

Mr. PRICE. Thank you very much. Ms. Hoffman.

Ms. HOFFMAN. Good morning, Chairman Price, Ranking Member Diaz-Balart, and distinguished members of the committee. Thank you for the opportunity to testify today.

I am Ellen Lurie Hoffman, Federal Policy Director at the National Housing Trust.

NHT is a National non-profit organization dedicated to preserving and improving affordable rental housing, which we pursue through real estate development, rehabilitation, finance and policy advocacy. NHT has saved more than 36,000 affordable homes in all 50 states leveraging more than \$1.2 million in financing.

I will limit my remarks today to the need to preserve the Nation's affordable rental housing stock, or the late knowledge that meeting our National housing needs will require both preserving and building affordable housing.

First, I would like to tell the story of one property of one property that NHT preserved as affordable. Friendship Court is home to 150 low-income families in Charlottesville, Virginia. In 2001 NHT acquired the property partnership with Piedmont Housing Alliance, a regional non-profit housing provider, amid strong concerns that its 150 apartments with project-based rental assistance would be lost to market rate conversion.

Today we are redeveloping Friendship Court using low-income housing tax credits and local resources to maintain long-term affordability and improve the property.

The redevelopment plan was designed in collaboration with residents and the community and will expand the property onto currently-vacant land, and add 200 new units of affordable and workforce housing, creating an economic ladder for residents. Located just blocks away from Charlottesville's Downtown Pedestrian Mall, residents will benefit from robust job opportunities nearby.

Without preservation it would undoubtedly have been converted to market rate housing, becoming out of reach to low-income families as luxury condominiums and hotels have sprouted up nearby.

Friendship Court is home to the Martin family, comprised of a single mother and six children who were able to escape homelessness by moving to this poverty where they benefit from onsite educational and recreational resources.

The story of Friendship Court's successful preservation and the residents who benefit from it is far from unique. As rent levels climb and income stagnate, our Nation faces a rental housing affordability crisis, 11 million renter households pay more half their incomes for housing.

Federal housing assistance serves just 25 percent of very low-income renter households. The gap between supply and demand for affordable rental units for very, very low-income household is around 11 million. This shortfall could become much worse because subsidized units with expiring housing assistance are at risk of shifting to market rate. Affordability restrictions on 533,000 low income housing tax credit units, 425,000 project based Section 8 units, and 142,000 other subsidized units are set to expire within the next 10 years placing over 1 million households at risk of losing their affordable homes.

Current levels of new affordable multifamily construction roughly 100,000 annually will replace only about half of what is at risk of loss in the coming years. Falling far short of meeting rising demand.

Preservation ensures that a property's housing subsidy and rent restrictions remain in place ensuring long term affordability. Often accomplished by mission driven developers, preservation usually

involves financial recapitalization and physical renovation of a property.

The high cost of land, labor and materials all present barriers to building more affordable housing. New construction projects financed with housing credits have per unit total development costs that are nearly \$60,000 higher than rehab projects. In contrast, preserving affordable housing costs 30 to 50 percent less than redeveloping new units.

Rising rents in hot markets increase incentives for owners to opt out of housing programs. When properties become affordable, just as neighborhoods improve, residents may be displaced, missing out on the enhanced access to jobs, schools and transit that comes with economic growth. Preservation enables residents to benefit from these opportunities.

New construction of affordable housing often faces a lengthy, local regulatory approval process and community opposition. But preservation promotes equitable development in high cost areas.

NIMBY opposition doesn't occur when existing properties already familiar to community members are preserved as affordable. Preserving affordable housing can catalyze the revitalization of a distressed community reversing years of neglect and sparking public, private investment. Everywhere preservation protects the billions of tax payer dollars already invested in affordable housing, maximizing the efficient use of resources.

As described in my written statement, we asked Congress to fully support Federal preservation tools including Project Based Rental Assistance, the HOME Program, housing credits, RAD and the Community Development Financial Institution Fund, as well as the Family Self-sufficiency Program which helps residents build assets and become economically mobile. Thank you for the opportunity.

Mr. PRICE. Thank you for a very persuasive case for preservation strategy. We appreciate your testimony. Mr. Scott.

Mr. SCOTT. Chairman Price, Ranking Member Diaz-Balart, and members of this subcommittee, my name is Anthony Scott and I am the Chief Executive officer of the Durham Housing Authority in Durham, North Carolina.

I am here today representing the Council of Large Public Housing Authorities which is a national nonprofit membership organization. CLPHA members manage almost half of the Nation's public housing and nearly one quarter of the Section 8 housing choice voucher program.

CLPHA appreciates the subcommittee holding this hearing looking at one of the most challenging, frustrating and critical issues confronting our Nation today. That is maximizing affordable housing production and combating the critical housing shortage and housing instability facing our Nation's most vulnerable and disadvantaged citizens.

Among housing authorities, we often face year's long waiting list of families desperate for housing. When waiting lists opens to families for unit's that come available, thousands and tens of thousands of applications flood in. Often times public housing is the last reasonable option before homelessness.

The Administration record over the past 2 years is not encouraging since budgets in proposals have been to eliminate, zero out,

drastically reduce funding for most affordable housing programs. We are not hopeful that the soon to be released 2020 budget proposal will be an improvement.

I want to touch upon some programs that we believe have and can make real differences in people's lives. The public housing capital funds. The capital needs backlog was estimated by HUD at \$26 billion 10 years ago. Current estimates by industry stakeholders place that number at over \$50 billion today. While the boost in capital funding provided by Congress in both FY '18 and FY '19 was a significant amount by most accounts and gratefully received by housing authorities, it is still wholly inadequate when compared against the annual accrual and backlog need.

Housing Choice Vouchers. The Housing Choice Voucher Program is an essential component providing much needed rental assistance to the countries low income resident. The challenge to voucher utilization is finding available housing. Vouchers are important in addressing affordability, mobility and access to high opportunity areas. However, landlords must be willing to accept vouchers along with other Federal requirements it entails.

The Choice Neighborhoods Initiative. Over 25 years ago when HOPE 6 was first established, the program received funding in the \$5 to \$600 million range to revitalize public housing communities including producing affordable housing. Today we are fortunate to muster \$150 million for a successor of the Choice Neighborhoods Initiative and that amount would not be possible without the heroic efforts of Chairman Price, a staunch supporter and defender of the program. As a national program, CNI has tremendous potential that is lacking sufficient resources, that is funds, to meet the need.

Rental Assistance Demonstration and the Low Income Housing Tax Credit Program. RAD allows housing authorities to leverage private capital in order to tackle the backlog in public housing. However, the arbitrary unit cap under the program creates artificial limits on unit conversions, interferes with long term portfolio planning, impedes the allotment of timeframes for additional funding sources, constrains and prohibits developing a pipeline and hinders full portfolio conversion over multiple years. What is now needed is a complete elimination of the RAD cap at 455,000 units.

Moving to Work. The 20 plus year Moving to Work program has served as a laboratory for innovation and flexibility and program administration and utilization of program funding to meet local needs. Many of its innovations have been adopted into legislative and regulatory forms for all public housing. Congress authorized an expansion of an additional 100 housing authorities. We would like to see the expansion program have the same flexibilities as their original 39 housing authorities.

Further, given the successes created by MTW, we urge Congress to allow selected and targeted flexibilities for housing authorities short of full MTW status through a defined statutory process.

Transforming and preserving public housing. We believe Congress should take the steps necessary to enact statutory changes to promote and enable sustainable operation in support of the long term affordability of this portfolio. We have a rare opportunity with modest targeted investments leveraging private sector funding, partnerships and expertise where needed to develop and implement

a strategic plan to improve and secure this critical public infrastructure once and for all.

The plan could foster deregulation, local control and more flexible use of Federal, state, and local resource. It could be—it could enable public housing providers to connect residents to jobs, healthcare, educational opportunities to better improve life outcomes for them and their families.

And finally, infrastructure. The Administration and Congress had signaled that restoration of the Nation's infrastructure is critical to our Nation's economic vitality, health and safety. A significant Federal investment in affordable housing infrastructure should be a top priority. And CLPHA urges Congress to provide at least \$20 billion in funding to housing authorities for new, affordable housing and infrastructure projects. Thank you for the opportunity to testify today.

Mr. PRICE. Thank you. And thanks to all of you. You really followed very closely the request we made of you to identify the funding streams very concisely and helpfully I think as we look at this budget. These are not necessarily interchangeable. One size doesn't fit all. And the combinations that you put together as you put these projects together look very complex but there are patterns here that we need to understand and we certainly need to understand what the critical components are. And we are going to I am sure ask you in various ways to elaborate on that.

I will start with you, Ms. Lurie Hoffman. You, as I have said made a very convincing case for preservation as a cost effective way to preserve housing but also to maintain the overall stock of affordable housing, much more efficient way when we can do it than when relying on new production.

I want to ask you to elaborate a bit on the funding streams. How do housing providers mix the different funding streams and the tax credits to engage in preservation particularly?

The Project Based Rental Assistance, the HOME program of course factor into these efforts and I wonder if maybe you can give an example but help us understand a little bit better how these pieces come together.

Ms. HOFFMAN. Sure, thank you, Mr. Chairman. So, you know, when I try to explain the financing of the preservation of affordable housing to congressional staff, many of whom I recognize behind you, we often times—I often talk about a layer cake. And Project Based Rental Assistance is sort of the base of the cake. In many cases its affordably—subsidized housing that has had long term contracts where it is privately owned housing, private owners own the multifamily affordable housing and they receive a contract, a long term contract from HUD to keep the property—the units affordable to residents who pay no more than 30 percent of their income for rent and are meeting eligibility requirements according to their incomes.

In order—when that property is under risk of losing its affordability, then the PBRA is able to leverage investment, usually the Low Income Housing Tax Credit is needed to keep the property affordable as you pointed out. And that can be done with either the 9 percent of the 4 percent Low Income Housing Tax Credit without getting into the weeds of that. But often the housing credit alone

is not enough to cover the cost of recapitalizing a property, bringing it up to current physical standards and ensuring the long term affordability. So other sources of financing like the HOME program are needed as gap financing to meet the overall costs. And in addition, often times there is local sources, state and local governments have their own resources that they can help to continue to fill remaining gaps and private lending as well. So I know our real estate development team puts together extremely complicated packages. Often times the project based assistance is the basis that the consistent flow of funding from the Federal Government for project based rental assistance is critically important to give lenders and private investors the security knowing that they have a stable source to cover the basic rents.

Mr. PRICE. Thank you. That is very helpful. Let me turn to you, Mr. Scott. I expected you to come in this morning as a strong defender of RAD and sure enough, you did just that. Both as an association spokesman but also reflecting I am sure on your experience in Durham where you are undertaking large scale RAD conversation.

Wonder if you could help us understand the potential of that program to address the housing goals that we are dealing with here today? Maybe some indication of how this looks to you from the standpoint of your local position.

And also, how do we deal with some of the apprehensions that people have had about RAD or how have you dealt with them? You know, is the overall—we know the reasons for having diverse communities so that they are not all at the same income level, but at the same time, we don't want to displace people of—at the lowest income levels. We don't want to have an overall lesser supply of housing.

How does RAD work to, you know, realize its potential, its virtues but also avoid some of the possible pitfalls?

Mr. SCOTT. Correct. I think that a lot of the questions around the RAD program and its pitfalls largely through my experience both being at the Baltimore Housing Authority and to a lesser extent at Durham, had been with misinformation and not understanding how the program works. When you look at the law of the RAD program, it has a lot of protections built into it.

One of the chief issues that bubbled up early on in the process in Baltimore was that there is no way that you could get private sector investment in a public housing community and they not want to kick out the existing residents. And we stressed that in the law it states that that housing will be—remain permanently affordable, that the housing authority has to have an ownership interest in that development over time, and that there is 1 for 1 replacement. And that replacement is on a bedroom for bedroom size. Not just a unit. Like you can't replace a 3 bedroom until with a 1 bedroom unit. You need to do a bedroom for bedroom replacement of any units that you happen to tear down if that is part of your plan.

So I think for us, we spent a lot of time trying to educate the advocates that felt like this was really a land grip or an opportunity to take public housing units and turn them into market rate housing. And we did a lot of encouraging for those advocates to read the law and understand what it says. There is a provision

that says that if people are still going to pay 30 percent of their income towards rent. So a lot of the same characteristics of the public housing program are in fact reflected in the RAD program.

On the extremely plus side, for housing authorities, what you see is an opportunity to shift to a more stable funding platform via the Section 8 program versus the Section 9 program which is how public housing is traditionally funded. And you also have flexibilities in how you can leverage those properties to create a greater financial stability of that development long term.

At the end of the day what the housing authorities are most interested in doing is trying to create financial stability for these public housing communities over the long haul. So one of the challenges as we talked about early on is that we have severely underfunded both on the operations side as well as the capital side and that leads to ongoing deterioration of our public housing units.

And through the RAD program, we create the opportunity for greater stability over the long term so that those units can be properly maintained and not in dealing with units being the kinds of conditions that we see now.

Mr. PRICE. Thank you, very much. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, thank you. Let me stay on the RAD motif if I may. So, Mr. Scott, you have been talking about it. What are the critical needs that you are trying to address through the RAD program? And what specific improvements are you hoping to make to your PHA's properties using RAD? I mean, how does that specifically work?

Mr. SCOTT. So we have two key approaches for us. Overall, what our goal is to replace our existing public housing communities with mixed income developments and the mixed income again is an aim at trying to create greater financial stability over the long term.

We also though had some properties in which we are doing renovations of those buildings. And we typically are using 4 percent tax credits as the primary financing vehicle for that along with bank financing and if we still find there is a gap, we are looking to the local support for that such as the city of Durham which has been a phenomenal partner for us in North Carolina.

When you look at the capital needs that we have had and I can give you some very practical examples. So we are doing a renovation of two different developments that totals 336 units. The renovation costs for those units are well over \$100,000.

We are looking at a different approach for our downtown properties where we have 447 units on over 50 acres, they're scattered, and we are doing a more robust, redevelopment of those sites. And so we are able to take that development because 50 acres and 447 units, that's a very low density and we are turning that into 2500 units including the replacement of the existing RAD properties, the existing public housing units into RAD units. As well as adding an additional workforce housing units and market rate units as well.

So by utilizing a RAD program, we're leveraging a property that is in a significant state of disrepair to properties that are adding 74 percent of which are affordable housing, 26 percent are market. We are also including over 270,000 square feet of retail commercial space.

So we are able to leverage a property that is at a severe disadvantage to becoming quite an advantage for the Durham community.

Mr. DIAZ-BALART. And you mentioned one of the partnerships. Can you elaborate a little bit about on what are some of the partnerships, you know, who are some of those partners that you deal with on these type of projects?

Mr. SCOTT. In terms of development partners or just financial partners?

Mr. DIAZ-BALART. Both actually.

Mr. SCOTT. Right. So with our development plan, we are engaging private sector and in some cases nonprofit sector development partners that the developments that we have done thus far, the renovation work that we are doing, we are actually self-doing the renovation by our own organization. But for the new construction redevelopment that we are doing, we so far have engaged two partners. One is a for profit entity that is—has properties nationwide. The other is a fairly local partner who has properties in—who has done work in North Carolina, in Virginia and others.

So each of these larger scale developments where we are going to need stronger financial partners with greater development expertise, we bring them in as partners to work with us on the development of these new communities.

Mr. DIAZ-BALART. Great. And I heard you talking about the RAD caps and it might, I don't have a lot of time but if you have other suggestions like that, again to improve, you know, breaking down red tape and, you know, the administrative burdens we would like to get those from you.

I think it would be helpful.

Mr. SCOTT. Well, one of the things that we feel very strongly about because we are doing a portfolio wide conversion, that is that our entire portfolio is going to be converted under the RAD program. The way that the RAD program works currently, there are time limits and time constraints. Our objective is to be able to look at all of our portfolios at one time. By doing so, we can leverage other development opportunities because we can place other units with another developer and that allows us to diversify our housing. The way RAD is structured currently, it makes it very difficult to do that because of the various time constraints. So, we end up finding ourselves in a position where we can't fully leverage opportunities throughout the larger Durham community.

Mr. PRICE. You know, get us as much specific information. And, Mr. Farmer, I don't have a lot of time, but it would be great if you could describe how the RAD program, how it factors into your financing programs, and, you know, the ones sponsored by your agency.

Mr. FARMER. Thank you very much. The RAD program we have worked with, over half a dozen housing authorities across our state in various ways with the RAD program, including the Durham Housing Authority. I think one of the benefits of the program is it has allowed them to sort of tailor it based on their abilities and their needs. Some of the housing authorities have handled the work directly themselves. Others have worked with for-profit or nonprofit partners who have the tax credit experience.

In our state, we have encouraged the use of 4 percent with tax exempt bonds, primarily because we are already so far over-subscribed on the 9 percent housing credit. It is a better tool. It ensures that, you know, they don't run into those timeframe issues with the 4 percent credits that they would with the 9 percent, and it is a better pathway and they can have more units done. One particular housing authority was able to do I think it was 10 properties under 1 bond issue to get the work going over a period of 2 to 3 years. We have had other small housing authorities where they only had three properties, but they were able to work with a for-profit development partner who had the tax credit experience. They packaged those together. It recast and refinanced those properties. They were able to get the much needed rehab and get the units back online and up to an upgraded condition.

We have tried to work closely with our housing authorities in our state, So there is over a hundred housing authorities in North Carolina. We had a meeting a little bit over a year ago with a group of about 10 of those, just so that we identify and know what is coming down the pipe. That helps us from a planning standpoint.

To sort of piggyback on one of the things that Ellen mentioned is, she mentioned layer cake. We always sort of refer to it as lasagna financing. None of this happens—none of these funding sources work on their own. So, you really have to figure out how do you better leverage all of these different resources off of each other to have the best outcome and have the most efficient use of all of those resources. I think the partnerships and the communication that we have in our state is the reason why the RAD program has worked so well. And I hope it will continue to work well in years to come.

Mr. PRICE. Thank you. Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman, and thank you to the panel for being here. I am a fan of both lasagna and layer cake, so I am excited. In my district in the city of Cambridge, they are also applying RAD to their entire portfolio. And I wanted to follow up a little bit on the ranking member's questions on what we can do to help remove some of the barriers for success.

You mentioned, Mr. Scott, time limits and constraints that can work against these large-scale projects and throw off the timing of taking advantage of private development projects. Are there other areas where you think, as Congress, we can help improve this program and leverage greater funding?

Mr. SCOTT. Well, I think, you know, Scott had mentioned the 9 percent program. That is such a critical component for us to be able to look at redevelopment of public housing. And for many of us, it would be great if there is an effort around looking at perhaps some particular financing in the 9 percent realm that would allow housing authorities who are pursuing RAD, particularly if there is a comprehensive approach to RAD, and having some 9 percent funding being set aside that would allow us to leverage those opportunities.

When I talk about leveraging, when we look at our plan for our downtown properties, 52 percent of our financing for that is normal bank financing, but 31, 32 percent of that is actually utilizing either 9 percent or 4 percent tax credits. Fifteen percent of that is

going to be localized funding. So, our city is stepping up there. They are calling for a housing bond in order to support our redevelopment efforts. And a small fraction, about 2 percent or so of that, is the housing authority putting in the meager resources that we have, which includes the land and funds that we have in reserves for the properties, et cetera. So, it really is the lasagna, layer cake, or perhaps parfait to use a Shrek reference—

Ms. CLARK. To add a new desert.

Mr. SCOTT [continuing]. Is all a part of the struggle we have in trying to pull it together, the financing package, to make these deals successful.

Ms. CLARK. Yeah. And just to follow up on the ranking member, if there are more detailed suggestions, we would love to work with you on how we can be helpful in making sure this program really is creating those partnerships.

I have a question for Ms. Hoffman. I have been looking at the extensive research of Raj Chetty on social mobilization and really how much outcomes for children are determined by their environment and where they are. Could you speak a little bit to how preservation can be a tool to give low-income families a better shot at economic mobility?

Ms. HOFFMAN. Absolutely. Thank you. As I mentioned in my opening statement, preservation can be a way to help low-income families live in high opportunity areas, as long as the housing is not lost when neighborhoods improve. The Urban Institute did a study a few years ago and they found that for project-based rental assistance, the portfolio of properties with project-based rental assistance, 43 percent of them are located in low poverty areas. Now, that was not always necessarily the case when the properties were originally built, but that is where we are today. And just by maintaining that housing in those communities, we enable residents to benefit from changes in their communities. Like our property in Charlottesville that I mentioned in our opening statement, Charlottesville was, I think, a strong community when we purchased the property in 2001, but over the past 18 years, it has gotten more and more gentrified. It obviously has terrific educational and job opportunities. By keeping that property affordable, we let those residents stay there and be able to benefit from the improvements.

We have also preserved quite a few properties here in Washington, DC, in neighborhoods that were really transitional when we first purchased the properties and kept the subsidies in place. Now, you know, many of us can't afford to live in those neighborhoods. And there has been improvements in the schools, to jobs, there is access to the transit.

So, you know, obviously we need to both build and preserve housing, but if we can hang on to what we have in areas as they improve and not lose them to being a converted—there is obviously so much pressure right now to convert any affordable rental housing to market rate housing because there is a huge demand across every income level of the population for more rental housing. But if we can maintain what we have as affordable, then we can ensure that people who have been in those properties for a long time can benefit from the changes that are going on and can have access to the improvements.

Ms. CLARK. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. Mr. Womack.

Mr. WOMACK. Thank you, Mr. Chairman. Not lost on me is the fact that this Carolina-centric panel and the timing of this hearing in advance of the real heat of March Madness, so I appreciate them being there. They will probably be a little preoccupied here in a few weeks. And maybe the most important question for Mr. Scott is when is Zion coming back?

Mr. SCOTT. Soon, I hope.

Mr. WOMACK. I know that to be the case. So, I am a former mayor. And I have worked on some housing projects, mainly of the 202 variety, which there seems to be an on—as the population ages, obviously there is going to be a lot more need for that type of housing, not so much on the 811, but interested in it. So, when we were working with the two specific projects that I had some interest in, the city came to the table as a partner, primarily with good site locations, which I know scores pretty well when they are ranked and competing for these dollars.

So, what is the role of a municipal or a county government to better leverage, that word has come up a couple of times in the testimony today, to better leverage the Federal resources, so that we have got a real true partnership going on here to address these needs? It is not just our responsibility here. It is also the responsibility of the local population to help address its needs as well. So, how do we do that? How do we leverage these resources and what is the role of the local government?

You had mentioned—yeah, you can go first. You had mentioned the Durham connection and how good they were with it. So, what are they doing?

Mr. SCOTT. So, there are I would probably say three categories in what our city is doing. First and foremost, they have been looking at land that is city-owned that could be used for housing. And they have asked us in our more comprehensive planning to look at some sites that we could use to develop housing on. And two of those sites are included in our downtown planning.

Secondly, they have been instrumental in bringing together various departments, such as the Community Development Department, the Office of Workforce and Economic Development, the Neighborhood Improvement Services, so that we can look at how we are not just focused on bricks and mortar, but we are focused on how we can help our families in public housing move up and hopefully out of public housing by giving them opportunities to connect with various social services, opportunities to connect with jobs. Those are important components that are necessary.

It is very similar to what you will see in the written testimony where we talk about the ability for housing authorities at the Federal level to connect with Departments of Labor, Department of Education, Health and Human Services, et cetera. Well, we are doing that at a local level and most housing authorities are. It would be great if we can get that same sort of initiative at the Federal level where those departments are working more closely together so that it is not just about the bricks and mortar. It is truly about the families that are there, and hopefully we can create environments, create support surrounding those families, so that they

are able to move out of public housing as a long-term goal and other families who are desperately in need of that housing can move in.

The third thing is that our city in particular is stepping up in advocating for funding. So, in our efforts over the last—in my tenure in the Durham Housing Authority, the city has contributed literally millions of dollars to our efforts for affordable housing. Also, more recently, our mayor has just announced a request for a bond of \$95 million and 68 million of that is to support our overall long-term plan for redeveloping our public housing.

Mr. PRICE. In order for this program to be more of the layer cake or the lasagna, and not necessarily the tossed salad, are there things that we are doing from a Federal resource standpoint that we should do a little less of and a little more of something else?

Mr. FARMER. I will be happy to chime in on that. I think from the Federal level, I would say from the programs that we work with is those that are the most flexible are the most useful. It allows the states, who then work with the local governments and the developers in those communities, to figure out how those resources best match up with the type of development you are trying to do. For example, the HOME program is extremely flexible in what it can be used for and we use it on the different types of properties. However, there are strings attached to those dollars that make it more difficult to use in rehab properties, for example, or preservation properties than it is for new construction.

There is also some timing issues related to some of the rules and regulations that prohibit or make it difficult to use on single family units or on smaller properties where timing and funding are critical. They are necessary. And a lot of those rules, such as the environmental review processes, Davis-Bacon, are important factors to have and include with the Federal funding, but they don't work well on a small-scale property where it may be four units in a small town in a rural part of the state where the environmental review costs add 20 to 25 percent to the overall cost of the project.

If I may, to your question about the local government, I would also highlight that whether it is a large community or a small rural community, the best thing that they can do is be advocates for affordable housing. Developers want to go where they are wanted. So, by identifying land, sometimes it is removing some of the impediments, streamlining the permitting and review processes, primarily with the housing credit program, because there is a timeline. Once those properties are funded, they have basically 24 months to place in service. So, anything that the local governments can do to help streamline and identify sites, find the land, approach the developers. If you want the housing, the best thing to do is make it accessible and make it an easy process for them.

Mr. WOMACK. Thank you very much, Mr. Chairman.

Mr. PRICE. Thank you. Ms. Torres.

Ms. TORRES. Thank you, Mr. Chairman, for holding this hearing today. Affordable housing is something that all of our communities are absolutely struggling to build and certainly many of our taxpayers and voters are supporting bond measures and opportunities to ensure that there is a local matching funding mechanism to en-

sure that those funds are there available to build affordable housing.

In many communities, the cost of construction has led builders to only build high-cost housing, limiting access to inventory for most Americans. In 2017, in San Bernardino County, there were 65,000 extremely low-income households with only 13,000 available units, the deficit of 52,000 units. And this is according to a study by the Urban Institute Housing Assistance Matters Initiative.

So, the lack of real wage growth to keep pace with the cost of living has increased the number of people who are now considered a cost burden when it comes to housing. The Harvard Joint Center for Housing studies concluded that a 56.7 percent share of renter households in the Riverside, San Bernardino, Ontario metro area, which is the area that I represent, are cost burdened and a 30.6 percent are severely cost burdened, paying more than 50 percent of the income on housing.

During the meltdown of the economy and the foreclosure crisis, the area that I represent was one of the hardest areas that was hit. Housing credits, developers were not utilizing housing credits and were shying away from them, you know, because there wasn't enough money available.

So, how are the housing credits now being—is that in popular demand once again as it was previously in the nineties, for example? Can anyone speak to that?

Mr. PRICE. Scott can answer that one.

Mr. FARMER. I will take a shot at that one. Yes, the housing credits are in high demand. There was a lull immediately after the crash as many of the primary investors were banks, large insurance companies, and others, who sort of had to take a step back and see where they were going to be, but I would say that the market is extremely strong now. Prices have stabilized and so we are in a really good place. I think there is plenty of demand. From a development standpoint, you know, we—our applications, we are still receiving four applications for every award that we can make. So I think the—

Ms. TORRES. I just don't want to hang my hat on just that, knowing, you know, that that is a vulnerable place.

Regarding the environmental review process, I was a local mayor, too. And, unfortunately, a developer built homes in an area on a hillside area where, 10 years later, 2 of the 30-some units that were built in that area fell. So, we have to make sure that we are holding folks to high standards, so that when cities and taxpayers invest money in building this infrastructure, it is not for a short period of time.

On the issue of manufactured homes, I see that as an option for the affordable housing portfolio. Have you or any of you explored affordable housing production through manufactured housing? And if not, what are some of the barriers?

Mr. SCOTT. Not in Durham, but when I was head of the Richmond Redevelopment Housing Authority in Virginia, we actually did do a modular home development. And for us, we looked at the cost. We looked at the efficiencies. And this was pre-crash, right? So, the timing wasn't the best in terms of where we were as we launched it, but we looked at it as a viable opportunity in Virginia.

And it really is one of those things where you have to look at it on a location-by-location basis to see if you have a manufacturer that is nearby. For us, we had two that were within about 3 hours' drive of where we were looking to build, so that made it something that made a lot of sense.

And the other thing is that having the right contractors who is the middle man between the manufacturer and what has to be done on site. But I think it is definitely a viable way to look at doing affordable housing but it also depends on who the manufacturers are nearby.

Ms. TORRES. Okay, thank you. I yield back.

Mr. PRICE. Thank you. Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman. I wanted to ask the panel a question homelessness and, again, getting a little bit more geographically diverse with some West Coast examples. Over 130,000 of my fellow Californians are experiencing homelessness or unstable conditions in shelters, in dilapidated trailers and garages, in overcrowded rooms and closets and hallways.

Homelessness is an issue across this country.

This question is for Mr. Scott and Mr. Farmer. What role do Homeless Assistance Grants play in helping reduce the homeless populations in your regions? Are there policy recommendations do you think Congress should give to HUD, so local housing authorities can have more flexibility to maximize those dollars, specific to Homelessness Assistance Grants?

Mr. SCOTT. So, for us, we have a strong partnership with our local homeless organizations in Durham, so there is a coalition of homeless providers, and what we have done is we have targeted our voucher program to work with our homeless providers. So, we have a certain number of vouchers that are dedicated just to dealing with the homeless population, and those providers will provide the wraparound services for that homeless family to make sure that they are able to stay and maintain that housing, and they are required to do that for at least a year. We have seen a very low recidivism rate based on that model.

Similarly, we did something like that in Richmond as well when I was there. We actually provided a set-aside of units in our public housing community, and we have a similar program in Durham.

I think the voucher program is one of the best options around that, in addition to perhaps—in our—from our perspective, we have set aside some units. The key is making sure they are the wrap-around services, so that those homeless families will—are able to maintain and keep their housing over the long haul.

And I should point out that I spent 14 years in Southern California, so a little of Southern California is being represented out of North Carolina, too.

Mr. AGUILAR. Appreciate it. Mr. Farmer.

Mr. FARMER. Yes, and I will add to that. The—within our housing credit program, we have had what we refer to as the Targeting and Key Program, which we have set aside 10 percent of all of our units within housing credit developments, beginning in 2003, for persons with disability or formerly homeless. And with that, we work with our State Department of Health and Human Services, and they work with those clients to provide the services. They also

are providing the rental assistance for those units through our agency. So, it is—basically, we will have—we have rental assistance available until they are able to qualify either for Section 8 voucher or some other type of assistance, as the bridge financing was the design behind it.

Since 2003, we have housed over 5,800 folks with disabilities or formerly homeless in those units.

We also work very closely with our homeless advocates across the state, whether it be the rehab of existing shelters or the development of transitional housing over the years. So, it is an important piece, but, you know, I am stressing that the rental assistance is really the key piece in helping those folks to get over that hump and to bridge that to other resources.

Mr. AGUILAR. Thank you. I appreciate it. Ms. Lurie Hoffman, my colleague, Ms. Torres, asked some questions about low-income housing. According to the National Low Income Housing Coalition in California, California has a shortage of over a million rental units that are affordable and available to extreme low-income renters, even for households making 100 percent of area median income. This coalition reports that there are only 85 units available for every 100 renters.

At the national level, you know, we tend to see that the most important and effective—you know, what are some of the most effective ways to incentivize? You have mentioned a few in your testimony. Can you elaborate on those to address, specifically, the low- and moderate-income households?

Ms. HOFFMAN. Sure. You know, I talked in my oral statement about preservation and, obviously, we think it is critically important that we just preserve all of the affordable housing we have, but that is not going to produce more units to address the folks who are not being served. And Chairman Price mentioned, you know, I think it comes down to what the priorities are for funding and use of the tax code to incentivize the production of more affordable housing.

I mean, I think at the end of the day, we need more resources. Those resources from the Federal Government are leveraged, as has been mentioned several times here, but, you know, the Affordable Housing Credit Improvement Act, which would expand the low-income housing tax credit with a 50 percent increase in the allocations in every state, is a very strong bipartisan bill in the last Congress. We expect it to be reintroduced in both the House and the Senate any day now, and I think it is critically important to be able to both preserve and build more housing.

It is the—we have talked a lot about the Low Income Housing Tax Credit today. I would echo Scott in saying that it is a flexible program that allows states and communities to identify what their most pressing needs are, and to target the resources to what the affordable housing needs. Every community, every state is different, but there is a need for affordable housing everywhere in this country, whether it is in urban, rural, or suburban areas.

So, I mean, we think that that is a top priority that the Federal Government really needs to embrace.

And then, of course, more funds for rental assistance. You know, we have not—the project-based rental assistance program at its in-

ception was a construction—involved new construction. We have not funded that in many, many years, and we are just trying to hang on to enough resources to renew the existing contracts. And I recognize that that has a big price tag and it takes up a lot of the HUD budget, but if we were able to think, you know, forward in this country and provide more rental assistance that we can see how it is leveraging so much more private investment to help really tackle the problem of affordable housing. We need state and local governments to help, too, with the zoning restrictions, but, I mean, those are the big things.

Mr. PRICE. Thank you. Thank you very much. Mr. Quigley?

Mr. QUIGLEY. Thank you, Mr. Chairman. So, I want you to think small. Chicago, like a lot of other municipalities, is experimenting with tiny homes, small homes, largely between 100 and 400 square feet that have electricity and internal kitchens, but they share plumbing. It is an alternative to shelter housing and can be permanent supportive housing for the homeless, which provides safe, secure, and private structures.

I did talk about this directly with Secretary Carson, about this possibility. He expressed some enthusiasm, but we have yet to see any progress at that point in time. If you could, share your experience to the extent you have it with us, and your thoughts on this possibility?

Mr. FARMER. As luck would have it, we have funded two small, supportive housing developments that are utilizing the tiny house model. Neither of those have started construction yet. Our funding—we provided that funding in the last 2 years, and it is primarily the seed funding that would then allow them to go forward and try and identify additional resources.

As you mentioned, I think it is a great option, or a potential option, for homeless, formerly homeless. One of the properties is designed for veterans, formerly homeless veterans. The other is supportive housing for persons with disabilities, as sort of that next step of housing.

Our agency's approach has long been to—there is a continuum of housing and there is a continuum of ways that you can do this. There is no one right way or wrong way. So, we are anxious to see how this model works. I don't know that we will be doing hundreds of tiny home communities across North Carolina, but I certainly think it is an opportunity and an option that may work well in some communities and for certain populations, and we are anxious to see the results.

Mr. SCOTT. We are exploring tiny houses. We have some interested folks in Durham that are looking to do that. So, our role would be to look at our availability for land to provide for folks to build the tiny houses on, and it is similar to what Scott said, a focus being on veterans and homeless.

Mr. QUIGLEY. Another alternate—

Mr. HOFFMAN. That is my area of expert—

Mr. QUIGLEY. I am sorry.

Ms. HOFFMAN. So, I was just going to say I know you look like you were looking for me, and we have not explored tiny houses. Although we are very supportive of any efforts to create energy efficient housing as—and I believe that is part of the model.

Mr. QUIGLEY. And also thinking small and in terms of compared to larger units, single-room occupancy hotels. Chicago is losing them, has been losing them for some time. I was always taught that this is, you know, what has always been one level above homeless, and your thoughts of where this country is trending with this kind of supportive housing. Anyone?

Mr. SCOTT. We have no experience with that. Only when I was in Southern California did we kind of look at SROs.

Mr. FARMER. We have not seen much interest or appetite in single-room occupancy in the last few years. I think the—it seems to be that from the development community side that it is a more difficult—it is more of a transitional model. So, therefore, you have higher turnover rates within those units. And so they have looked to, even our supportive housing programs, they have looked to use the more integrative supportive housing model, where it would be units within an existing property and provide services in a more permanent setting as opposed to the single-room occupancy. But that is certainly a tool that many local governments are still funding, those type of developments on a smaller scale. But as I said before, you know, there is a continuum of housing and all of these tools work. Some work better in certain cases and with certain programs than others.

Mr. QUIGLEY. Yeah. I do not see a lot of development in that area. I am just trying to keep what we have because, again, if they are not there, they are in a shelter. So, extraordinarily important for us.

Any other thoughts? Thank you very much. I yield back. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. Let me just underscore what we heard over the last few exchanges about state and local cooperation. It strikes me that this is a very, very important topic, and it is not just a topic for us. It is a topic, if I may say so, for the associations of housing authorities, for the associations of county commissions, of city councils.

The story Mr. Scott tells of the cooperation between the housing authority and the city, and the way the city has filled some of the gaps. Unfortunately, that is not replicated everywhere, and there is a good reason for the way housing authorities are governed with their separate boards and so forth, but we all know that can also be an obstacle to the kind of cooperation that we need across jurisdictional boundaries.

So, I really think we need to underscore that, that these cooperative arrangements need to be considered a very high priority, and all of our cities and counties in—the major cities and counties in North Carolina are facing these housing challenges. It is the main issue in municipal elections by far, and so we need to do some new things, and certainly integrating the housing authorities into the effort and vice versa with our municipal governments is critical.

Mr. Farmer, I want to give you a chance to say a little bit more about the particular challenge of rural housing, and you began to talk about that. You could be a little more explicit about the distinctive approach that needs to be taken there, what your experience is. And then I want to ask you to reflect on something you and I both heard at a round table a couple of weeks ago for people

servicing people with disabilities. This really caught my attention and I am sure it caught your attention.

We heard about the backlog of need, both for the group homes and for vouchers for people with disabilities to live in rental units. Thousands, thousands on the waiting list, and yet we also heard that 200 available units were unoccupied, not claimed. And why was that? A lack of supportive services, supportive services that involve funding from state agencies and Medicaid that, of course, is not in the purview of this subcommittee, but that got my attention, as I am sure it did yours.

The situation illustrates an important point.

Even as we increase housing, we need to ensure that, especially for the disabled, of course, but to some extent, for other populations as well. There needs to be a corresponding increase in services, be it workforce training or wraparound services for the disabled or whatever it is.

So, I will start with you, Mr. Farmer, but anyone who wants to comment on that, we, of course are mainly about housing here, but housing is also about other things.

Mr. FARMER. Thank you. I will tackle the first question there on the rural housing. Our state is a very diverse state in terms of population, and the urban versus rural conversation we have often. We make sure that our resources that are distributed across all of those communities and counties—our North Carolina Rural Center, we met with them earlier this year, and they had done a tour of 80 counties across the state that they work with, and in all 80 counties, affordable housing was in one of their top priorities. So, it absolutely is an issue in—across North Carolina.

As I mentioned in my opening remarks, for every one unit, there is eight families waiting for that unit. So, we have a great shortage of affordable housing. The differences are in the rural communities, part of it is they have an aging housing stock and an extremely—and which is of lower quality and less availability, and many of those communities were hit by the hurricanes, Matthew and then Florence. So, we lost a significant number of units to that in those communities.

They also are seeing, while there is a decrease in population, the cost of the housing has not gone down. The cost, in fact, have increased. So, if you are in a lower income, small community that has a need for 40 units or 48 units of housing, you cannot generate the rents from the cost of that property, even with the housing credits, without then also having some level of rental assistance or additional subsidies.

In our state, we are very fortunate. We do have what is called the Workforce Housing Loan Program, which is a state-funded appropriation that allows us to put additional resources into those rural properties to help lower those rents to make them affordable, but, again, that only goes so far.

We also are still a fast-growing state. We were just—the Raleigh area was just ranked as one of the fastest—top 10 rated cities in the country, which brings more and more folks to North Carolina, which pushes more and more folks out into those more rural areas to find affordable housing. So, we are just stretched as thin as we can go.

As mentioned earlier, it is a—really is a resources game. I realize the challenges that Congress has in trying to balance out, you know, just—just as you mentioned, Ranking Member, just to fund where we need to be would increase by a billion dollars a year just to keep up with the rising cost of the rental assistance programs and the other programs that we operate in. And that is not even talking about trying to meet the additional needs.

And so it is a challenge that we all face, but it is—at the end of the day, it comes down to the resources available. To your—

Mr. PRICE. Let me defer the answers. I will give any of you who wish a chance to respond on the services issue, but my time has expired. I will turn to the—I'll turn—no. We will come back to it. I will turn to the ranking member.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. Let me talk a little bit about—you know, you just mentioned, Mr. Farmer, about how, again, growth, right? Growth is a factor there. And so, obviously, high-growth neighborhoods can provide also economic opportunities, right, and for families, but then their families can be at risk of getting priced out, and then—as you were mentioning, and obviously something that we do not want to see. So, how do you—particularly, for example, when you are dealing with project-based contracts, right, that they expire and then, obviously, owners might be tempted to convert their properties to market rates.

And so, let me go to you, Ms. Hoffman. What, you know, what strategies would you recommend to maintain those properties affordable? And you talked a little bit about that in your opening statement, but if you want to elaborate a little bit more on that.

Ms. HOFFMAN. Well, traditionally, the owner community that has been—that has participated in project-based rental assistance has been very stable. We always worry about opt-outs because they have the, you know, legal opportunity to opt out. I will say that having the consistent flow of funding is really important, and, for example, you know, the shutdown, the government shutdown that we recently had, where hundreds of contracts were not renewed, is something that really scared us in the affordable housing community because, first of all, those property—there were properties whose contracts were not being renewed that—where the owners really just had to cover their expenses for an indefinite period of time. And high capacity, nonprofit owners, like the National Housing Trust, have reserves and resources that we can bring to bear, but some owners are not—do not have the same resources to bring, and we also did not know how long the shutdown was going to go on for.

So, obviously, we want to avoid that from happening again, and, you know, the whole process where—which we have fallen into with continuing resolutions. And I know, as appropriators, that you both really do not, or all of you, do not want to see—would like to get back to a normal order of business. But renewing the contracts in a timely way, and giving owners the reassurance that this funding is going to be there and that their rental assistance is going to be provided on time and is going to be consistently funded is critically important just to reassure them that this is a good way to make their livelihood.

And then, you know, from there, it is just a question of putting together—if—when properties need recapitalization, when owners decide to recommit, they need to be able to put together the layer cake of resources to preserve them. And that gets back, again, to Federal resources, like the Low-Income Housing Tax Credit and the HOME program, and then state and local governments bringing in their own, and lenders. But it all sort of rests on the stability of the rental assistance, I think, at the base, and if people do not feel like maybe that is so stable as it used to be, that that puts everything else into jeopardy.

Mr. DIAZ-BALART. Let me go—change a little bit to, so, obviously when you have strong economic growth that you have now, but also prices go up. And so, Mr. Farmer, you mentioned how and then people moved to more rural areas, but That is again, a lot of times were less opportunities or et cetera. So, how do you keep people or how do you afford to have affordable housing in areas where you have an economy That is booming, people moving in, prices going up? Is there a way to keep affordable housing in areas like that? And how do you do that?

Mr. FARMER. That is the challenge.

Mr. DIAZ-BALART. What tools do you have and what do you do?

Mr. FARMER. Well, it is again, identifying the resources that are available and a lot of this happens at the local level. And you know, I will use Durham and both Raleigh as examples where they have taken the approach of identifying land within their own portfolios. Land cost is one of the biggest drivers and can be one of the biggest costs of any type of development. So, if they can bring—if they can sell land, or if they have land that they will lease—long-term lease, 50 year lease, hundred year lease for this purpose, it lowers that total development cost. The construction costs are pretty consistent. Whether you are building in urban settings or rural settings, that cost is not going to vary nearly as much as the land and infrastructure. So, that is one important tool I would say for sure. The other is just stacking these other resources and you recognizing you are going to have to pay more on the front end and bring those additional subsidies so that you can keep those rents low to keep the housing available for the school teachers; for the firefighters; for the police force.

Mr. DIAZ-BALART. Right and there goes the lasagna or layer cake that you both have talked about before. Thank you, Mr. Chairman.

Mr. PRICE. Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman. Ms. Hoffman, you were just talking about stability and certainty with respect to the CRs. I wanted to ask you a little bit about the Government shut down as well. We just hit the longest Government shutdown in history and during that time period, project based rental assistance contracts expired forcing owners in some cases to scramble to make the needed repairs and cover payments. I have serious concerns about how this is going to discourage owners from partnering with Government in the future. What impact do you believe the shut-down will have on future landlord participation in this space and what do you think we can do to repair that relationship?

Ms. HOFFMAN. Yeah, we are very concerned about that. We were very concerned to at the time. Also, I would say that the lack of

communication from HUD during the shutdown and the fact that we had been reassured that HUD would be able to continue renewing contracts through the month of January and then all of a sudden after the holidays, they told us they had not renewed several weeks of contracts, hundreds of contracts in December and could not renew anymore in January was quite alarming and it was hard to get a consistent information from the leadership at HUD. And we know that it was an unusual situation. It was a CR that led into a shutdown that went on much longer than anyone probably expected. But we are very, very concerned about that having a shadow over owners who are thinking about whether they want to continue to participate in the program. And I mean, I think my message to Congress would be to just continue providing the funding; do what you can in a bipartisan way to try to get the budget process to work more smoothly and also to ask HUD for information. And I know this subcommittee has asked for quite a bit of information about what actually happened during the shutdown from HUD and I think that one thing we all learned is that there is a bit of a lack of transparency on the contract renewal process and how funds are allocated. And it would be helpful to have more information about how that works. And also, at the hearing that the subcommittee had a few weeks ago, the representatives from HUD pointed to a need for improving the information technology systems at the Department and we would certainly support that and there probably needs to be an investment in that as well, so that the whole process is done in a smoother and more state-of-the-art way. But the investment is the most important thing that is going to keep owners feeling comfortable that this is how they want to do business and not be tempted to convert the properties to market rate.

Mr. AGUILAR. And I thank you. Mr. Scott, Mr. Farmer, on how the shutdown impacted your work, if at all?

Mr. FARMER. Yeah, from our standpoint, it did not directly impact any of the funding sources we had, but it had a tremendous effects on some of our partners and the work that they were doing. Whether it was waiting for multifamily approvals for loans that were being underwritten by HUD or may have had project-based contracts attached to them, to single family home buyers who were waiting for IRS paperwork to be approved and released. We had many loan closings that were delayed for 30 days or more in people's lives were sitting in storage units waiting to move into homes. So it—in the other example I will share is that we had some of our housing counseling organizations who relied on some of the HUD grants and other funding that they had to shut down for a period of time. So they were not able to help their clients that were going through foreclosure counseling or a home buying counseling. They had to shut down their operations or work without pay for a period of time. So, our agency faired very well, but our partners struggled through the shutdown for sure.

Mr. AGUILAR. Mr. Scott, similar.

Mr. SCOTT. Well, one of the challenges that housing authorities always have is a landlord participation in a voucher program. And for those landlords that were on the program, there was a lot of concern. We got a lot of calls. We posted messages saying—giving

them updates as we understood them and largely trying to allay their fears. It would stop us from being able to provide payments because one of the strong selling points of the voucher program is that on the first of the month their money is in the bank. And having that sort of shadow over the heads was something that was a little bit trying. And for those who are on the outside sort of deciding rather they would like to participate in a program, this was something that definitely a sort of set us back a bit. The other issue is that, like Scott mentioned, we had several things that were in the works that sat at HUD headquarters or sat at HUD field offices that were literally delayed by that timeframe. We had some loans that we are looking at. We had some approvals for a project with Habitat that we are trying, we have been trying to get off the ground for well over a year. And so those delays have impacted us in being able to move projects along timely.

Mr. AGUILAR. Thank you so much. Appreciate it. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. We will have one final round, although the noon hour has approached. If you will bear with us, I think both Mr. Diaz-Balart, Mr. Aguilar, and I have some final questions. I do want to return to the question of wraparound services and the way that affects your ability to place and keep people in affordable housing. And the way it may be an independent factor in creating some of the shortfall we are talking about if even if units become available, the services are not there to enable people to occupy them. That is clearly a major, major frustration that we need to address. And it is not totally, of course, a Federal issue. So I would welcome anybody else comment on that?

Mr. FARMER. Yeah, I apologize. It was not—I was going to get to that question previously. Yeah, I was surprised to hear the same remarks about the unused units. What I can tell you is we are not a service provider, but we do partner with our State Department of Health and Human Services and with many of the managed care organizations who are responsible for providing the services. And what I can tell you is services are critical to the success of keeping people in housing. That is one of the big challenges that we are facing right now with our targeting programs and also with our community living programs where we are housing persons with disabilities, trying to move them out of institutional settings into integrated settings is they are able to get into the housing, but maintaining that services and maintaining them through that first year is critical. I cannot answer the question as to whether or not it is simply a resources question for services. I know that in conversations that we have had in meetings that I have attended, one of the challenges is that they are facing in that industry and is in many others is finding qualified workers, enough qualified workers, be able to provide the services. So, you face that challenge of constant turnover. These are private sector companies, but the having enough qualified workforce to be able to work across the state in all these communities is going to continue to be a challenge. There has got to be better ways. Again, we do not provide the services, but we make sure that those units are available and we do know for a fact that services are critical to maintaining that housing long-term.

Mr. PRICE. Ms. Hoffman, excuse me.

Ms. HOFFMAN. Yes. I would like to add something about services, not so much for the homeless folks transitioning out of homeless, but as a way to help people in properties with project-based rental assistance and other forms to be able to become more economically mobile so that they can then move out at the other end. And either become homeowners or move into market rate housing. And that is just by pointing to the family Self-Sufficiency Program, which has been around for a long time for residents with voucher, with housing choice vouchers or in public housing, but was recently permanently authorized for properties with project-based rental assistance. And we think it is a terrific program, which helps residents both develop job skills and learn about financial literacy. The way that it works is they sign a 5-year contract and agree to participate. They set goals for themselves and they receive job training and the support that they need to learn how to manage their finances. And as their incomes rise there, instead of having their rent go up as it would normally be the case in assisted housing, the additional earnings are put into an escrow account and as long as they participate in the program at the end they receive the resources from the escrow account and they can use it to achieve some of the goals, whether it is down payment on a home or paying for education for someone in the family. It has been a highly successful program. It has just been—it was authorized as you I am sure know on an annual basis through the appropriations bill. And there were a couple of nonprofit developers, owners who have used the program very successfully and we had great results. We are excited and think that a lot more owners will come in and participate in FSS now that it is permanently authorized. We do think that there is no funding currently for resident service coordinators for properties with project-based rental assistance and we hope that the Appropriations Committee will consider a modest appropriation to support that so, that we can—because currently, private owners have to do their own fundraising to pay for service coordinators. Given the success of the program and how important it is so that people are cycling into housing—assisted housing when they need it, but then are able to move out. We hope that the Committee and Congress will consider an increase in the appropriation for service coordinators to help meet some of the additional need now for those properties with project-based rental assistance. And I have a lot more details in my written statement about that.

Mr. PRICE. Thank you. That is very helpful.

Mr. AGUILAR. And I think that the supportive services is the key for us to be able to see our families be at their greatest level of success. When you look at some of the things that we are doing when we talked about our downtown development plan is \$566 million, but 430 of that is actually a construction and we are working with the city's Office of Workforce and Economic Development, Durham Technical College, as well as the Community Development Department to make sure that we are going to provide folks and an on ramp to be able to access those jobs. Because as Scott mentioned, there are a lot of jobs in the triangle, but we are having a difficult time having qualified people actually be able to get access to those jobs. The supportive services will help keep them on track and help

support them in maintaining their stability and getting and maintaining those jobs. Similar with the light rail project as proposed for Durham, there are millions and millions of dollars of jobs that will be associated with that. So when it gets passed and we are working with Go Triangle to see that we can have the residents of public housing make sure that they have job opportunities there. Also with—there is a weird sort of quirk with the RAD Program. With RAD, you are no longer eligible for FSS in Ross in Jobs Plus. So, if you convert to RAD those supportive programs go away and that actually does a lot more harm than good. And we think that is something that the Congress should look at when it comes to those programs and supporting housing authorities that are converting to the RAD program.

Mr. PRICE. Thank you for flagging that letter item. Well, our time is expired. I am going to take another minute. I think the answer to this will be short, not that I want to predispose you in any way, but maybe this is in the department of connecting the dots that are already pretty obvious, but the basic situation we are facing here is awaiting the President's budget. It is going to be before us soon. And we hope that past is prologue, but if it goes the same way it has gone in the last 2 years, we could anticipate some critical items being eliminated. CDBG, Home Choice Neighborhoods, just as quickly as possible. What would be the effect of that on the kind of programs you have described here today? We have put those items back in on a bipartisan basis here, but I just want to ask you to make sure for the record, what be your disposition toward this round of a budgeting?

Ms. HOFFMAN. I am just going to—you did not mention rental assistance, but I will say it would be quickly devastating. The rent reforms that the Administration has proposed for the last two years would raise rents according to the Center on Budget and Policy Priorities raise rents by more than \$2 billion on nearly 1.8 million low income families. And there is much more analysis, but the rent reforms that have been proposed in association with the budget would increase the rents—effectively increased rents on the lowest income Americans. It is unclear what the objective of that is, but we think it would be devastating.

Mr. PRICE. Thank you.

Mr. FARMER. Okay. I would echo those and the loss of the Home and CDBG program would force the housing credit to serve higher incomes and that range rather than the lower income families that we are able to serve by utilizing those resources. We pride ourselves on doing more with less, but there is, without question, we would have less production of additional affordable units in our state.

Mr. SCOTT. Well, in short, with an average rent of \$238 in our public housing communities, we would see clearly an increase in homelessness. We would have to cut staff. We would see a loss of public housing units. It really comes down to being just at sample based on what has occurred, what has been proposed over the last two years as we have done an analysis of how it will impact our housing authority. We do not see how we could, in any way, shape or form continue to function near the levels that we are now.

Mr. PRICE. Thank you, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, thank you. Let me just throw kind of a bit of an open-ended question about the 9 percent tax credit versus a 4 percent tax credit. And if you can just describe for us a little bit of the difference, different uses of the 9 percent versus the 4 percent. And what are the relative advantages or disadvantages of both of those? Why a developer would choose one program over the other and also, if you also can, so I get a bit of an open-ended question about that, but also how does CDBG funding factor in, into the actual how you deal with your tax credit programs. And so I do not know who wants to take a stab at that.

Mr. FARMER. I will take the first shot at that. The primary difference between the 4 percent and the 9 percent is really the amount of the tax credit equity generated. One is, they refer to it as a 70 percent credit and 30 percent credit. That is almost how it balances out in terms of the equity side. On a typical tax credit, a 9 percent deal, the private market investment will generate between 60 and 70 percent or covers between 60 and 70 percent of the cost of that property. For the bonds, it is going to get you 20 to 30 percent. So you are going to have—one is going to carry more debt or have to carry more debt or find other subsidy sources to make those work. From a competitive standpoint in our state at least, and it is not true in all states, some states have a higher demand for their bonds and they do for their nine percents, but in North Carolina, we have less demand for the tax exempt bonds and 4 percent credits. So, we have tried to encourage and many of our local governments are realizing that now and they are putting more of their resources towards the bond program to assure they have a better opportunity rather than it being a 1 in 4 shot, basically if they can piece the deal together and fill in that funding gap, they will be able to get that deal in the upcoming cycle. To your question of CDBG funds, CDBG is one of the sources that local governments often use as a gap filler for housing credit properties. It can cover those eligible costs. The easiest way to describe it is everything up until the time you started to go vertical. So, any of the site and infrastructure work bringing water and sewer, road improvements, sidewalks, things like that. So, it is a critical resource that sometimes the local governments will use that so that it does not become part of the project development cost to help lower their overall costs. So it is a critical resource both in the urban areas as well as in our small cities. They are able to tap into that resource at the state level as well.

Mr. SCOTT. And I would concur with that. It means the difference between the 4 and the 9 is additional gap that is needed to be filled.

Mr. DIAZ-BALART. Mr. Chairman, changing the subject a little bit going to what Mr. Aguilar was talking about, and I think we have a lot of new Members of Congress and the House and the shutdown I think hopefully illustrated a little bit of why the appropriators always think that shutdowns are horrible. I do not know if the rest of Congress understood that before. I am hoping they do it now.

Mr. PRICE. We have got a good lesson.

Mr. DIAZ-BALART. Right. Now, but what I am not sure is if folks understand the difficulties with the CR, which you all have talked about, have pointed out from time-to-time. And I just bring that

up, Mr. Chairman, because I think we kind of assume as appropriators or whatever.

But I am not quite sure if they do and particularly with so many numbers—new members and it is just kind of wanted to put that out there as food for thought that one of the things that we might want to consider doing. Really more of a full subcommittee issue than a full committee issue than a subcommittee issue, but we should try to educate our—particularly so many new Members of the House as to why CRs, I think shutdowns and maybe people understand, but I do not think people understand that that CRs can be very detrimental, and some may have a better understanding about why that is bad for defense, but I do not know folks—our colleagues frankly, have any ideas to how problematic they can be, Mr. Chairman.

Mr. PRICE. I appreciate those and we need to know a lot of what it was said here in response to the question about the shutdown applies at least to a major degree to a CR as well. And to an environment of CRs where the uncertainty is great.

Mr. DIAZ-BALART. And Mr. Chairman, I will just wind up by saying despite what some of our colleagues were saying about having it to a group that is too heavy on North Carolina, I will tell you this has been a great, great, great panel. Thank you all for being here. I think this has been very informative, very positive and I thank you, Mr. Chairman for having this hearing.

Mr. PRICE. Especially appreciate that observation because I—

Mr. DIAZ-BALART. I am always here to backup the Chairman.

Mr. PRICE. All right. I also am very appreciative and I do not think I have seen a panel that I can recall where the testimony was as complimentary as it has been this morning. You have filled in our knowledge on lots of areas and I think the length of the hearing and the tenor of the questions does indicate that. So, we are very grateful to you. The committee staff will be in touch with you after we conclude regarding any questions anyone has for the record that you might be asked to submit an elaboration for. And we would ask if you do get those requests, that you return any response to the committee within 30 days, so we can be able to publish the transcript of today's hearing. Any further comments? If not, we do really appreciate everything that you have brought to us. We will try to reflect on it as we prepare the next year's bill and with that our subcommittee is adjourned. Thank you.

TUESDAY, MARCH 12, 2019.

**STAKEHOLDER PERSPECTIVES: PASSENGER RAIL  
DEVELOPMENT**

**WITNESSES**

**STEPHEN GARDNER, SENIOR EXECUTIVE VICE PRESIDENT, COMMERCIAL, MARKETING AND STRATEGY, AMTRAK**

**DJ MITCHELL, ASSISTANT VICE PRESIDENT, PASSENGER OPERATIONS, BNSF RAILWAY**

**JASON ORTHNER, RAIL DIVISION DIRECTOR, NORTH CAROLINA DEPARTMENT OF TRANSPORTATION**

Mr. PRICE. Good morning, everyone. The subcommittee will come to order.

Today we are going to hear testimony from a diverse group of witnesses about passenger rail development.

Joining us are Jason Orthner, the Rail Division Director of North Carolina Department of Transportation; Stephen Gardner the Senior Executive Vice President of Commercial Marketing and Strategy, Amtrak; and DJ Mitchell, the Assistant Vice President of Passenger Operations, BNSF Railway. Thanks to each of you for being here.

Inner city passenger rail moves millions of Americans every year, and it serves as an economic engine for our rural and urban communities. Rail service when running smoothly offers passengers an extremely attractive travel option, compared to car and aviation alternatives, especially over short and medium distances.

While Amtrak provides the majority of passenger rail service in the U.S. numerous States have stepped up with their own funding and equipment to support specific routes and to improve service and frequency.

Meanwhile, much of the track utilized by passenger trains outside the Washington to Boston Northeast Corridor, are owned by freight railroads, which must balance their operational needs with accommodating passenger service.

We are interested to hear about the challenges and opportunities facing all of our rail stakeholders, including investment priorities, ongoing PTC implementation, that is train control implementation, and the future of inner city passenger rail.

The rail ecosystem is complex, and the various industry and government entities operating within this system must work together in order to achieve growth for the future.

In the last three fiscal years this subcommittee has provided more than \$1.6 billion in funding for inner city passenger and freight rate improvements, through various grant programs, authorized by the FAST Act. This amount is in addition to our annual appropriation for Amtrak which just shy of \$2 billion in the 2018 and 2019 fiscal years.

These incremental investments build upon more than \$10 billion allocated for high speed and inner city passenger rail in the Recovery Act, and the fiscal 2010 Appropriations Bill. Unfortunately, we faced a major gap in our commitment to rail during the intervening years, but I do believe we are on a stronger footing now. States like North Carolina and Washington State, for example, have used Recovery Act dollars and subsequent DOT grants on several major projects to improve track, to separate at-grade crossings, to expand stations, and to purchase signals and other equipment.

These investments in passenger rail not only improve service, they help improve freight bottlenecks, they improve safety in congested corridors, and they contribute to economic growth. These and other success stories provide us with a useful roadmap, but if we want to accelerate this progress and replicate we are clearly going to need more funding, properly targeted.

Maintenance needs to continue to grow particularly in the aging Northeast Corridor, and establishing new passenger rail corridors in the Southeast, Midwest and Gulf Coast, and other regions will require major commitment from Congress.

At the same time we need to ensure that low-interest loans and other innovative tools supplied by USDOT, such as private activity bonds which Brightline has employed to build passenger rail in Florida, remain viable for rail projects as a key source of financing.

And finally, we need better coordination and cooperation between, among, Amtrak, the States, and their freight rail partners, particularly as freight and passenger traffic continues to grow.

So, we have high hopes for this hearing. We want to facilitate these working relationships and help inform our subcommittee as we shift our attention to drafting the Fiscal 2020 Appropriations Bill.

Now, before going further I want to recognize our distinguished Ranking Member, my friend Mr. Diaz-Balart, for his opening statement.

Mr. DIAZ-BALART. Mr. Chairman, Mr. Price, again, thank you for calling this hearing and giving our members a chance to discuss passenger rail, which is so critical to our Nation's economy, and to the wellbeing of our citizens.

I would like to welcome our distinguished witnesses, and thank you, the three of you for appearing in front of us today. The three of you oversee major portions of our Nation's rail, transportation network, together your organizations are responsible for the moving of millions of passengers, and billions of dollars of commodities and products.

And Mr. Gardner you appeared before the subcommittee just last year, and we look forward to hearing from you again, Amtrak has a unique status.

As you know, Mr. Chairman, as a private corporation with a mandate to serve the public, a very unique situation, we are of course are interested in hearing about how you deploy the resources made available by the subcommittee, but also we are interested in hearing about your vision for the future, and what you see in the future for passenger rail in our country.

Mr. Orthner, I look forward to hearing your perspectives as a transportation leader, from the chairman's State. Your perspective

from North Carolina is important to us, not only because you are from the chairman's state, but that is not to be underestimated either, undervalued, but for obvious reasons. Look, you have overseen some significant growth in passenger rail service in years, and the last number of years.

And Mr. Mitchell, your perspective from BNSF can help us understand that close, very unique relationship between freight and rail. The role of freight rail is obviously huge to our economy, to our country, and that is less obvious, but critically important is that role in housing passenger rail on your lines.

And so I look forward to learning how we ensure that both freight passenger rails can thrive in the future, and to make sure that our economy continues to grow.

And so again, the chairman and I have been fortunate in this friendship and partnership, to actually make some strategic investments in infrastructure, in our inner city communities' bills, particularly the last two years, rail investment has been a key part of this, with historic new funding for the Northeast Corridor, a state of good repair Mr. Chairman, repair grants, and consolidated rail infrastructure safety grants, however, the investment in Federal dollars is just one piece of the puzzle.

Linking the Federal resources to innovation and with public and private partnerships will be a key to building our future, our real infrastructure for the next generation.

I look forward to hearing from each of you on these challenges. Mr. Chairman, thank you for putting together I think a great hearing. And I yield back.

Mr. PRICE. Thank you very much. All right, we will get on with our witnesses. We will as each of you to speak for 5 minutes, to give your oral testimony for 5 minutes. Your fuller statements will all be included in the record.

Let us start with Mr. Orthner, followed by Mr. Gardner, and then Mr. Mitchell. Mr. Orthner, you are recognized.

Mr. ORTHNER. Good morning. And thank you, Chairman Price; and Ranking Member Diaz-Balart, and all the members of this committee for holding this hearing to discuss passenger rail as an important component of our national transportation system.

My name is Jason Orthner, and I serve as the Rail Division Director for the North Carolina Department of Transportation. Our Department actively supports the health of the rail system through a number of freight passenger and rail safety programs.

These include programs to boost the conflicts between highways and rail, modernize and improve tracks and signals, facilitate rail access for new and expanding industries and educate the public and law enforcement on rail safety.

We also support a successful inner city passenger rail system with service extending into neighboring states and beyond. We have 16 passenger stations located in large cities in small towns from populations of 6,000 to over 800,000.

These stations serve as access points for our national transportation system, and are also centers of economic growth in the communities they serve. Our state is one of the fastest-growing in the nation and is anticipated to add 2.4 million residents by 2038.

Much of this growth is anticipated to occur along work orders near stations.

As highways and airports become more congested and more difficult and costly to expand, investing in effective and productive transportation along a separate network will increase mobility between rural and urban centers, maintain highway capacity and allow for economic expansion.

North Carolina is one of 18 states that support passenger rail service with a focus in providing safe, efficient and frequent service for business leisure and other travel needs. Nationwide state-supported services represented an important 48 percent of Amtrak ridership in fiscal year 2018, carrying 15 million passengers and contributing over 800 million to support Amtrak's bottom line.

As the established partner of the class 1 railroads, Amtrak has certain unique rights and access privileges to the freight rail network at the Federal level. Our relationship with Amtrak is important to us or ensuring individual corridor development projects, and we continue to rely on them, to operate the states-sponsored passenger services.

Our relationships with our freight rail partners are very important to us, including Class 1 in short lines, having a healthy freight rail system is critical to providing cost-effective transportation as well as the growth and development of manufacturing, agriculture and international trade.

Federal funding opportunities to increase both freight and network capacity, including development of separate high volume freight and passenger corridors, in certain areas, will also help to address the critical of long-term performance.

Until 2010 our state had limited access to significant Federal funding to support the growth of or rail system. That year we received 545 million in our funds for the Piedmont Improvement Program, which significantly accelerated planned improvements to our tracks, signals, stations and trains.

The program also improves the freight rail system, through the elimination of 40 at-grade crossings and modernized signals and tracks. The funding created a revolutionary change to our rail infrastructure, and has resulted in increased ridership through multiple additional train frequencies.

North Carolina completed this program on time, and within budget and stands ready to begin the next phase of system expansion.

North Carolina is partnering with other southeast states to develop the Southeast Corridor, stretching from Washington, DC, through Virginia and North Carolina to South Carolina, Georgia, Tennessee and Florida. Several other corridors are identified across the Nation to serve the significant transportation needs of rapidly-growing regions. On the North Carolina/Virginia portion of the Corridor, a Federal Record of Decision was completed in 2017 to create a critical new link from Raleigh to Richmond, which will allow additional train frequencies, significantly reduce travel times, and enhance connectivity and reliability of the service.

As an incremental step towards developing this corridor, North Carolina is leveraging state transportation dollars for current Federal discretionary grant opportunities.

These proposals involve construction of safety and freight projects with immediate benefits such as grade separations, cross enclosures, and sidings. However, the full project, like many across this country cannot be constructed at current Federal fund levels.

Existing discretionary grant programs are very helpful for maintaining current services; however, a consistent funding program that can be relied on without evolving criteria for project eligibility will allow new interstate rail infrastructure programs to be established for continued growth.

State-supported services need Federal funding capital to support both infrastructure expansion, and equipment modernization. In addition, there are opportunities to acquire strategies corridors as where it would share lower-volume lines.

Funding is needed to preserve these corridors, and assembling new rail corridors is often infeasible.

In summary, North Carolina and many other states are making significant investments in passenger rail to create an efficient and effective transportation system, but the current level of investment cannot match the opportunity for growth without consistent and widespread federal funding.

Thank you very much for the opportunity to speak with you today, and I would be pleased to answer any questions you may have. Thank you.

Mr. PRICE. Thank you very much. Mr. Gardner.

Mr. GARDNER. Good morning, Chairman Price, and Ranking Member Diaz-Balart. Thank you for holding this hearing today, and let me also thank my fellow witnesses for their partnerships with Amtrak.

Before I begin, it is with sadness that I must note the recent passing of our Former President and CEO, Joe Boardman. Mr. Boardman was a frequent visitor to this subcommittee and left an indelible mark on Amtrak. He was an impassioned advocate for passenger rail and we owe him a tremendous gratitude for all he did for our company.

I also thank you and your staff for your hard work on the FY 2019 appropriations bill. We greatly appreciate the strong funding levels for Amtrak, and the FRA grants, and we look forward to working with you on next year's bill.

In fact, we will be transmitting our FY 2020 legislative and grant request shortly, after we have time to study the administration's recent budget proposal.

Despite significant challenges last year, we made strong progress on many important fronts. We reduced our operating loss to historic levels.

Finally, through strong partnerships across the Nation with states like North Carolina, we have added destinations and additional daily frequencies, including another Piedmont in your state, Mr. Chairman.

While we are proud of the accomplishments to date, we know we have much more to do. We are working hard to improve and expand our system. To do this, we continue to need your help in addressing two of our most immediate challenges: our aging assets and our relationship with our host railroads.

As the subcommittee knows, the lack of reliable capital funding over our history has meant that many of our bridges, tunnels, and passenger cars have become outdated and aged beyond their useful life. In this era of perpetual highway congestion and serious environmental concerns we encourage the subcommittee's continued investment in our assets, and additional funding to Amtrak and the states to improve our network through projects like the Southeast High Speed Rail Corridor. Whether it is Portal Bridge or the replacement of our coach fleet, failure to advance our critical capital projects places our current system at risk.

Our other major immediate challenge is the performance of our host railroads. Unfortunately, today some host railroads are simply disregarding the Federal law that grants Amtrak preference rights over freight, since there is no reinforcement of this requirement. Since 2018, for instance, Amtrak trains were delayed 1.2 million minutes by freight trains. Of our 15 long-distance trains, only 1 service was on time more than 70 percent last year. When Amtrak trains are routinely delayed by freight trains we disappoint our customers and increase our costs making us more dependent on our funding.

Surely, this is not what Congress intended and we appreciate actions like the subcommittee's requirement in the fiscal year 2019 bill that our IG update our study on the cost of host railroad delays to Amtrak. Looking ahead to fiscal year 2020, we seek your continued support for further actions and incentives that could help us achieve better on-time performance as well as expansions of service with our host railroads.

We strongly support investments in our host railroads' infrastructure to improve both our systems. But we must find a better way to fairly determine what those investments should be, and after making them, ensure that we all reap the promised benefits.

Lastly, let me raise some critical longer-term opportunities and challenges. We believe the time has come to modernize and expand our network in order to serve more people across America. We are busy developing a plan and vision that we hope to share with Congress in the coming months as we turn to the reauthorization of the FAST Act. As our owner, the Federal Government sets the overall vision, funding levels, policies, and rules for Amtrak, and the time is upon us as we approach 50 years of age to ask fundamental questions about the future role of Amtrak in the Nation's transportation system, and how limited Federal resources should be invested to support services across the Nation.

For the vast number of our customers and your constituents, we believe we can do even more to provide them with better transportation options. And as part of reauthorization, Congress will need to grapple with how our network should respond to the changing landscape and demographics of the Nation and the evolving needs of our riders.

These are difficult questions, but prudence requires that we face them together. I can commit to you that Amtrak will always work hard to provide a safe, high-quality transportation alternative in the most cost-effective manner, consistent with our mission. However, we will need your help going forward to better define our goals for the modern era and to fund their achievement. Thank you

for the opportunity to testify today and I look forward to answering any of your questions.

Mr. PRICE. Thank you. Mr. Mitchell, we will turn to you.

Mr. MITCHELL. Good morning, Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee. I am DJ Mitchell, head of BNSF Railways Passenger Operations Group for the most part of the last 20 years. I appreciate the opportunity to testify before the subcommittee regarding the perspective of the stakeholders on passenger rail development in the United States.

Almost 10 years ago, then BNSF CEO, Matt Rose, testified before this committee about the interface between passenger and freight rail service operating on predominantly freight rail lines. What has changed since that time?

Passenger train costs, at least on BNSF, have remained relatively constant. However, in 2018, BNSF set an all-time record freight volume record. Today, we operate about 1,500 trains a day, including 254 passenger trains. To meet increasing freight demand BNSF has made more than \$40 billion in capital investments in our railroad since 2009.

Creating and preserving network capacity is very important to us. New track and facility construction increases capacity as does the proper maintenance of existing facilities. In recognizing this, we have made significant investments in both.

At BNSF, we often speak of a “virtuous cycle,” wherein we are able to serve our customers, grow our business, and earn returns sufficient to reinvest in our network. That is in the best interest of the country, the supply chain upon which every community in America depends, and in the best interest of the passenger services which operate over us.

In addition to BNSF’s annual investments in capacity and maintaining our railroad of very good repair, there has been public investment in BNSF network in places where state-sponsored Amtrak corridor and commuter services operate, such as the San Joaquin Valley, the Pacific Northwest, the Los Angeles Basin, and between Chicago and Galesburg, Illinois.

In each case, and others not mentioned, state and local communities have availed themselves of the funding tools under the FAST Act, the TIGER/BUILD Program, and other Federal grant and aid programs to improve passenger service reliability and expand passenger service without adversely impacting freight capacity and operations.

None of these public investments happened by accident. They have been the project of BNSF’s careful planning completed in close cooperation with commuter agencies and the state DOT’s that sponsor Amtrak state-supported services, as well as Amtrak itself. In each case, this work has been guided by BNSF’s longstanding passenger rail principles which we submit with my testimony today. These are the principles that BNSF applies when considering whether or not it can accommodate requests for new or additional commuter or state-supported corridor service.

Safety is always our first consideration. That said, regarding our passenger principles, our first principle among equals is the principle that no proposed passenger service will degrade BNSF freight service, negatively affect BNSF’s freight customers, or BNSF’s abil-

ity to provide them with service. This means that BNSF must be provided the present and future capacity that the proposed passenger service will take from the freight network before such service is started.

Going back for a moment to the matter of safety, we are proud of our safety record. Our safety culture and practices have reduced both train accident and employee injury rates by 40 percent or more since 2000. But we always seek continuous improvement and we believe that technologies will provide the next gear for achieving additional safety improvements. One of those technologies now in service is positive train control or PTC. BNSF has fully deployed the required PTC facilities and equipment on our network. It is interoperable with Amtrak and is present on all Amtrak and commuter lines hosted by BNSF that were mandated by the Federal Government.

So, with respect to my opening question, what has changed and what is the same? Freight volumes are up; public sponsors of passenger service on BNSF's network have martialed public investment and reached agreements with us to initiate expanded service consistent with the passenger principles. And what hasn't changed? Amtrak's long-distance trains: they have priority access, but find themselves operating in a capacity constrained, highly variable operating environment with little ability to help mitigate reliability and capacity constraints that impact their service.

What can be done about this situation? Amtrak and BNSF work closely on this matter almost every day and while we may have differences about certain elements of how long-distance trains are scheduled, we most likely agree that the subcommittee's inquiry into whether Federal programs can make a difference is important. We are open to that conversation and a larger discussion about how the role of passenger rail service plays in service transportation, if the Congress wishes to engage in the same. I appreciate the opportunity to testify today and would be happy to answer any questions. Thank you.

Mr. PRICE. Thank you very much. Thanks all of you for useful opening statements and we will now proceed with questions. I want to refer in beginning to North Carolina's expanded passenger rail service. Glad to have the man who is presiding over that at the moment with us, but I intend to use this as a window onto the situation nationally; the challenges and the opportunities we face nationally.

One example of expanding passenger rail service Mr. Orthner has already referred to, the Raleigh to Richmond route which is absolutely essential to the eventual establishment of a Washington to Atlanta regional corridor. Restoring Gulf Coast service, we also hear a lot about that. These will come with significant up-front costs, way before the revenue starts to come in through ticket sales or whatever the revenue stream looks like.

Now, unlike aviation, unlike highway funding, there has not been a stable, predictable funding source for passenger rail. I am very proud of the work this subcommittee has done on a bipartisan basis to change this trend, investing \$1.62 billion in 3 grant programs over the last 3 fiscal years. On the other hand, I am well aware of how unique the Recovery Act influx of support was, in ret-

respect. We certainly made good use of it in North Carolina. Mr. Orthner can testify to that, but there has been a fall-off in funding since then.

So, we face a real challenge in restoring that kind of Federal role. Or, I don't know if "restoring" is the right word, because the Recovery Act was a one-time investment which did a lot of good, but maintaining that, of course, is a huge challenge.

So, Mr. Orthner, we will start with you. I want each of you to respond. Can you speak to the complex mix of Federal programs North Carolina is tapped into or is exploring to support projects like the Southeast Corridor? You might refer to our past experience, but mainly we want to look forward.

Mr. ORTHNER. Yes, Mr. Chairman, thank you for that question. We at North Carolina have been very innovative with funding over many years. I will explain a few of the programs that we have tapped into and kind of give some context for each.

Everybody should be familiar with the Section 130 funding which supports grade crossing safety, hazard elimination. That has been a program that we have been a part of for many, many years improving our grade crossing safety, upgrading devices; we have also used the funding to close a significant number of crossings.

That funding source was sort of the instigator many, many years ago when we started what was called the Sealed Corridor Program, which we comprehensively looked at grade crossings in corridors to look at ways to address safety. We have driven down crossing collisions 82 percent since 1988 and we have closed over 300 crossings since that time as well. So that funding source has been important to us.

We have used congestion mitigation air quality for funding through FHWA for a number of projects and initiatives. It is a funding source that actually is supporting the operation of some of our services right now, in addition to modernizing some of our equipment.

We have also historically used FHWA enhancement funds. That source hasn't been around for a while, but that was a source that we used for a number of station projects. We basically, from the late 1990s to the mid-2000s, worked with communities all throughout the state to use that funding source to upgrade historic stations where the communities can be very proud of them.

More recently, we have used TIGER funding sources to support Charlotte Gateway Station and Raleigh Union Station. Those have been some of our larger funding opportunities through those programs as well as some grade separations. Blue Ridge Road, which is one of our most complex grade crossings in the State, also has received TIGER funding as well as some other freight projects.

And even more recently, the Consolidated Rail Infrastructure and Safety initiative, Millbrook Road is a grade crossing along with the Sealed Corridor that has received some funding under that program, and out of that actually was one of the catalysts for getting started on that Sealed Corridor. And of course, we mentioned ARA Funds that supported the Piedmont Improvement Program as our largest, single funding opportunity.

That gives you the mix, kind of, of what we have used in the past. Our state is very aggressive when it comes to pursuing grant opportunities and we will continue to do so. Thank you.

Mr. PRICE. Thank you. We will pick up with our other witnesses on the next round, but thank you. That is a useful lining out of the menu of options that we have drawn on. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. The Chicago CREATE Partnership brought Federal and local interests together with the railroad industry to really make improvements to increase efficiency in passenger and freight rail in the Chicago area. Something that Mr. Quigley, as you remember, Mr. Chairman, always talked about and we actually spoke about it in some of the hearings.

Mr. Mitchell, I understand that there is potential for another partnership like that dealing with the Fort Worth region to the North Texas Moves Program, I believe. Can you describe the status of that project and the role that BNSF is doing to bringing that project potentially forward? What specific improvements would you expect to take place if that actually moves forward?

Mr. MITCHELL. Thank you, Congressman. I would like to explain our role and then the status of the project.

The role that we have played is identifying the best combination possible of public and private investments to facilitate the movement of railroad trains, I will be more specific in a moment, through the metropolitan area.

The metroplex Dallas-Forth Worth is very important to the railroad. Service from the Pacific Northwest, from California, from Chicago headed for the Gulf States and for Houston and the ports, all come through that part of Texas.

It is capacity constrained. We have the ability to build out capacity on property we own, like the Madill subdivision going north into Oklahoma. We have the ability to build out capacity going south toward Houston. But the center of the metropolitan area, the property is owned by the public agencies. So we have been working closely with the Metropolitan Area Planning Council as well as DART and Trinity-Metro to identify a series of projects that will benefit all of us; benefit the growth of passenger service, that is really needed in the metropolitan area, as well as facilitate the movement of our trains through the metropolitan area.

We have modeled that operation using the modeling tools that we have at our company at no cost to the public. A group of projects have now been identified, one for the eastern part of the metropolitan area, one for the western part of the metropolitan area. And now it is time that those grant applications are prepared and submitted.

It is a program of projects, not unlike CREATE. I happen to be the chairman of the Chicago Planning Group which oversees the CREATE implementation; very similar to Chicago. In fact, there is a management improvement initiative as part of the grant application as well as a number of capital investments that we will carry forward, not in 1 year, not in 2 years, but probably 3, and we just have to go forward now.

Mr. DIAZ-BALART. Thank you. Mr. Gardner, what improvements would you expect to see to Amtrak's operations because of the

CREATE project? And also what potential do you see in this North Texas project?

Mr. GARDNER. Thank you, Congressman. We have already been experiencing some of the benefits of CREATE. The program, as my colleague here mentioned, is a program of projects, so not all of the projects benefit Amtrak service directly, but many do, and we are proud to have supported the program and worked closely with our colleagues to advance the programs incrementally.

I would note that there is still a lot left to accomplish in CREATE; we are not nearly done. And even when CREATE is completed, we won't yet have the kind of dedicated infrastructure for an entrance to Chicago for passenger rail that I think is essential in the long term, but there is no question that CREATE has created a credible improvement in terms of the interface between the freight railroads, Metro, the main commuter provider, and Amtrak on a number of key locations.

Mr. DIAZ-BALART. It is a good example to potentially look at for other places.

Mr. GARDNER. It is, it is.

Mr. DIAZ-BALART. Yes.

Mr. GARDNER. Absolutely, and the situation in Texas similarly. Texas is an incredibly important state in the Nation, one of obviously of our fastest growing and largest population centers. It is a place also which has remarkably little Amtrak service, given its population. You have got the fourth and fifth largest cities in Houston and Dallas-Fort Worth in terms of metropolitan areas, 13 million people, and yet no inner-city passenger services connecting the two cities even though we have got reasonable trip time possibility and a relatively manageable distance.

So, in the long term, these are exactly the sort of markets where we think Amtrak needs to be playing a bigger role and we need to be developing that role and those possibilities, like our colleagues in North Carolina have and, like Mr. Mitchell mentioned, together with the freight host railroads and the commuter providers.

Mr. DIAZ-BALART. Thank you. I yield back, Mr. Chairman.

Mr. PRICE. Mrs. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman, Mr. Ranking Member, for holding this hearing and thank you for your testimony, all of which is very interesting to me, but I have about three questions for Mr. Gardner that I would like to get through really quickly.

Mr. Gardner, as you certainly know, Amtrak is critical to my district. Since my district is between New York and Philadelphia, Amtrak connects the people and the businesses in my district to those to major cities and the broader region both through Amtrak service and the commuter lines that run on Amtrak-owned lines. So, I appreciate your testimony about the importance of maintaining, repairing, and enhancing the Northeast Corridor, especially the construction of a new Portal Bridge and the new Hudson River tunnels as part of the Gateway Project.

The Deputy Transportation Secretary, Jeffrey Rosen, dismissed the Gateway Project as a local responsibility. So, it is just so unfortunate he would even think that. So, could you elaborate on why the Gateway Project is critical to Amtrak's operations, and what

the consequences of Amtrak would be if the Gateway Project is not completed? Question number one.

In the last two appropriations bills, Congress has appropriated \$650 million each year to provide for Amtrak's Northeast Corridor. Yet, I have heard concerns that the Federal Railroad Administration has been slow to provide the money to Amtrak. Could you update this committee on the status of Amtrak receiving this critical money? Question number two.

And finally, under the administration's proposed 2020 budget, Amtrak's Northeast Corridor funding would be cut by about 50 percent. How would such a cut impact Amtrak's ability to do important projects in the Gateway Project area? Thank you.

Mr. GARDNER. Thank you. I will take those in order. So, just to put the Northeast Corridor first in context in the overall system of Amtrak, we are roughly 31½ million riders last year, and about 17 million of those used the Northeast Corridor, both in our Northeast Corridor services and passengers who ride on long-distance trains and traverse the Corridor. At the center of this, and really the center of the rail—passenger rail network in North America is New York's Penn Station, and access to New York Penn Station to the south and west is provided on a piece of railroad we call the Highline from Newark, New Jersey, into New York City Penn Station. And this piece of railroad relies on a series of infrastructure roughly dating from 1910. And we have two critical projects in our phase one of the Gateway Program, which, basically, is to rebuild that infrastructure to modern standards, and, in the process, create additional capacity over time.

The loss of this infrastructure, even for a day, has huge potential impacts. There are 450 trains a day. We have 2,200 trains a day on the Corridor, 450 of which travel between Newark, NJ, and New York's Penn Station, roughly 250,000 trips a day. And the Portal Bridge is an old swing-span bridge. It occasionally has trouble closing, and when that occurs, we have very serious delays. We have trains on 2-minute headways on this part of the railroad, and we can have massive delays that come.

So, the Northeast Corridor Commission, of which Amtrak is a member, as well as the states and DOT, has estimated the loss of infrastructure here as—causes, essentially, \$100 million of productivity and disruption expense. And if we do not proceed down the path of ultimately replacing these assets, we are going to be facing reliability risks. We will have more delays and, ultimately, we will have to take these assets out of service to replace them. And the question is will we have adequate additional infrastructure to keep the 450 trains a day going? So, that is the criticality. It is essential to the entire Corridor, and as such, it is essential to the whole region and, therefore, our entire system and Nation.

As for the authorized—excuse me, the appropriated funds, we have received those from the USDOT. So, we do have dollars available provided by this committee, which we are very thankful for. They are—some of which are being spent on Gateway activities, but many of our big activities are, essentially, being held in abeyance at the moment. We cannot commence with the major construction until we have completed the full funding package with USDOT and our state partners.

So, we are ready with the dollars you have provided us, but we need the other pieces of the puzzle to be in place for us to be able to make our significant investments, Portal Bridge being sort of the clearest, which is ready to go, fully designed, fully permitted.

Mrs. WATSON COLEMAN. Fifty percent cut.

Mr. GARDNER. Yep, and in terms of—we are still just looking. We have only seen the very high level budget documents, but any significant reduction in funding to Amtrak's Northeast Corridor Network or the National Network poses substantial risks to our current project. So, we have been relying on the additional funding of this committee as provided to make good progress towards addressing the state of good repair on some of these major projects. And certainly, in our request you will see us continue—or ask for that continued level of support. It is essential for us to keep making progress. Thank you.

Mrs. WATSON COLEMAN. Thank you. Thank you, Mr. Gardner. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. Mr. Rutherford. Thank you. Thank you. Mr. Rutherford, now.

Mr. RUTHERFORD. Thank you, Mr. Chairman. Mr. Gardner, what we have talked a little bit this morning about, the conflict between freight and passenger service and the impact that it has had on the passenger service, and I know on the freight side, there has been a response to their lack of on-time service as well. This whole movement of precision railroading that they are implementing now, do you see that able to bring any relief to this conflict between freight and passenger?

Mr. GARDNER. Thank you, Congressman. That is a good question. Obviously, as the operating model is evolving on the freight side, we see both sort of risk and opportunity. I will say that CSX, certainly a major proponent here of precision scheduled railroading, has achieved very significant improvements in the handling of our trains recently, and we are very thankful for that. It is the same railroad. We have the same trains, and yet, year over year, we have seen a 55 percent reduction in their freight train interference delays.

Mr. RUTHERFORD. Fifty-five?

Mr. GARDNER. Fifty-five percent. So, a very significant delay reduction. Seventy-five percent of our auto train passengers are now on time this year, which is 18 percent better than last year, and 65 percent of our Silver Meteor customers are on time, which is 19 points better than last year. So, we have seen significant improvement. And I think this goes to show that, with focus and commitment, which we have received from the new leadership team at CSX, that improvement is, in fact, possible.

Now, these numbers are not where we ideally would want them to be, obviously, but we have seen sustained improvement and focus. Whether that is attributable to the change in operating philosophy or just the focus, you know, I think that could be debated, but we do see with scheduled railroading sort of as a model, I mean, frankly, the freight railroad operating in a—more similar to passenger railroad. Obviously, we operate on a schedule all the time, and punctuality and reliability are core to our product. And if freight railroad operations start to look a little bit more like our

own trains, and we are all operating on schedule, then we have a better chance of staying out of each other's way and optimizing the capacity.

Mr. RUTHERFORD. And I would also ask Mr. Mitchell, do you both see opportunities, also, for relieving some of the conflict through—and I do not know if it has any direct impact or not, but the Positive Train Control innovations is—does that enhance any of that scheduling?

Mr. MITCHELL. Congressman, in direct answer to your question, probably not, but let me explore the question, the broader question you are actually asking. I like to think often about our factory, the railroad. It is outdoors, okay? It rains. It storms. It is winter. There is snow. Things happen out there. Sometimes it takes longer to get to—through what you are doing than you would have expected, whether you are riding a freight train or loading passengers at some station, and sometimes mistakes are made by everybody, right?

We understand at BNSF our responsibilities with respect to priority and preference, and I assure you that we take those responsibilities very seriously. But priority and preference do not necessarily equate to on-time performance. Let me give you an analogy.

You need an ambulance, downtown Washington, DC, you are going to Georgetown Hospital. You go down Pennsylvania Avenue, get on M Street, turn right onto Wisconsin, and up Wisconsin to Reservoir, turn left, and you are at Georgetown.

Now, that trip, at 4 o'clock in the afternoon, on a Friday afternoon, is certainly going to be different than at 7 o'clock in the morning on a Sunday. It is certainly going to be different if you have a bright, sunny day or if the District of Columbia is blessed with 1 or 2 inches of snow. Things change, and you look at it, and you say, how do you respond to those changes in condition? There are a couple thoughts here.

Irrespective of preference or priority, passenger train schedules, the timetable that is written by Amtrak and that we review and approve, must take into account the operating realities that they face and the physical capabilities of the railroad over which they will be operating. Writing a timetable is a very, very important part of the question you are asking.

Mr. RUTHERFORD. In the 5 seconds I have got left, Mr. Orthner, you mentioned closing 300 at-grade crossings. How do you do that? I mean, do you actually shut roads down or are you building bridges over or what? How is that happening?

Mr. ORTHNER. So, we do—thank you, Congressman. We do it—we do it through a variety of methods of—primarily, we do a study in partnership with the community of where we are looking at these crossing closures or other types of improvements, and we develop near-term, mid-term, and long-range plans. And then from that, we develop what crossings we will improve, which crossings we will close, and which crossings we will grade separate.

More recently, we have had our state Transportation Investments Law has allowed us to actually kind of jump start that a little bit by recognizing the importance of separating the highway and the rail network.

Mr. RUTHERFORD. Okay.

Mr. ORTHNER. And so, it is——

Mr. RUTHERFORD. My time is up, but thank you very much. I submit time has expired. I yield back.

Mr. PRICE. Thank you. Ms. Torres.

Ms. TORRES. Thank you, Mr. Chairman, and thank you to our guests for being here. I want to focus on rail safety. I represent California's 35th Congressional District. Southern California is home to—we have 21 million people and it has 7 counties, just to get you familiar with the area.

In my district alone, I have six freight corridors, okay? Of those freight corridors, 50 percent of the Nation's goods that come through our ports of entry comes through the port of L.A. and Long Beach. Seventy-seven percent of that enters 48 states through my district. We are the heart of the logistics industry. So, rail safety is really important.

This year, February 19 of this year, there was a report. FRA submitted the National Strategy to Prevent Trespassing on Rail Property Report to Congress. It identified 10 areas, critical areas. The top three, two of them are in my congressional district. The top 4 of the 10 are in Southern California. I think it is somewhat irresponsible to say that this is a local issue. I think that we have to—because 48 States are benefitting from what comes through my district. I think 48 states need to focus on rail safety and the number of people that are dying as a result of illegal crossings through railroad.

So, and that report found that there was an increase of 18 percent. Is that correct? In fatalities? Eighteen percent from 725 in 2012 to 855 in 2017. How can we work together to ensure that it—that we have adequate public safety announcements in the community, that we do not leave it to our local police departments to oversee this issue, public safety issue? They simply do not have the resources to uphold public safety with those crossing areas. So, I think that there is more that we could do together, and I want you to just talk about that.

Mr. MITCHELL. Where would you like to start?

Ms. TORRES. With the BNSF.

Mr. MITCHELL. Yes, ma'am.

Public safety is, obviously, very important to us and everyone else. We are actually talking about people out there, and, like you say, they do get injured, they do get killed at grade crossings.

Ms. TORRES. They do not know the extent of the speed that these trains are going through.

Mr. MITCHELL. Yes, ma'am. Yes, ma'am.

Ms. TORRES. They do not get it. So, there has to be a campaign to teach the public about train safety.

Mr. MITCHELL. We actually have such a campaign. It is called—

Ms. TORRES. Not in my district, sir.

Mr. MITCHELL. Well, let me talk a little bit about that, okay? We have a systemwide campaign called Operation Lifesaver, where we go into communities and talk about the things you are very worried about, all right? We invite local officials, whether it be police or mayors, whoever, on our trains. It is called Officer on the Train, and we will go down a particular corridor and let everyone see

what we are seeing, what our engineers and crews are seeing. We worked very closely with both state and local officials in southern California on various grade separations. The biggest one, most recently, is Rosencrans/Marquardt, which after the CUPC has approved it, obviously, that project is now going forward as it is now funded.

So, there is a combination of things. There is the work that must be done with the community in talking to people, whether it be in old folks' homes or schools or in the community meetings, where you basically bring the facts to them and say trains run faster than you think they are going to be running. You need to stay off the railroad. You stay off the right of way.

There are physical improvements that can be done. The grade separations with a proper overpass, with sidewalks and such, also very, very important, and we supported those going forward in Southern California. I think there are only—I think there only three or four grade separations necessary between Los Angeles and Fullerton today. Now, I am not exactly sure that that is of interest, but you go out to San Bernardino, there is a whole series of grade separations that are being built.

Ms. TORRES. I do not represent Los Angeles or Fullerton. I represent from Pomona to San Bernardino and—

Mr. MITCHELL. Yes, ma'am. That is the San Gabriel line. We are one line south of that.

Ms. TORRES. No, it is the Inland Empire Line.

Mr. MITCHELL. Yeah. So, there is a program and we have it.

Ms. TORRES. I am going to yield back, but I want to say that I have not seen your program. And taking a mayor and local police department on a ride along is not enough to stop what is happening in my community and I yield back.

Mr. MITCHELL. What I will—

Mr. PRICE. Go ahead.

Mr. MITCHELL. What I will be glad to do—

Mr. PRICE. Go ahead and finish your thought.

Mr. MITCHELL. Okay. What I will be glad to do is prepare a summary of the programs that are available, and our staff will get them to you.

Ms. TORRES. Thank you.

Mr. MITCHELL. Yes, ma'am.

Mr. PRICE. All right. Mr. Hurd.

Mr. HURD. Thank you, Mr. Chairman. Mr. Gardner, I know you—my district is home to five rail lines in Texas. I am sure you are familiar with them. The Sunset Limited runs from Los Angeles to New Orleans, and along the way, it makes two stops in my district, Alpine and San Antonio. One of the complaints that I hear is that it stops too infrequently, it stops too quickly, as well.

My question is a broader question. I know this would take more than 5 minutes to have a complete conversation, what needs to happen, you know, in order to increase those kinds of stops? I know it takes 6 hours to go from Houston to San Antonio. I know you have mentioned Dallas and Houston. San Antonio, my hometown, the seventh largest city in the country, and we already have rail between Houston and Dallas. I would love to go see Mr. Aguilar in California on the rail, but I cannot spend an hour on the train—

or a day on the train, excuse me. So, what needs to happen in order to see that increase in passenger rail traffic between a place like Houston and San Antonio?

Mr. GARDNER. Well, thank you, Congressman. It is—I would say this is a very good example of your—your city is an excellent example of a place where we are underserving, frankly, major population centers with relatively poor and infrequent service. The Sunset Limited, the train that operates on that route, is only a triweekly train. We operate it, you know, once every other day. Basically, in each direction, there is one train. It is frequently significantly delayed. And we face real challenges as we look forward about how to make a train like that functional and really provide utility and value for the investment because there is no question that there are strong markets there. There is no question that we have got connections, both to the East to that—it would be very important to Houston, and also to Austin and Dallas that are prime markets in the sort of modern 21st century.

Mr. HURD. So, is it the lack of rail because—

Mr. GARDNER. No.

Mr. HURD [continuing]. You cannot be on enough because of the freight issue? Is it consumer demand? It is just not built in? This is not the Northeast Corridor? What are some of those macro issues at this point?

Mr. GARDNER. Yep. So, I say there are three issues. So, one is, at least for this service, to have a frequent trip time competitive, reliable service, we would need a state partner in the state of Texas. We would need a willing host railroad, who would be working with us to create the kind of capacity and performance to permit reliable trip times.

Reliable trip times, typically, require higher speeds, not high speeds, necessarily. And we certainly were able to achieve that at 79 or 90 or 110 miles an hour, but the faster the better, typically. There is a cost-benefit to be considered.

But as we look forward to the network, this is exactly the question we want to ask Congress and to talk to Congress about, is what do we do with a train like the Sunset Limited that is clearly offering sort of marginal service today, could do a lot more for the communities, but will require dedicated investment, reliable funding, and a partnership with the freight railroads to achieve better outcomes?

Mr. HURD. And, you know, Jacksonville was cancelled or a discontinued, and so what thoughts go into discontinuing stops, you know, based on current demand and current activity?

Mr. MITCHELL. So I think you are referring to the Sunset East Portion which we suspended after the hurricane. We are in the process of working diligently with the three Gulf Coast States to restore service to Mobile, New Orleans to Mobile, two round trips a day is our goal there. And those decisions about the future of the network I mean ultimately rely on both State partners and Federal funding. We think we have a pretty clear picture of the type of communities that can benefit from intercity service. And what we need is a roadmap going forward and partnerships to achieve it.

Mr. HURD. Mr. Mitchell, in my remaining 30 seconds, I know BNSF announced \$400 million in upgrades to critical rail assets in

Texas. One of that is the Eagle Pass Boarder Gateway to handle growth in Mexico. I just welcome your thoughts on what kind of that expansion is going to ultimately look like.

Mr. MITCHELL. Congressman, I actually do not know the details on that, I will be more than happy to get back to you on it.

Mr. HURD. Okay. Thank you. Mr. Chairman, I yield back.

Mr. PRICE. Thank you. Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman, Mr. Ranking Member. Mr. Gardner, couple questions for you about an issue that has happened just south of my district.

In November Amtrak announced that it would close its call center located in Riverside, California that employed 500 people. Constituents were in Ms. Torrez' district, my district, Mr. Panetta's district, Mr. Ruiz, and scattered throughout some of the region.

We received a letter from a family in which the mother and father of two girls were both employed by Amtrak. The father of the family was an employee of Amtrak for 18 years and worked in the call center that closed last month.

Amtrak employees were told that the call center's closure would have a chance to go over their employment options, and an Amtrak spokesperson said in public, here was the quote "No employee will be laid off as a result of outsourcing." In December 2018 my colleague, Mark Takano, and I sent a letter to Amtrak to express our concerns about the decision to close the call center in Riverside and award jobs to a third-party contractor. Amtrak responded that payment for separation was provided to retirement eligible employees and some non-retirement eligible employees.

Can you give us a status update, and was there a miscommunication between the spokesperson and the management level? I hate to be so parochial about this, but this does give me kind of—this does give me a glimpse into the operations of the organization and that you are asking us to give you more guidance, and I would like to understand this operational piece.

Mr. GARDNER. Sure. Thank you. As you mentioned, we did consolidate our call center into a single facility in Philadelphia. And as part of that we engaged each of our employees to discuss the options that they could pursue.

Our commitment was that any employee who wanted to move to become an employee at the new facility would do so. And we have in fact had I do believe 93 folks decide to move. We have given them generous relocation allowances, and in fact extra time beyond what we negotiated with the Union to make that transition. So not everyone has moved, some are still in the process, but many have selected to move.

We worked with all the other employees to figure out good solutions and pathways for them. 212 employees of the facility chose to pursue other positions, to exercise their rights and pursue other positions.

Mr. AGUILAR. Within the organization?

Mr. GARDNER. Within the organization, that is right. Yep. We did have a number of folks who retired, roughly about 80 folks who took retirement at the time. We also had a number of people who elected, even though they were operating their positions elsewhere in the company or who did not make the move, who decided to take

our, essentially our package to resign from the company. So they chose at that point to voluntarily separate from the company and receive our severance package at the time.

So we have been working with each of these employees to find a path forward that met their needs. We certainly understand that this is never done without difficulty, and we do firmly support all of our employees and try to find good paths for every employee.

Having said that, the rationale for reducing the call center into a single facility is very strong. We had approximately 20, 25 years ago had 80 million calls to our call centers, and now our calls are only 9 million in 2018. We have had a dramatic drop in the number of calls and a huge shift to online and mobile purchasing. And in fact call volumes have already dropped 13 percent this year. So we continue to adapt to the evolving needs of our customers, and that means that we need to adjust our workforce to make sure that we have got the right level of folks to meet our callings over time.

Mr. AGUILAR. Was any job outsourced though, or were they kept in-house? Do you do any call center operations by a third-party vendor, or are they all internal?

Mr. GARDNER. We do have an outside vendor who supports us in peak periods. So we have got staff in Philadelphia that can handle the normal call volume and our normal load. There are—we have an addition support that is available to us when we have disruption or delays or additional call volumes beyond the normal amount. And, you know, this means that we are trying to efficiently staff, which is consistent with our mission from progress, to use your funds as wisely as we can and operate with good business judgment. But we need to create additional capacity to handle those times when we have more calls than expected.

But again, all of the folks who worked for us at this facility, we worked to find them opportunities at the company so that they could continue to work for Amtrak, either in a different role or come to the call center.

Mr. AGUILAR. You gave four categories: decided to move, pursue opportunities within the organization, retirement, and took the package. I would argue, and take the package, that is over 100 people, I would argue, were laid off. If you took a package they were laid off. And I think that goes against what the spokesperson said. So I just think that you need to tighten up some of the communication side of how this was rolled out.

Thank you, Mr. Chairman.

Mr. PRICE. Thank you. Mr. Quigley.

Mr. QUIGLEY. Thank you. Mr. Gardner, Union Station, which is in Chicago, center of the Universe, also something Amtrak owns. Ideally how is that station constructed? You know I hear about other cities, the fact that the trains run through and it is not as cumbersome as the situation is now. But there are plans for improvements. Can you detail just exactly what you have in store and what the ideal is and how we can help you?

Mr. GARDNER. Sure. Thank you, Congressman, appreciate that. And it is a great station, you will not get any arguments from me. It is a great place, and we have been investing a lot to make it better, still a lot of work to do.

We got two simultaneous efforts under way. One is our Master Development Process, which is associated right now with building a new building, a million and a half square feet over our parking garage, with a commercial developer, partnership there.

We will take some of those funds and turn them into improvements in our Head House. So we will be reactivating the former Harvey Restaurant space and creating a new entrance on Clinton Street, a new accessible entrance which will help to drive both activity in the station but particularly help passengers both for Amtrak and Metra in terms of their access and egress to the station, and reactive a portion of the Head House.

The concourse is considerably more difficult because, as you know, there once was a grand building there. That building was demolished well before Amtrak was involved and a tower was put up, and we were sort of in the basement. We have been working together with the city and Metra on roughly 13 projects to improve access and operations at the concourse level where all the passengers are, and board trains and platforms.

We are through the initial phase of some of that design, and we weighed funding, frankly, in partnership with Metra to advance many of those significant projects. Some of the funds that we were able to gain from our recent redevelopment efforts could be available for that work. And we are working with Metra, for instance, to apply for a Federal/State Partnership Grant coming up shortly here to begin some work in the concourse.

But you are right, the lack of run-through tracks does create some issues. I would say the biggest challenge is that you have incredible amount of people cordoned into a relatively small space, again driven by the overbuild that occurred a long time ago. But we are working hard to make the station more accessible, a much more pleasant place to be with higher amenities and more efficient for passengers entering and exiting.

Mr. QUIGLEY. It is interesting, we talked, when we talk about our freight friends about opportunities to get straight into Chicago on passenger. I have witnessed the Amtrak trains whizzing through Michigan at 140 miles an hour, then they go through Northwest Indiana and everything slows down, they get pushed to the side. And it is not the only example. Is this just capacity, or is this techniques, plans, designs, other strategies to alleviate that bottleneck service?

Mr. GARDNER. Well I think it is a combination and it differs from carrier to carrier. I would say we have an excellent partnership with BNSF generally. We have our differences but have had a long and fruitful relationship, and appreciate the care in which BNSF brings to our business.

But you are right, we have had significant issues, for instance in the Michigan port, the Wolverine service. We have seen significant delays associated with the portion of the railroad which is owned by Norfolk Southern, which is the entrance, essentially, from Indiana into Chicago. 270,000 customers, 55 percent of our passengers on this train arrive 41 minutes late in 2018, driven by the delays on this section of the route. It is only 13 percent of the route but it's driving a very significant portion in delays. And other customers are arriving 65 minutes late.

Mr. QUIGLEY. I took this once and they had me up with the engineer, and apparently everybody in freight knew about it so they got out of the way. And we got into the first stop in Michigan early and there was almost no one there because the train had not been on time. People were throwing their cups from coffee shops, saying "Oh, my God, the train is on time." So, look, it is a complicated issue. Let us talk about it because I do not think we can put a member of Congress on every Amtrak train running through there, maybe cardboard cutouts would work. But we will talk further. I appreciate your efforts. Thank you.

Mr. PRICE. Thank you. Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman, Mr. Ranking Member, and to all the witnesses, we appreciate you being here.

Mr. Gardner, I want to go back to the Northeast Corridor. There is an estimated backlog of \$40 billion in repairs, \$15 billion for the Hudson Tunnel, \$4.3 billion to replace the Baltimore and Potomac Tunnel built in 1873, \$1.6 billion to replace the two-track Susquehanna River Bridge. My understanding is that you have gotten about \$650 million for the Northeast Corridor.

How are you planning to tackle this huge backlog?

Mr. GARDNER. Well, Congresswoman, thank you. It is a good and daunting question for us we struggle with every day. I will say again that the committee's support, the subcommittee's support has been fantastic over these last two years in particular in terms of increasing public resources directly to Amtrak and the FRA Grants. But there's a massive amount left to do.

And frankly, it is Amtrak's view that the only way to do this in the long term is to establish a dedicated reliable multi-year source of funding for this program and for other intercity passenger rail projects around the country. Because to your point, how do we undertake a 10-year, \$13 billion project if we rely on annual funding for that project. We have to let a contract for, say, four and a half billion dollars worth of civil work for internal construction. We cannot sign the contract unless we know we can provide the full funds for it. And as it relates to industry and passenger rail, we do not have the ability to make those kind of commitments.

So if you look across the Northeast Corridor at our big projects, you have mentioned really four critical ones, we are looking, in the next 20 years, at needing to expand. Between the States, Amtrak, and the Federal government is \$40 billion. And I think the committee and subcommittee is doing an excellent job beginning the pathway by providing these dollars. But much more will be needed, and they will be needed over a sustained period of time.

So we will certainly in our, let's say, request, you will hear this from us, and we look forward to working with both you and the authorizers to try and establish a way to address it on a longer term basis.

Ms. CLARK. Can you just tell me the \$13 billion figure you reference? What does that represent?

Mr. GARDNER. That is roughly the cost of the Hudson Tunnel Project.

Ms. CLARK. Okay. Yes.

Mr. GARDNER. Yeah.

Ms. CLARK. All right. Thank you. Mr. Mitchell, I want to talk a little bit about positive train control.

Mr. MITCHELL. Yes, ma'am.

Ms. CLARK. I know you have done some good work. But we have four railroads that are fully implemented is my understanding, and 33 that have either demonstrated meeting or exceeding the criteria for an alternative schedule. But as of December, only 16 percent of the 233 host tenant relationships had achieved the PTC interoperability. What do you see, what is your status working with the approximately 30 railroads that we need to get on board to get interoperability—sorry I struggle with that word—and what are the primary challenges that you are facing?

Mr. MITCHELL. Thank you, Congresswoman. The BNSF has invested about \$2 billion in deploying PTC to date. It is a very complex system, and from time to time it is very challenging. We have committed to its use and its further development. Today we have completed all mandated installations operating over 1,000 PTC protected trains a day on 88 subdivisions in 11,500 miles of track covering 80 percent of our freight volume.

Interoperability, we have been working with our partners, whether it be the short lines or Amtrak or the commuter rail agencies, all to work out interoperability. In Los Angeles we are fully interoperable with the Southern California Regional Rail Authority, the MetroLink folks. Other places are not as complex because you do not have to interface them.

But every day, every day I take a look, personally, at how we're doing on the passenger side with respect to PTC compliance. I receive a series of reports looking at whether or not they are any exceptions in Chicago, Minneapolis, Seattle, and Los Angeles. In Los Angeles and Minneapolis and Seattle it is rare that I ever see an exception. Sometimes in Chicago there is one, Chicago is a little bigger, it was deployed last, and they are still going, we are still going through some teething opportunities, to say the least.

But we are working toward that. And I am confident that with time and the work of the entire industry, whether it be in Chicago with all the freight railroads working through the create process, or under the create process, or in individual locations like Los Angeles or Texas where there is more than one freight runner involved, we will get there. It is simply hard, that's all.

Ms. CLARK. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. I want to ask Mr. Gardner, then Mr. Mitchell, to build on the answer Mr. Orthner gave us in the first round regarding the kind of funding streams we are talking about, the complex mix of Federal programs we have tapped into and will need to tape into if we expand passenger rail service in the way that we need to do so given the demand in this country, and particularly the demand to build out these regional routes.

So starting with you, Mr. Gardner, assuming for the moment more generous funding than we have right now, I wonder what you would identify. If you could do this pretty quickly, identify as the top one or two priorities for each of your services, the Northeast Corridor for example, the State supported routes, and the long distance routes. And what kind of priorities do you have and what

kind of funding would you need, and what kind of new tools might you need in order to bring this to fruition.

Mr. GARDNER. Thank you, Mr. Chairman. So for the Northeast Corridor, our priorities are, I think, what you already know, which is our Gateway Program, our Baltimore Potomac Tunnel, our East River Tunnel rehab, our Susquehanna River Bridge. Those are our major assets that are all, Portal Bridge, are all in the state of readiness with environmental work done and getting ready to move to construction. So we have a huge need there.

The tools that you have been funding I think are good. They need, as I said, some reliability to them over multiple years. And we still struggle a little bit with RRIF and TIFIA and how to use the loan programs as well as they might be deployed. There I think there could be continued work. But in general the programs are good if we have the sufficient resources.

I will say there is a challenge amongst all these programs with the various flow downs. Each of the programs has their own set of requirements, and some of those requirements are in conflict with one another occasionally. We have been working with the Department of Transportation to fix this, but this continues as an effort I think to improve and streamline the programs.

On the state-supported network, let me mention two things. First, I think corridors like the Southeast High-Speed Rail Corridor and other similar high-speed city corridors that today have very little service but have lots of population of the right distance are absolutely the place to focus.

And we think the work that Mr. Orthner and North Carolina has done has been fantastic along with Virginia, and we have I think huge opportunities in expanding and improving the entire route from building on what is already done for the Piedmont portion from Raleigh to Richmond, and to Washington.

Similarly, we have got markets we don't serve today, like I mentioned Houston and Dallas, Las Vegas, L.A., are perfect examples, of 3.5 million air trips, we have no service there at all today.

And there, I think that the Crissy process and the RRIF loans, and additional funding there again, and maybe letters of intent, which gives us some reliability over time, will be important ways to partner between Amtrak and the States and the Federal Government.

But Amtrak is a willing investor we want to partner with our states and use our resources to grow and improve these services. Additionally, we need more equipment, we already have an RFP out on the street to get new lighter-weight equipment for these types of service growths.

Lastly, long distance, our focus is on two areas, one we do need to—we aim to achieve PTC across our entire network, that is a real focus for us, we think every passenger train deserves positive train control implementation, we want to achieve that. And second, we need to start really seriously dealing with reflecting issues and long distance.

As we look ahead we have got our base equipment, and our bi-level is 40 years old, and needs to be retired and replaced, and that remains a major issue for us.

Mr. PRICE. Thank you very much. We are going to extend our time here just a bit to let you answer. If additional funding is provided to support expansions of the sort we are anticipating here today. Is there any particular thing we should hear from the host railroads. What kind of role would you expect to play? Is the current level of cooperation adequate? And what obstacles stand in the way of granting Amtrak priority access? And would those obstacles, how would we deal with those going forward?

Mr. MITCHELL. Mr. Chairman, right now our role to address your original question is not to decide what source of public funding ought to be used and what set of improvements. That is a public responsibility.

Ours is to do two things, one is to work in very close cooperation with the public agencies, to make sure that the program of projects make sense, that it stands on its own, it can do what the public thinks it ought to do, and it describes all the improvements necessary to be successful on its own, as well as protect the interest of the freight services.

We model operations, we do that with each one of our partners, whether it be in Southern California, or Illinois, or any place else, frankly.

Once that project is finished we hand it over, we tell people, you can look at it, you can question it, it is an open book. Once that is done, it is up to the public to decide how they want to proceed with the implementation of the program or projects.

On time performance and assuring that the service that is proposed can be carried out is a really difficult question, because there is an awful tendency to say, I want to do this very cheaply, I can get in the door, and there are tracks out there, I am going to run the train, because there are tracks out there.

Depending on the level of service you are going to operate, depending on the reliability you wish, you could basically look at the Pacific Northwest as a perfect example of what was done correctly by the Washington State Department of Transportation.

A \$400-plus million ARA project implemented over a couple years within budget and on-time as far as we are concerned, has brought the reliability that they wanted to buy with the improvements they put in place, and whether it be the civil system or the bottlenecks we had down toward Tacoma, and then all those problems are gone away.

Now, are we problem free? The answer is no. I will go back to what I said earlier about writing a proper schedule.

We are in the throes of beginning to write a really good schedule for that service. We have done so in the Valley in cooperation with the Amtrak and the State, and the joint powers authority were tomorrow, very soon, like maybe in May, we will have what we call a clock phased schedule, simple to understand, simple to dispatch, simple to control, and oh, by the way, is probably a very much improved schedule from a passenger point of view.

We hope those kinds of things, when you match that schedule with the capability of the railroad, you are going to get good on-time performance.

Mr. PRICE. Thank you, sir. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. In your testimony, Mr. Gardner, you mentioned the need to update Amtrak's national network to serve the cities and the states where the populations are increasing. And obviously there is congestion and more congestion. What would your criteria be for adding to Amtrak's network? You know, how would you determine what cities should be served in these new routes, and you know, could you just, simply just add routes to the current network and continue to operate the existing long distance routes as well?

Mr. GARDNER. Thank you. Good question. So, we are in the middle of working on a proposal we hope to share with Congress later in the year which would, I think, outline what we think are viable corridors for additional service. And the basic sort of criteria is pretty straightforward and well known.

We look at population size, we look at the distance between major cities and intermediate towns and cities between them. We look at the existence of current railroad infrastructure and its condition, and its capacity.

And we look at existing transportation service today. Whether that is highway, air, bus what the current market is, and what the conditions are in those markets. So, do we have high levels of congestion, and all of those things. We basically have a big matrix we are working on, we will be able to sort of share with you what we think these city pairs are, and the different elements.

Certainly, as my colleague said, this will be an open book, the data will be what it is in terms of where it is, but the Nation has added 118 million people since Amtrak was formed in 1971, and yet our network looks remarkably similar, and what has happened is we have seen tremendous growth in the South, the Southeast, the Southwest, the Mountain West and the West, and our network has to adapt to those changing demands.

So, we do believe there is absolutely a role for long distance trains as well, and the question is sort of; what are the best tools to meet these different needs?

In some cases we would be better served I believe by having corridor service connecting major cities. Most of our long distance passengers are not traveling long distance. In fact, only 8 percent are going end to end. The vast majority of our riders are travelling less than 600 or less than 300 miles on our long distance trains.

But those trains, because they are strung over 2,000 miles in some cases, have tendency to be late, and may show up at your town in the middle of the night, at the wrong time.

Mr. DIAZ-BALART. And those were not taking, that doing the long distance but they are not taking the entire route. I mean, are they commuters or not commuters? What are they?

Mr. GARDNER. They are not commuters but they are using the train to make primarily discretionary trips that are not typically business trips. There are some business trips, but they are going to visit friends and family, they are going to access. I mean a perfect example is in North Carolina we have got, you know, folks who are taking the train from New York to points in North Carolina.

And they could do that by driving, or flying, but they chose the passenger rail option. Very few are, for instance, taking the train

from New York to New Orleans, because that is roughly a two-day trip, and it is quite expensive in order to do it.

And so we see the sweet spot for rail, and it is sort of 400-mile corridors or less, where we can offer a reliable product that is essentially several times competitive with driving.

We have an opportunity to help take drivers off the road, and give them an alternative that they don't have today, and many of those markets served long distance today are just inadequately served. There aren't enough trains, and they are not reliable enough, and then they are trip-time competitive enough. We would like to make them better.

Mr. DIAZ-BALART. Let me go to you, Mr. Orthner. You have opportunities and challenges, right? Because you are in a growth state, so how do you decide about, you know, where your priorities are when you are looking at expanding, potentially expanding, passenger rail service?

Mr. ORTHNER. Excellent question, Congressman. So, the states, I will just say first and foremost, the states are required by the Federal administration to develop a state rail plan. And so we set our priorities kind of around that plan, which engages all the communities throughout the state, and considers a lot of different factors, you know, in developing the services.

So, you know, we obviously, when we look at these types of corridors for passenger rail development, we are looking at volumes of passengers where communities that are struggling with congestion can take advantage of an alternate system to utilize.

Of course that is also in the constrained funding environment, too, we can only invest, you know, right where strategically we get the most benefit cost.

So, that is generally what we are—that is kind of the criteria that we follow right now, and as I have mentioned before, and Mr. Gardner mentioned, you know, the Southeast Corridor is kind of that corridor that we are looking at as sort of the location of great investment.

We did that with the Piedmont Improvement Program, we would like to continue to do that with this line of work.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. My time is up. I yield back.

Mr. PRICE. Thank you. I want to turn, as we must, to the current budget submission from our President, and ask you, each, in turn to comment on the implications of those kinds of budget numbers for the work you do. I think it is fair to say the budget, once again, targets Amtrak, proposing a \$455 million cut, compared that is to the bill Congress just enacted.

And also, I will also ask you to comment on the administration's proposal that the states would take over increasingly the cost and the responsibilities of Amtrak's 15 long distance routes.

So I will just ask each of you briefly to reflect on the implications of this budget proposal. Starting with you, Mr. Orthner. North Carolina is served by four long distance routes that all originated in New York, they go south to New Orleans, Savannah and Miami. What kind of challenges would you face in trying to take over these routes?

Mr. ORTHNER. Thank you, Mr. Chairman. Very briefly, obviously this is an unidentified budget item for the state to take on such a service that would be number one. Number two, it would create a new paradigm where we, again, would have to work with multiple states.

This isn't just true for us, but I am sure it would happen across the Nation, where some states would want to participate and perhaps some, maybe to a lesser extent. So that would kind of challenge certain states that weren't planning to invest that way. And so those are the two major challenges I see. Thank you, Mr. Chairman.

Mr. PRICE. Mr. Gardner for large parts of the country including many rural communities, long distance service is the only available the inner city passengers realize, as you have just stressed. So, how would this change impact Amtrak's long distance service in these communities? I am asking that, but of course would welcome comments as well on the overall budget impact.

Mr. GARDNER. Thank you. Well, as you know, we have just received the document as well, and I haven't been able to really see the details yet, and so we are looking to understand better the administration's proposal here.

But our view is that the—I mean to Mr. Orthner's point, the long distance network has been proposed at various times to be funded by the various states, I think that poses some obvious coordination challenges, and there are a core set of long distance routes which we think make sense in the future of the network, and for which Federal support will be necessary.

There are a number of routes which we do think have opportunities for expanded corridor service, and of course we today have, through the Section 209—a strong partnership with the states to support and fund corridor services, many corridors today exist on long distance routes, so there are opportunities to have corridors today that are served by long distance trains instead of by corridor trains.

But strong partnership would to exist between the states and the Federal Government and Amtrak to support that. Certainly, it would be a big transition to start adding those services, and I think it would appropriate for Congress to the reauthorization, and through the activities at the subcommittee to look at the right partnership between the Federal Government and the states, as part of the modernization of the network, because there clearly are interests that are both local and intrastate, and national, that would be served by such an improvement.

Mr. PRICE. Quickly, any observations on the overall impact of a cut of this magnitude?

Mr. GARDNER. Well, certainly, we prepare to request the full \$1.8 billion authorized by the FAST Act, that is the maximum we are permitted to request from your subcommittee, but we will include a long list of things that we think are worthy of additional funding, so we see really no shortage of things that require continued Federal investment, and partnerships with our states.

So, you can be sure we will be asking for the full authorized amount, and we think it is essential for us to continue the progress we have been making on the network.

Mr. PRICE. Thank you. Mr. Mitchell, from an operational perspective. How would this proposal affect the host railroads? Again, I am asking about the dollars, I am also asking about the increased state responsibilities. I would assume it is easier to work with one centralized entity, like Amtrak, than multiple different states. But then, again, I am not sure what the extent of your experience is and how you would evaluate this.

Mr. MITCHELL. Mr. Chairman, the question before everyone with respect to the budget is really one that is a public debate, not ours; our responsibility is to take what the public wants to do and try to implement what they want to as best we can.

I have touched several times on two or three central ideas here. One is, good schedules are really important; the second is, you have got to match what you want to do with the capabilities of railroad, both the operating capabilities and the physical capabilities.

And thirdly, we look at the passengers principles as the guidance here, so if change is to occur we are going to apply the passengers principles, because while we certainly want to accommodate to the extent possible that the needs of the riding public, we have obligations as well to all of our freight customers.

We have got to balance those so that both are successful, and where we will turn to is our passenger principles, and look at any change that comes forth, whether it be from Amtrak, whether the states, and we have very good relationship with all the states we work with on passenger service, and see what they have to say. And then we will go through the same process we always do, we will take a look at it, understand it, discuss it, and try to do the best thing.

Mr. PRICE. I appreciate that approach, however, when we consider the kind of constraints that your roads, and Amtrak are both facing, the need for deconflicting the service in these large metropolitan areas especially, the investment is enormous, that is required.

I am not asking you to become a budget expert but I am asking you to reflect on the kind of investment that is going to be required to—you know, this isn't just a matter of your or Amtrak's goodwill, or the kind of pressure you can muster.

You know, these are genuinely difficult issues, and it seems to me that the kind of investments we are talking about here, are inevitably a part of easing those pressures, and making possible win-win solutions especially in these congested urban areas.

So, I am asking you to comment on that and the kind of Federal investment you would give priority to as you survey this scene, and think what it is going to take to make it work going forward.

Mr. MITCHELL. Mr. Chairman, several people have mentioned today the importance of a continuing source of funding, the importance of sufficient funding to match whatever the public wants to do. So, if the public says, I want two or three round trips a day between city pairs that means something to us. We will apply the passenger principles and there will be a cost.

If the passengers group says, we want to have on-time performance 100 percent of the time, there is a cost. There are cost implications every time you look at this question, and our responsibility

is to make sure that all parties understand what those cost implications are, so they can make a well-reasoned decision.

That is the role we play. We understand that these are expense initiatives, you look at California, you look at Washington State, you even look at Illinois, they have invested sizable amounts of money over the last 20-some or maybe 30 years, over \$2 billion have been invested of public monies in our properties to support passenger rail operations.

That kind of opportunity is going to be part and parcel of the discussion that you are now suggesting we are now to have. We certainly would be present to help that discussion, but at the end of the day it is a public decision as to how you want to shape ground transport policy in the United States.

Mr. PRICE. We understand where the buck stops as regards Federal funding. No question about that. But we are attempting to sort this through with good, honest input from the various stakeholders. And you have all three contributed to that today. We appreciate your being here, appreciate candor as to the challenges we face.

And amid all the talk of difficulties and challenges, there is a vision here. There is a picture going forward of increased reliance of on passenger rail, increased demand, increased ability of Amtrak and other railroad partners to meet this challenge. So there is an excitement about this too, and we would overcome the difficulties, at the same time we want to be realistic about what it is going to take to get there.

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Very briefly, Mr. Chairman, I want to thank you for I think a very good hearing. I thank the witnesses in particular for I think a very good hearing. If history is any guide, Mr. Chairman, we will obviously look at the President's budget request with great respect, but then we will fulfill our constitutional duties.

And we will do it, particularly how this committee has done it, this subcommittee has done it I think in a very responsible way, in a cooperative way. I look forward to continuing working with you Mr. Chairman, and the members of the subcommittee.

I think as long as we get an allocation that allows us to do that I think we will, hopefully, be able to put a bill together that we and the country will be very pleased, very proud of, and I will once again, remind everyone, what you and I have said multiple times, that while there are lot of conversations about infrastructure bills, and we are hoping that some infrastructure bill happens, in the meantime, Mr. Chairman, this is the infrastructure bill and so, again, I thank each and every one of you for testimony, I look forward to continue working throughout the subcommittee, and with your leadership, Mr. Chairman.

Mr. PRICE. Thank you. I want to remind the witnesses in closing that our staff is going to be in contact with you and your organizations regarding any questions that members might submit for the record. We would appreciate you returning information for the record to the committee within 30 days from Friday. And that will let us publish in a timely way the transcript of today's hearings.

With that, Thank you very much. And the subcommittee is adjourned.



WEDNESDAY, MARCH 13, 2019.

**STAKEHOLDER PERSPECTIVES: BUILDING RESILIENT COMMUNITIES**

**WITNESSES**

**LAURA LIGHTBODY, PROJECT DIRECTOR, FLOOD-PREPARED COMMUNITIES, PEW CHARITABLE TRUSTS**

**FRANKLIN MOON PH.D., PROFESSOR, CIVIL AND ENVIRONMENTAL ENGINEERING, RUTGERS UNIVERSITY**

**JENNIFER RAITT, DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT, TOWN OF ARLINGTON, MA**

**CAROL HADDOCK, DIRECTOR, HOUSTON PUBLIC WORKS**

Mr. PRICE. The subcommittee will come to order. Good morning everyone. I am pleased to have this opportunity to hold a hearing on how we can plan, design and build resilient communities.

After several years of increasingly severe weather events in my home State of North Carolina and around the country, and after tens of billions of dollars appropriated for disaster relief and emergency programs, much of it coming through this subcommittee, we must become more intentional about applying the concepts of mitigation and resiliency into our Federal Housing and Transportation programs across the board.

We also need to identify ways we can support these efforts at the State and local level. Joining us here this morning are several experts in this field with both research and on-the-ground experience. Laura Lightbody, the Project Director for—the Project Director of Flood Prepared Communities, Pew Charitable Trust; Franklin Moon, Dr. Moon, Professor of Civil and Environmental Engineering at Rutgers University; Jennifer Raitt, the Director, Planning and Community Development for the town of Arlington, Massachusetts; and Carol Haddock, the Director of Public Works for the city of Houston, Texas. Thank you all for being here this morning.

Each year, in addition to supplemental appropriations for disaster relief, this subcommittee appropriates billions of dollars for annual programs at the U.S. Department of Transportation, and the Department of Housing and Urban Development. These include highway and transit grants to States and local agencies and the Community Development Block Grant for municipalities among others.

I think we all know that we have come a long way with respect to disaster relief. I am a veteran of these discussions by virtue of the disasters we have had in North Carolina over the years. And I remember very well the discussions we had after the Katrina disaster, trying to preserve the concept of mitigation, and preserve a dedicated flow of funds to apply to limit the possibilities of future damage and future disasters. Those debates, I think, have been

moving in a positive direction, partly because we have had such repeated experience with disaster.

So it is not the debate it once was when it comes to FEMA, or when it comes to CDBG disaster relief, or other funding. It is not the debate it once was as to whether we should build back more resiliently, or whether we should mitigate against future disasters.

So we have come a long way. But now the question arises, and really is overdue for consideration, what about the base programs? Why aren't we building smarter from the start, moving toward a proactive posture when it comes to strategic and capital and operations planning at the DOT and HUD agencies?

We have taken some steps in this direction. The MAP-21 highway reauthorization for 2012 required States and localities to incorporate assets management into their long range plan. Meanwhile several modest pilot programs to assist States and our grantees with resiliency planning are now winding down.

Separately, in 2015, the Obama administration promulgated the Federal Flood Risk Management Standard which encouraged Federal agencies and, by extension, State and local entities that rely on Federal funding, to consider current and future risks when taxpayer dollars are used to build or rebuild near flood plains. This effort shows some initial promise, but President Trump repealed it. He repealed the FFRMS in August of 2017, ironically, just a few days before Hurricane Harvey made landfall. This reversal just defies explanation. It is just—I don't know of any good explanation.

The aversion of the administration to the scientific reality of climate change, if that's partly what is going on, that shouldn't impede sensible efforts to encourage resiliency and strengthen our local communities. So despite some setbacks of the Federal levels, some towns and cities have stepped up their own comprehensive resiliency plans, as we'll learn here this morning. There is some interesting action at the State and local level, but the progress remains quite uneven. The high quality data necessary to inform these efforts can be difficult to obtain. Furthermore, cost-benefit analyses used by governments sometimes fail to account for the long-term benefits of incorporating resiliency from the start of a budget.

Finally, we need to understand that building resilient communities isn't about just storm proofing. It is also a potential catalyst for job creation, economic development, sustainable growth and the wise stewardship of taxpayer dollars. We want to make sure the Federal Government is an active partner in these efforts.

So we're excited to have this panel before us today. We expect a robust discussion, and we appreciate your being here. Before we move to our witnesses, let me recognize or distinguished ranking member, Mr. Diaz-Balart, for his opening statement.

Mr. DIAZ-BALART. Mr. Chairman, I thank you for this hearing. I, by the way, am also excited about this panel that is before us today. This is now the fourth hearing in 3 weeks where we have had a chance to hear from stakeholders. They are doing important work in the area that this subcommittee has responsibility for.

Now, there are a few topics that are more important to this subcommittee than building obviously stronger communities. But I am particularly pleased, Mr. Chairman, that our witnesses bring this

perspective from both transportation and housing from the local level, where these programs are not only implemented, but frankly, where the impact is felt. And from the perspective of research organizations that can look across government programs to offer ideas. And again, some good ideas that we can hopefully adopt.

As you know, Chairman Price and I have been busy for the last couple of years on this committee. First, we made significant infrastructure investments through the regular appropriations process through our bill. The 2-year budget deal allowed us to make some frankly selected investments in our Nation's infrastructure, \$20 billion, by the way, over 2 years. That is why both of us have talked about, from time to time, how this truly is the infrastructure bill. There are great theories and ideas out there. We hope that there is some other bipartisan infrastructure bill. But what we do know is that the work that we have done has, in essence, been the infrastructure bill for the last number of years.

So on top of the regular spending, I think we have done some important work beyond those specific investments, and that is to make our communities more resilient.

As a response to the storms in 2017, Harvey, Irma and Maria, we provided \$35 billion through the Community Development Block Grant DR program to help devastated communities obviously recover from those storms. But with this chairmanship that we have, with the chairman, myself and our staffs, by the way, we set aside nearly \$16 billion for a new mitigation program to help communities, again, make smart investments that I am confident that it is not only going to help save money in the future, but potentially save lives.

We initiated this new mitigation program right here in this subcommittee, in the House. We were able to convince the full committee, the House, and, obviously, the Senate joined along. And we are pleased at having done that.

Investments in resiliency are equally important, not only as we consider housing programs, but also transportation and infrastructure. Both of these programs are important and are playing an important role in recovery after those storms in the past 2 years. But this is key, we want to ensure that those transportation dollars are allocated with an eye towards reducing future costs. That is what we have told our colleagues, that is what we are committed to do. This topic of disaster recovery and resiliency hits close to home, as the chairman said, for him, but also for me.

Our State saw devastation yet again last year with Hurricane Michael and Florence. So it is our duty to be a Federal partner, not only in the near term as our communities work to recover, but also in the long-term so that our communities have the tools they need to thrive, and to recover, and to rebuild for years to come. But we also need to understand how the range of Federal programs fit together so that programs under the jurisdiction of this subcommittee work successfully.

It is our job also to support smart decisions where the vast majority of Federal resources are deployed and that is obviously at the State and at the local level. Your testimony today will help support—we hope, maybe not—the decisions that we have made in the last few years, again, saving taxpayer dollars over the long term.

term. We are very serious about making sure that that money is spent in an accountable fashion. It is well spent, it is not just thrown away; again, something that this subcommittee started and this subcommittee has a lot of ownership in. So I look forward to hearing from you and thank you for being here.

Mr. Chairman, I think this is going to be a very interesting subcommittee hearing. Thank you, sir. I yield back.

Mr. PRICE. Thank you. We will ready for our witnesses. We will recognize each of you for 5 minutes for your oral presentation. We will be happy to include your full statement in the record. And then what will follow will be 5 minute segments of questions. Let me remind everybody that the 5 minutes is supposed to include both the question and the answer, if everybody can keep that in mind with members in turn from both sides of the aisle posing questions to you as they wish.

So let's start with Ms. Lightbody and then we will hear from Professor Moon, then Ms. Raitt, and then Ms. Haddock, in that order, if that is satisfactory with you.

Ms. Lightbody.

Ms. LIGHTBODY. Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee, thank you for your invitation and time dedicated to discussing ways that we can help the Congress support a more resilient infrastructure. As you said, my name is Laura Lightbody, I oversee the Pew Charitable Trusts flood-prepared communities initiative aimed at reducing the impact of flood-related disasters on the U.S. economy, communities, and environment, by improving public policy. I will start by presenting further data on increasing risk and costs of natural disasters followed by policy recommendations Pew offers to this committee.

Why do we focus on flooding? It is the most pervasive natural disaster affecting all 50 States, both inland and coastal. It respects neither jurisdictional boundaries, nor political affiliations. In the last 10 years, flood-related disasters have accounted for nearly three-quarters of all Presidential disaster declarations. It is also the most costly of natural disasters. The Nation—to the Nation, it has cost \$800 billion since 2000. As communities and cities have expanded over time, the natural landscape has been replaced by impervious services, like roads and parking lots, homes and buildings, increasing the likelihood of flooding leading to more lives lost, higher costs incurred, and more structures destroyed.

Last fall, Hurricane Florence ravaged the Carolinas with over 30 inches of rain, 28 wastewater treatment plants, 40 hospitals, 1,200 roads, and dozens of homes and schools were impacted, causing ripple effects throughout the community. These events, and the resulting devastation are becoming all too familiar. The challenge before this subcommittee is how to make these much-needed investments in infrastructure, while insuring these assets are not washed away by the next major flood.

Today, the majority of financial burden of these disasters falls to the Federal Government, the costs are immense. Some additional numbers: Since 2000, FEMA's public assistance program has obligated \$80 billion to disasters; the Federal Highway Administration's emergency relief program, nearly \$15 billion; HUD's CDBG-DR program, \$64 billion for natural disasters and supplemental

funding. Yet in the face of these enormous and mounting costs, the Nation has underestimated risk and underinvested in activities that reduce losses and provide long-term savings. As you pointed out, mitigation.

Mitigation can take on many forms uniquely suited to serve community needs: acquisition of flood prone homes, limiting the extent of impervious surfaces, elevating utilities, restoring wetlands, and most significantly, not putting people and buildings in harm's way in the first place.

Research shows every dollar invested in such activities saves society \$6 in avoided losses. Yet, perhaps most alarming, according to a 2016 GAO report, of the \$277 billion that the Federal Government has spent on disasters over a 10-year period, FEMA spent less than \$600 million towards mitigation. That is less than it costs to build the National stadium here in Washington, DC.

The good news is that this subcommittee has an opportunity to change that dichotomy by building on areas that the good work that has already been done. In this area, Pew offers three recommendations for your consideration: One, plan with the future in mind, invest in mitigation, both DOT and HUD have the untapped potential to guide risk reduction measures before the next disaster strikes. This could be done at DOT by including mitigation as merit criteria for BUILD grants, requiring HUD CDBG-DR grantees to incorporate mitigation into their applications. Most significantly, dedicating resources specifically towards predisaster mitigation within the Federal Highway administration Program.

Two, build and invest smarter. A new poll released today by the Pew Charitable Trusts demonstrates that more than three-quarters of Americans support a requirement that Federally funded infrastructure be constructed to better withstand the impacts of flooding.

However, we lack such policy today. We operate under standards developed in the 1970s that don't account for tomorrow's risks, such as sea level rise and extreme weather. Pew recommends that all Federal dollars invested in infrastructure come with a requirement to account for future risks.

Lastly, invest in and value the role of nature in reducing risk. We recommend dedicating specific funding toward green infrastructure, wetlands and parks that can provide self sustaining flood defenses that also support ecosystem restoration and community amenities.

In closing, communities around the country are eager to become less vulnerable to natural disasters, but lack the tools, in some cases, resources and guidance to do so. The Pew Charitable Trusts looks forward to working with this subcommittee to find solutions to these important issues. Thank you.

Mr. PRICE. Thank you very much. Dr. Moon.

Mr. MOON. Chairman Price, Ranking Member Diaz-Balart, members of the subcommittee, it is a pleasure to be here today. I am really happy to be able to talk and share some thoughts on transportation infrastructure resilience. My name is Franklin Moon, I am a professor of civil engineering at Rutgers University. And I am here on behalf of the Center for Advanced Infrastructure and Transportation, U.S. DOT, University Transportation Center, that

is focused on addressing some of the challenges associated with our transportation systems.

This focus is not accidental, but it grows out of challenges inherent within our region. We are at the heart of the Northeast corridor, and our local region, while geographically small, is home to roughly 10 percent of U.S. population. It is also home to diverse and dense transportation infrastructure that includes some of the oldest and most heavily utilized in the country. Like many of you, we find ourselves on the front lines of the new and emerging threats related to extreme weather events.

Before I discuss some areas where I believe continued attention is needed, I think it is important to provide some context. So first, it must be said that our transportation infrastructure system remains a wonder of the world. But if we are honest, it only comes into our collective consciousness when there is a failure or disruption. It is an important part of every one of our lives, it is an engine and key transformative driver behind our ever-expanding and evolving economy, and it has largely been taken for granted.

Perhaps this is understandable when you consider how reliable our transportation systems are on a daily basis, but it is not without consequences. The slow relentless and inevitable degradation of our transportation infrastructure was left unchecked for too long. For example, as of 2017, over 54,000 bridges were classified as structurally deficient and one out of every 5 miles of highway pavement were in poor condition.

At the same time, these systems now facing new threats, particularly associated with extreme weather. The resulting disruptions, whether they are due to the slow march of deterioration or more acute events, can cause large economic damages and severe cascading impacts on other infrastructure systems and the communities that they serve.

Over the last decade or so this vulnerability has attracted significant attention and progress has been made. But the fact that we are sitting here discussing the need to improve infrastructure resilience means that more needs to be done. And in particular, there are three areas that I would like to bring to your attention.

First is the development of a uniform resilience metric for transportation infrastructure. The old adage of what gets measured is what gets improved applies well here. The higher level guidance documents that are available from Federal highway and others all point to the need to operationalize resilience. We believe one of that most effective ways to do this is to develop a sound uniformed means of measuring resilience, as imperfect as that may be.

I mentioned previously that today there are over 54,000 structurally deficient bridges; well, in 2008 there were over 72,000 structurally deficient bridges. I can tell you this, because this metric is uniformly tracked. I can also tell you that the reason it has dropped by nearly 25 percent is that every State, county and municipality that owns bridges is actively engaged in minimizing this number because it is tracked.

To date, there is no accepted and uniformed means of measuring the resilience of our transportation infrastructure systems, and we see this as a key barrier to operationalizing the focus on resiliency.

The second item in the collection of performance data, so to better understand the many interrelated factors that lead to both good and poor performance, as well as the associated consequences, it is necessary to measure and track our infrastructure system perform when they are under stress. Historically, this has been done in qualitative low resolution manner in the weeks and months that follow an event. Today, driven by advances in sensing technology, engineers now have the ability to monitor critical infrastructure in real-time during events.

We also have the ability to efficiently capture dense 3D data of entire communities, both before and after events through the use of remote sensing, technologies deployed on vehicles, on drones, even on satellites. Such data carries important information about what works and what doesn't work. And it will help ensure that we learn all the lessons available from future events.

The final item, and perhaps the most important, is our role as universities and, in fact, all of our roles in trying to attract the best and brightest to STEM fields. As I am sure you are all aware, this is not a need that is unique to transportation infrastructure, but rather, a national challenge across many domains.

In addition, our role at universities needs to continue to expand beyond traditional undergraduate and graduate students with a focus on non traditional aid students, as well as current training current workforce in the use of emerging technologies and paradigms that have proven to improve resilience.

In closing, I would, again, like to thank you for the opportunity to share some of our perspectives. And I look forward to this discussion. Thank you.

Mr. PRICE. Thank you very much.

Ms. Raitt.

Ms. RAITT. Good morning. On behalf of the American Planning Association, APA, thank you Chairman Price and Ranking Member Diaz-Balart for holding this hearing on a subject so vital to the health and prosperity of our Nation's communities. Thank you, Representative Clark, who represents the town of Arlington, Massachusetts, for her support and leadership.

Today's hearing could not be timelier. Recent events have demonstrated the critical challenge we face to improve the resiliency of our communities in the face of hazards, extreme weather and a changing climate. APA and planners across the country are committed to creating just, healthy, and prosperous communities that expand opportunities for all. Safer and more resilient communities are central to that vision. I am the Director of Planning and Community development for the town of Arlington. The town has been a leader in working to address climate change and environmental goals. The town is also working through a regional partnership to address resiliency. In 2015, the Metropolitan Area Planning Council, Metro Mayors Coalition, formed the climate preparedness task force to facilitate coordination among 15 municipalities, State and Federal agencies. The task force has increased to municipal capacity to address and assess vulnerabilities, bolster coordination, enhance awareness of infrastructure resilience, and worked on ensuring the data for flooding and extreme heat is consistent and shared.

Municipalities have performed vulnerability assessments through technical assistance. These regional collaborations are an important model. They strengthen relationships, build capacity and identify priority actions.

As the task force works on these issues, funding and support from Federal agencies is more critical than ever. This includes coordination efforts among agencies, as well as grant and financing to enhance resilience in critical public infrastructure. Massachusetts provides planning grant funds for communities to engage in vulnerability planning. Arlington received one of these grants which allowed us to examine strengths and vulnerabilities, while prioritizing resilience-building actions. The top priority identified was to address storm water overflow, which has recently and historically caused significant damage to homes, businesses and other properties. The town leveraged this planning process, and received a grant to develop and implement ecologically sensitive flood management measures. These planning and action grants illustrate the importance of local planning that addresses and mitigates the effects of new conditions, flooding in Arlington's case, and raise the profile of a need to tailor future land use policy to protect critical infrastructure.

As the Massachusetts experience suggests, communities across the country are focusing on resilience planning as a way for preparing for future shocks and stresses. True resiliency policy is comprehensive, and does not seek simply to harden infrastructure or rebuild, following disaster, but aims to address social, physical and economic systems together. Resiliency planning demands that we answer two critical questions: One, how do we adapt to recurring events? And, how do we recover better and stronger from events so that the next and subsequent events are less damaging? The answers to these questions should inform how Federal infrastructure housing and community development are made.

Federal infrastructure programs are an essential part of advancing local and regional resiliency. The funding programs under the jurisdiction of this subcommittee are among the most important and proven Federal resources for communities. While we are proud to advocate for more Federal housing and transportation resources, we know that the Nation needs both more and better investments. Competitive grant programs could do more to increase the importance of resiliency, and integrate these efforts.

Finally, the support following a disaster through CDBG-DR represents an opportunity for improving integration with the resiliency-led approach to recovery. FEMA and HUD can improve the coordination between their required plans with funds prioritized using resiliency focus, emphasizing alignment with local planning.

There is a growing recognition that Federal disaster recovery funds should not be used simply to build back to the status quo, but rather, to build back in a much more resilient way using innovative approaches if possible. While resiliency plans will be crafted and implemented locally, there is an essential partnership between communities and the Federal Government.

Improving the coordination of Federal investments with local resiliency plans will heighten the impact of these efforts while avoiding inefficiency and compounding future losses. Thank you, again,

for the support of these critical tools. APA is proud to support continued funding for these essential programs, and we urge you to reject proposals to slash the funding and to boost the resources instead that are available to continuing to advance resiliency and expanding opportunities and equity.

Thank you, again, for this opportunity to testify. I look forward to your questions.

[The information follows:]

Mr. PRICE. Thank you very much. Ms. Haddock.

Ms. HADDOCK. Good morning. Chairman Price, Ranking Member Diaz-Balart, and members of the Appropriations Subcommittee. Thank you for the opportunity to discuss infrastructure for resilient communities. My name is Carol Haddock, and I am the Director of Houston Public Works, the department that is responsible for Houston's public streets, drainage, water and wastewater infrastructure, as well as permitting inspection of development for more than 2.3 million Houstonians. In this role, I am also in the midst of recovery from Hurricane Harvey. Houston has a significant flooding history, but we are committed to build Houston forward towards a resilient community that will be ready to withstand the next storm, because we all know there will be a next storm. However, we still face significant challenges and resiliency today.

I also currently serve on the board of direction of the American Society of Civil Engineers, ASCE, and I am a licensed professional engineer in the State of Texas. ASCE appreciates the opportunity to discuss the state of our Nation's infrastructure, and how we need to insure more resilient and sustainable infrastructure when rebuilding these vital assets. Every 4 years since 1998, ASCE has prepared a rating of our Nation's infrastructure in our infrastructure report card. In the 2017 report card our Nation's cumulative grade was a D-plus. Poor grades reflect an underinvestment in our infrastructure and a lack of thoughtful planning for the future and its impacts on our infrastructure network.

Decades ago, and even a century ago in some cases, we built our current day infrastructure networks. But with any infrastructure investment, time and the elephants have taken their toll. As our Nation looks to rebuild, we urge for thoughtful leadership for the future. ASCE believes that all infrastructure programs and projects supported by infrastructure investment legislation must meet the following fundamental criteria: Investments must provide substantial long-term benefits to the public and the economy; project costs must be considered over the entire lifespan, including design building and operating and maintaining that infrastructure; projects should be built to be sustainable and resilient and Federal investments should leverage, not replace, State, local and private investment and infrastructure.

It is through this framework that ASCE urges lawmakers to support the following: We should build and rebuild resiliently. ASCE's 2017 infrastructure report card emphasizes the importance of preparing for the future by ensuring our infrastructure is more resilient and sustainable. For every dollar spent on mitigation during rebuilding, the Nation can save \$6 by avoiding future disaster costs.

We should support the Federal Flood Risk Management Standards. ASCE supported the Federal Flood Risk Management Standards previously that considered mitigated flood disaster risk for federally funded development in flood-prone areas. And ASCE believes that the FFRMS is a fiscally responsible, commonsense approach to mitigating flood disaster risks and should be a part of any sustainable agency and organizational planning.

We urge Congress to develop a Federal flood risk standard to safeguard our Nation's infrastructure, protect businesses and communities and conserve taxpayer resources. We support the appropriate use of lifecycle cost analysis or, LCCA. ASCE believes that infrastructure project owners should consider the total lifecycle cost when funding new projects, including the maintenance in operation until the end of its serviceable life. It is an unfortunate reality that minimizing the upfront investment can result in infrastructure that falls short in resilience and can cost more to maintain in the long term.

Support standards and codes. Responsible design and construction are essential to important quality of life, assure safety and durability, and to minimize the vulnerability of our Nation's infrastructure. ASCE supports the development, adoption and enforcement of a national model building code. Disaster-resilient communities, with safe and sustainable buildings, can be achieved through design using performance base codes and construction practices in concert with the code administration program that ensures compliance.

And we support research and development. Increased investment, while clearly needed, must be matched with a robust R&D program that can lead to new approaches, materials and technologies to ensure our infrastructure is more resilient and sustainable.

ASCE supports R&D programs coupled with demonstration and commercialization programs, such as Houston's partnership with the nonprofit, Accelerate H2O, to create the Nation's first water technology hub for municipal water innovation and emergency response.

ASCE thanks the committee for holding this hearing on a topic that affects quality of life, economic prosperity and livelihood of every American. ASCE and its 150,000 members look forward to working with the U.S. House Committee on Appropriations to improve America's infrastructure so that every family, community and business can thrive. Thank you.

Mr. PRICE. Thank you very much. I want to thank all of you for your statements. Very, very substantive and helpful, and very well-timed. Nobody was more than 5 seconds off. That is pretty impressive, something I don't think members of this body can come close to matching, so thank you.

I also am grateful, Ms. Haddock, that you brought in the perspectives of the American Society of Civil Engineers, as well as your experience with the city of Houston, just as Ms. Raitt did with the American Planning Association. Those national perspectives are helpful and complement your local experience.

All right. Well, let's turn to our questions. The examples we have, the good examples, I would say, from Houston and Arlington,

two very different communities, but still here for a reason this morning. Because you have taken a proactive approach to resiliency in Houston, of course, in the aftermath of a horrible disaster. But in both communities looking forward, this isn't happening everywhere. In many, many communities, large and small, infrastructure is still being built without integrating future risk. So my question is, how do we induce other States and cities to build resiliency into their federally assisted infrastructure projects, including both transportation and housing? We welcome input from any panelists on this, but I will start with Ms. Lightbody and Ms. Haddock in referencing transportation in particular.

MAP-21 required that grantees include resiliency planning in asset management in planning documents, but not in specific projects. Should we, with FHWA and FDA appropriations, or authorizations, should we include requirements for resiliency in the specific project proposals that are funded by the base program? If you can address that specific question, but anything more generally you would like it say about the question I posed.

Ms. Lightbody, I will start with you.

Ms. LIGHTBODY. It is clear when you look around with the communities that we have here, and communities that are presented around the country, that there is a desire to undertake more mitigation. If you are able to use appropriations from this subcommittee to drive and encourage more committees, and give them the incentive and ability to undertake mitigation, that would be a good use of Federal dollars. You could incorporate that into the programs you mentioned. There are other programs that could be incorporated into, but making it a required selection criteria, so that communities have the opportunity to use mitigation will drive more mitigation.

The programs that do exist at the Federal level have an over-demand for mitigation. There is not enough money on the table for communities to undertake mitigation. Certainly within the transportation sector, the money at HUD, the \$16 billion that this subcommittee was able to afford, was a great first step, but we need to institutionalize that, make regular, sustained investments in mitigation.

Mr. PRICE. Ms. Haddock.

Ms. HADDOCK. So in some ways, the answer to that question you are raising is a yes. We certainly, from a local stakeholder point of view, if the programs require that that be addressed up front the resiliency in each individual project, then it will be included. It is a pretty straightforward answer to that question.

But I will say that a lot of the way that the funding comes to us that it does not necessarily currently encourage the lifecycle analysis or the things that would drive us to a resilient answer. And so, we are looking at the upfront costs, but we need to be looking at the full investment costs throughout the lifecycle of that infrastructure. And if we do so, we will be driven to more resilient solutions, because we will pick solutions that reduce the future damage, the future recovery, and hopefully, the future operations and maintenance costs as well.

Mr. PRICE. Ms. Raitt, let me turn to you and turn to HUD. What could HUD do to encourage recipients of Federal funds to include

resiliency requirements of federally supported projects? Basically, the same question as I posed regarding DOT.

Ms. RAITT. I think the primary thing that could happen from the standpoint of we are an entitlement community in Arlington, Massachusetts. I think one of the primary issues is really in the criteria and the selection of projects. Thinking about the connection of those investments in relationship to data that has been collected, having good participation, and having really a smart regulatory process to back that up, that would then make for directing better investments. So the planning piece is really the underpinning to all of these programs. Without that good planning, none of these investments make tremendous amount of sense.

So we want to make sure that planning is really integrated into that process, and that the resulting criteria is also put in effect and then directed to local municipalities who receive entitlement or other types of funds from HUD.

Mr. PRICE. And the way to achieve this, you are saying, is through explicit requirements for these programs?

Ms. RAITT. Explicit requirements in the grant programs, as well as directing criteria to applicants—to grantees rather of those grant funds.

Mr. PRICE. Thank you. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

The timing is right for many reasons. It is good that you all are here, because as you know, HUD is in the process of developing the new guidance for the new mitigation program. And as you know, new mitigation has been eligible for CDBG-DR, but there has never been a chunk of money that is actually dedicated for this. And so it is something that the chairman and I worked hard on, and we have a lot of interest in making sure that it is done right and that it succeeds.

So we expect the details of that program to be announced later this spring by HUD. And obviously, the public will have an opportunity to comment.

So really to the four of you, if you were in a position to advise HUD as they are now developing these guidelines, what would you suggest?

Ms. LIGHTBODY. I can speak broadly to that. If you are going to invest in mitigation, it should do three things.

Mr. DIAZ-BALART. Which we are, which we are. The money is there but—

Ms. LIGHTBODY. It should do three things: reduce risk; increase safety; reduce damage and property to infrastructure, with the ultimate goal of making us all more resilient. That can look like more traditional mitigation mechanisms that we are more accustomed to, like elevation, redirecting roads, buyouts, building codes and standards. It can also be complemented with green or nature-based solutions infrastructure; preserving or restoring flood plains, letting rivers do what rivers want to do, which is absorb floodwaters; increasing more green spaces. So we would recommend that there is an incorporation of green and gray infrastructure into the mitigation requirements that HUD uses through CDBG-DR.

Mr. DIAZ-BALART. Anyone else want to take a stab at it?

Ms. RAITT. Just, again, to emphasize the importance of focusing on vulnerable populations, low-mod income households in particular. I think there is a real opportunity with HUD to direct more resources towards affordable housing, which can really be a catalyst for economically viable, sustainable development patterns, and energy efficiency can be increased as well. So, I think that that should be one of the things for HUD to think about in their new criteria, as well as thinking about transit-oriented development and other lead or other types of criteria to encourage better sustainable design of new buildings and structures. That would go a long way.

And then, again, overemphasizing the issue of planning as part of any process before those decisions and investments are made.

Ms. HADDOCK. So Houston is also an entitlement community, and we have both housing challenges when it comes to recovery from Harvey and infrastructure challenges. On our housing side, we are 18 months post disaster, and we still have people that are not back in their homes yet. We have many multifamily complexes that are still recovering, our last count is over a couple of hundred that are still in the process that are repairing.

My recovery is slow, and so my advice on the mitigation side to the HUD is that we need to be thoughtful, but we also need to be diligent, and we need to get things on the ground in a manner that they can be quickly in use, and that our communities that are still recovering are back in resilient and safer facilities, so that next time around, they will not be displaced, they will not be going through the life-changing event that they have gone through this time.

And so one of the things this time, but the other thing is in particular is that we don't look at one piece of resilience, that as my colleague, Ms. Raitt here said, that we look at access to transit, that we look at access to schools, that we look at access to grocery stores, that we look at access to medical. That all of those things must play in as we look at redeveloping our communities and building back better than we were before the storm.

Mr. DIAZ-BALART. Let me go do a little follow-up on that. Because one of the issues, for example, in communities that I represent is their sewer system has been devastated. How do you—I am assuming you mentioned that, I think, in your opening statement about Houston having that issue as well. So how do you make sewer systems—

Ms. HADDOCK. More resilient?

Mr. DIAZ-BALART. Yeah. By definition, they are underground, right? So how do you make those resilient from storms and flooding?

Ms. HADDOCK. It is the pipes underground, but it is also the treatment facilities and the transmission facilities. During Hurricane Harvey—Houston is unusual, we have 39 wastewater treatment plants, we have almost 6,000 miles of collection systems. We have nearly 400 lift stations. And of the 39 treatment plants, we had 17 of them that were severely impacted, nine of them were submerged at the height of the storm. So how do you make those more resilient? Sometimes the answer is, they shouldn't be where they are today. But to move a wastewater treatment facility may

take 10 years, it may take longer to build the infrastructure to serve those areas better.

So what do we do today? We are in the process of doing a very active citywide assessment of the condition of our pipes, point repairs, replacements. Things that keep minimizing water from into our wastewater system. But we also have to partner with our communities. Most of our blockages, most of our overflows are actually caused by grease and debris in our system, not from storm water that is getting in.

And so, it is a partnership with our community, and it is also active operations and maintenance that we have to do—today's technology has completely changed the way that we can evaluate our wastewater system, compared to just 10 years ago.

Mr. PRICE. Thank you very much.

Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman and Mr. Ranking member.

This first question is for you, Dr. Moon. In 2018, more than 8,000 wildfires burned 1.8 million acres of land, and more than 24 structures in California. Years ago, California's fire season lasted a few months. Now fires blaze throughout the year at varying degrees of intensity. What types of programs do you think Congress should develop to help mitigate the consequences of wildfires?

Mr. MOON. So I haven't actually done a lot of thinking or work in the area of wildfires. The one thing I will say is that when we talk about resilience, we cannot talk simply about floods. There is a lot of other reasons that we need resilient infrastructure. Earthquakes are a big one, wildfires, but also other hazards. If you look at, for example, why transportation infrastructure fails, bridges and roads, et cetera, 50 percent of bridges fail because of hydraulic reasons, flood, scour, et cetera. That means 50 percent fail for other reasons as well. And if we are disrupting our transportation infrastructure, it doesn't necessarily matter why that occurred, but we need to be able to minimize the potential for that disruption, minimize the duration of that disruption, and, certainly, minimize the impact on the surrounding communities. So I know I didn't directly answer your question, but I don't necessarily feel comfortable discussing wildfires.

Mr. AGUILAR. Ms. Lightbody, some of these are connected as well, right? Floods often follow wildfires. When we talk about flood preparedness, do you think it is helpful if we start in those communities that are susceptible to wildfires as well as we start to have these conversations?

Ms. LIGHTBODY. Certainly looking at a multihazard approach across the country is critical. There are communities that grapple with fire, flood, drought, and excessive heat all in the same season. And so, figuring out ways that we can plan for all of those hazards. And part of that starts with thinking about the future in terms of where we put things. We know now much better than we did 30 or 40 years ago our risks and our understanding of risk.

And so, let's be smarter about, in the future, where we are going to put and build more stuff, because that means more people and more assets are in harm's way, whether they are closer to the fire line or they are closer to the flood line.

Mr. AGUILAR. Ms. Haddock, when we talk about grading, and Dr. Moon, you as well, when we talking about grading, analyzing the types of infrastructure that we have, can we do a better job in tracking—clearly, we are talking about measuring as well, but when we track, can we use GIS software? Can we use software that is available to track our infrastructure, grade it? So taking what you do already and making that a little bit more real for folks in kind of a map form to say, these are the bridges and roads we travel on every day, and this is the grade that they have. Is that something we should look at as well?

Ms. HADDOCK. Absolutely, yeah. One of things that we as engineers do often is make things very complicated to understand. And so one of the things we can do a much better job of is how we display that to the public.

Mr. AGUILAR. You are talking to the wrong crowd. That is usually our line, is making things difficult.

Ms. HADDOCK. We are good at that. We are good at that. I did actually have one comment about your wildfires. Back in 2011, Texas had a number of wildfires, and shortly after that, we had a really good rainstorm that literally changed the pH of our drinking water. And it literally shut our drinking water plant down for about 4 days. So everything is interrelated when it comes to all of these things. And it is something that we have to think of and plan for in our resilience.

As far as GIS, the city of Houston has been an early adopter. We have all of our infrastructure in GIS. But it is not just the condition, it is also the capacity of all of these things that we have to weigh in on. And I want it make sure my colleague here has an opportunity to—

Mr. MOON. I think you are sort of right on target with this point, in that today we have so much data, and yet, that data is inaccessible to so many, it is sort of impenetrable. And so, coming up with ways to visualize and display that in such a way that it does hit home, and we didn't forget about the value of our transportation infrastructure in our everyday lives.

The one thing I would point out that is a big success in this area is a system called InfoBridge, which is put together by the Federal Highway administration through the Long-Term Bridge Performance Program. And that is sort of a very slick data visualization tool that is open to the public; they can go in there, they can map all of the bridges, see their ages, if they are over water, et cetera. They are definitely moving in that direction. And I think anything we can do to get these issues out in front of the citizens would be a great thing.

Mr. AGUILAR. I appreciate it. Thank you, Mr. Chairman.

Mr. PRICE. Thank you.

Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman. And thank you panel for being here this morning. I represent northeast Florida, three coastal counties: Nassau, Duval, and St. Johns, which happens to house the oldest city in America in St. Augustine. And there are amazing historic structures there in St. Augustine that are really in danger.

Ms. Lightbody, when I read that 85 percent of our disaster funding, since 2000, has gone toward flooding mitigation, I wasn't surprised at all by that. We have seen the effect of sea level rise in and the impact it is having throughout any district. I also have the St. Johns River, which is also a major tributary throughout my entire district.

So having seen that damage, can you talk a little bit, Ms. Lightbody, about what percentage of post disaster funding is actually being used to mitigate future damages and build resiliency into these systems? In fact, I just joined the American flooding—or the American Flood Caucus, because I am so concerned about this. So can you talk about what we are doing to build resiliency around some of these areas? And then, the follow-up to that would be, I don't know if you have any familiarity with the National Flood Insurance Plan, but are we creating some of these problems by offering insurance that no one else will offer, in areas where we have severe repetitive flooding? And do you see an issue there?

Ms. LIGHTBODY. How much time do you have? I will try to be quick. Two big questions, knowing what we do know about costs that the Federal government has put forward towards disasters, when you look back from 2005 to 2014, the Federal government spent about \$277 billion on disaster recovery. Of that, FEMA, which is one of the only agencies that has a specific program for predisaster mitigation, \$600 million over a 10-year period. That is a drop in the bucket when you divide that up between all of these communities that need predisaster mitigation.

So this subcommittee has an opportunity to set aside specific resources towards predisaster, not after the disaster happens, that—we need that, but if these communities are able to plan and do projects in advance of that knowing their risks, that will make a big difference. We know it saves money, every dollar invested in mitigation saves at least 6 in the long run, so it makes a lot of sense from a fiscal steward perspective.

Mr. RUTHERFORD. Thank you for that.

What about the flood insurance?

Ms. LIGHTBODY. The flood insurance program offers flood insurance to roughly 5 million people across the country, that is coastal, but it is also inland, a lot of inland communities. Florida has a lot of those policyholders. And in some cases, we are offering subsidized rates and sending a signal to risky areas that the price signal is not sending the right message to these areas, that we know are flood risk areas. So we have to couple the flood insurance program with mitigation, with disaster cost, because no matter how much someone has mitigated, they are still going to get disaster money and fix a lot of these programs so we take a holistic approach to planning and mitigation, but also recovery and relief.

Mr. RUTHERFORD. Thank you very much. I see my time has almost expired. I yield back.

Mr. PRICE. Thank you.

Mr. HURD. I am sorry, we now have the arrival of Ms. Clark, I will turn to her and resume the rotation.

Ms. CLARK. Thank you, Chairman Price. And thanks to all the witnesses. I am especially glad to have Ms. Raitt here with us today from one of my communities of Arlington. And I wanted you

to talk a little bit about today, we have the unusual situation that we don't have counties in Massachusetts, but we need to work together. And there have been tremendous efforts, I think, on regionalizing what we are able to do with the Metropolitan Area Planning Council, Metro Mayors Coalition, are some of the examples, Mystic River Watershed. And I wonder if you could touch on how the region is working together on its resiliency efforts.

Ms. RAITT. Thank you. I think it is really important to emphasize actually the regional connection, because localities cannot do this on their own. There is no way that a municipality individual jurisdiction can plan for these things in a bubble. It all has to happen in a partnership within a region, and, of course, as an echo of the State and State policy. And that is what we actually have in Massachusetts, which is extraordinarily helpful, whereby we have funding that is directed from the State to local jurisdictions, and then also regional entities. MAPC is a regional planning agency for metro Boston, which is serving 101 communities in and around Boston. They are actually nine regional planning agencies in Massachusetts. And each one of these agencies has a responsibility to help their communities work on and address these types of issues. I think, in terms of addressing these particular issues with resiliency, the critical piece is where there are shared resources and trans relational, sort of, boundaries where things overlap.

So that might mean things, such as the Amelia Earhart Dam, and other dams, where there are critical infrastructure and repaired and require a significant Federal and possibly State investment in order to achieve more resilient dam infrastructure, so that you cannot just address what is going on now with flooding, but in the bigger picture, long-term, if there is sea level rise and storm surge, need to really shore up that infrastructure.

The other area where regions can work together is really to find other critical resources and infrastructure that they can advocate for together to leverage additional resources, whether that is additional public resources or private resources to also firm up those efforts.

So you mentioned the Mystic River Watershed Association, there are many other nonprofit organizations that can also play a partnership role in this and that is also important.

Ms. CLARK. Can you think of the specific ways that we here in Congress, through the Federal government, can better support the regional efforts?

Ms. RAITT. I think the primary way is actually through encouraging and requiring planning, that any—behind any process, any investment—

Ms. CLARK. Does that mean funding planning as well?

Ms. RAITT. Funding for planning, but also requiring that communities are planning for these types of events. Even with hazard mitigation, that it is directly tied to vulnerability assessments, and then good strong data, as well as good community engagement, to understand and direct better and improve outcomes. So I do think that that is where the Federal government can play a very key role. It is not only encouraging those partnerships, that web of partnerships that happens at the local, regional State level, but also, the partnerships that happen across Federal agencies, which

can also come through funding resources that eventually make it to the local level.

Ms. CLARK. You mentioned sea rise. Two of my coastal communities, Revere and Winthrop, are very much concerned with flooding and the need for seawalls and expanding. We have a lot of marshland and groundwater, low-lying areas in my district as well, two 100 coastal storms in the last year. And we—as we look at these events across the country, we find great economic and racial disparities in Federal disaster aid and recovery from vulnerable families is often much more difficult in low-income and rental neighborhoods, than in more affluent and homeownership.

With 45 seconds left, I wonder if anyone on the panel would like to talk about how we can begin to address this? We will go with you, Ms. Raitt.

Ms. RAITT. I think the primary way is to actually address this through incentives, and then, again, to ensure that any commitment of investments that are made has to go towards directing them to shore up those systems and infrastructure, that it directly affect vulnerable populations. What you are specifically speaking to could be hundreds of thousands of people who are currently living in a zone where they are susceptible to sea level rise, flooding, and other extreme hazards and weather conditions. And we need to really address that, in future moving forward, with any resiliency effort that is integrated into Federal funding to ensure that housing has that incorporated sustainable housing and other types of efforts addresses these needs. And that means that requires pretty significant investment, but it also requires incentives, incentivizing private entities to also incorporate these things, not just public, but private entities, who house the people we are talking about in these zones.

Ms. CLARK. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. Mr. Hurd.

Mr. HURD. Thank you, chairman.

Dr. Moon, you talked about inaccessibility of data. I spend a lot of time thinking about data and how technology can be used to make better decisions on that data. And one of the things that I found that we can do better in the Federal government is making sure certain data sets are made open to academia, industry, whoever in order to make informed decisions on it. Is there types of data that the Federal government has that you wish was open and people should have access to?

Mr. MOON. In the realm of transportation infrastructure, I can't think of any. The primary data source, which is the, say, the National Bridge Inventory in the case of bridges, is open, it has been open for decades. One of the challenges with it historically has been that it was such a large database, it was provided in a format that was really inaccessible to a lot of people. And I mentioned earlier that now with Federal highways new InfoBridge web-based software is now open and really accessible. So people can go on there, take a look at local communities, age of bridge in their counties, States, et cetera. So they can really get access to all of that information.

Mr. HURD. One of the things that actually made that happen is the Data Acts. Nobody talks about when Congress does things that

work, making sure data is in an accessible, machine-readable format so that you don't have these problems.

Did any other panelists have any opinions? Ms. Haddock?

Ms. HADDOCK. I want to say, first off, actually I was born and raised in your district.

Mr. HURD. Awesome.

Ms. HADDOCK. I graduated Uvalde High School.

Mr. HURD. Oh, very cool.

Ms. HADDOCK. But I also will say that one of the challenges we face in infrastructure, is that much of our infrastructure was built before the electronic age. And so we don't have good data on much of our infrastructure, whether it be federally built infrastructure, or locally built infrastructure. Sometimes we are in the field literally locating lines that were built 50, 60 years ago during construction.

Mr. HURD. Do you know of any initiatives that is trying to go back and figure that out?

Ms. HADDOCK. So a lot of the environmental enforcement things that are being done actually do force us into that. It is a good thing, it is a good thing in those particular cases, but it is also a competition for that limited space in our right-of-way to have all this infrastructure. And so a lot of infrastructure we are putting in today has the technology built into it for exactly where it is, but the infrastructure that was built even just 30, 40 years ago, we are having—research and development new technologies is creating ways for us to find that, and locate it, and geocode it, and have it electronically, but that is expensive.

We have 6,000 miles of waterline, 6,000 miles of wastewater line. When you begin to add those up, it is a massive effort to create those in electronic, very specific use to be able to get that data.

Mr. HURD. What would you like to see happen to help with that?

Ms. HADDOCK. I think that as we invest in recovery, that part of the resilience can be funded through that, including those things in how we reinvest. That is not just about replacing, that it is about creating those auxiliary upgrades at the same time as we are reinvesting those. That way, when we come through the end, we actually have a good baseline.

Mr. HURD. So would CDBG grants be able—could you use some of that for that type of activity? And in my final minute, answer that specific question, but also, after your experience with Hurricane Harvey, how can the Federal government better implement this program, CDBG, especially when it comes to recurring natural disasters and how to be prepared for those in the future?

Ms. HADDOCK. So I do think that through the planning side, that we can certainly incorporate that through the existing CDBG rules, but there is always competition between gathering data versus actual improvements on the ground that benefit people immediately. And, so, you are going to have that competition of how we prioritize the funding.

As far as advice that I would give, is that infrastructure and housing need to be planned in an integrated fashion. That we can't plan infrastructure and plan housing separately. That the planning needs to be done together, so that the resilient solutions address

all of the components of the people that are living there and the infrastructure that serves them simultaneously.

Mr. HURD. Thank you.

I yield back, Mr. Chairman.

Mr. PRICE. Thank you very much. Ms. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman. And thank all the witnesses for being here today and sharing their information.

With the constantly increasing risk of severe weather, we know it is very important than ever that our infrastructure will be resilient. In particular, Dr. Moon, it is good to see you here. Thank you for being here. It is great to learn more about some of the critical work that is being done at Rutgers, which just so happens to be in the backyard of my district. Could you elaborate on how the DOT's funding through the University Transportation Center Program supports the Center for Advanced Infrastructure and Transportation work?

Mr. MOON. Sure. The U.S. DOT there is a bunch of other funding sources, too, but let me talk about just a few programs that I think sort of are illustrative in nature. So there is one graduate training program, called C2R2, Coastal Climate Risk & Resilience. And it is a very unique program in that we are bringing students and faculty from social science, environmental science, climatology, public policy and engineering together. And these students take classes together, they go visit communities on the Jersey shore. And so, one of challenges with infrastructure resilience is it is such a multi disciplinary problem. There is so many perspectives, and a program like that really provides graduates that have depth in their field, but also an understanding of some of the breadth.

We do a lot with remote sensing. A colleague of mine has been to Corpus Christi to document with high resolution 3-D data the damage after Hurricane Harvey, we have been to Florida. He has done 600 miles of coastal communities in New Jersey. And that data is being used for everything from future planning, mitigation strategies, but also things that were sort of a surprise, like optimizing where you put debris fields immediately after some of these events, so that we can sort of get these communities back up and running.

There is a lot of others. We do things with resilience of bridge supply chain, and there is also quite a bit of training that gets done through the Center, thousands of individuals in the current workforce come in for training on emerging technologies and techniques and things.

Mrs. WATSON COLEMAN. Good to know. What are some of the examples of how the research done at the center has translated into real world benefits?

Mr. MOON. So one—I will just point out a project that I was sort of closely related—or involved in. A State Department transportation came to Rutgers and said, “You know, we have all these structurally deficient bridges, and we need to replace them, and we have funding for 15, 20 percent of these. And we have no real basis at this point to prioritize them.” And it was an opportunity, as I mentioned in my opening remark, to develop sort of a uniformed resilience metric and say, “You know, even if the money is not

there to enhance resilience of the infrastructure, it can prioritize some of the replacements that are going to be done anyways, so that the ones that have the biggest impact on reducing, say, the consequences of these extreme events, that they get done first.” And so, that is one of things that has been implemented.

Mrs. WATSON COLEMAN. Is there anything that you can think of that the Federal government can do to better support your research?

Mr. MOON. Well, I mean, there is always more funding, right? I am a faculty member, I think I am supposed to say that.

To be honest, I do a lot of work with the Federal Highway administration, as well as with our local State, and even some counties. And there is a big focus on this area. This is not lost on them. And so, even if there aren’t sort of dedicated programs, if you are in the field of civil engineering or structural engineering, this is probably the hottest topic, and so it has really gotten a lot of people’s attention.

Mrs. WATSON COLEMAN. Thank you very much.

I yield back. Thank you, Mr. Chairman.

Mr. PRICE. Thank you.

We have heard Ms. Haddock express her and the ASCE’s strong support for the Federal Flood Risk Management Standards. Dr. Moon and Ms. Lightbody, I would like to ask you to address that more specifically, maybe starting with Dr. Moon.

The Obama administration updated the FFRMS in 2015. The idea was to leverage the latest scientific research to provide additional safety in areas at risk of flooding beyond the 100-year flood plain, and it would have been a catalyst for cities and counties to be serious about planning around water events.

The FFRMS placed a strong emphasis on using flood plains and natural systems to absorb floodwaters and mitigate the impact of powerful storms. The Trump administration now has repealed the FFRMS. And ironically, they did so in the weeks just before Hurricanes Harvey, Irma and Maria.

So I would like for you to address a couple of questions, if you will. Was this the right approach, or what would you say about this approach, its strengths and weaknesses, to addressing flood risk and Federal infrastructure projects? And now that it has been repealed, what is your recommendation? Do we simply try to restore it? Or what do we do to ensure that Federal assets located in flood plains are built more resiliently? Dr. Moon, we will start with you.

Mr. MOON. So this is a little outside of my area, but the one thing I will say is that I am a big believer in research, I am a big believer in the scientific method, and if that is what was behind and driving this policy, then, I think, it is certainly not a good development that we are not increasing standards for building, you know, Federal assets in these regions. I mean, it is clear that floods are increasing, and we certainly don’t want to be actively putting new structures and systems in harm’s way. Beyond that, I really don’t really want to comment on some of the specifics.

Mr. PRICE. Ms. Lightbody.

Ms. LIGHTBODY. You are correct, it was repealed 10 days before Hurricane Harvey, it certainly appeared to be a shortsighted decision by this administration. I think there are efforts now to under-

stand was that the right approach? And now that we have a clean slate, let's take on a new approach. In the absence of modernized flood standards, we continue to put thousands of assets like utilities, roads, hospitals in harm's way. To put it simply, we use Federal and local dollars to map where we think it is going to flood, then we use Federal dollars to build things in those areas like schools and water treatment plants and roads. And then we use Federal dollars when it floods to rebuild those exact same facilities. We have to stop doing that, we have to stop putting buildings and assets and people in harm's way. And we are operating under a policy that is now 40 years old.

Communities like Houston, Nashville, Tennessee, they have all gone above and beyond what the Federal government now has for building flood plain regulations. And so, this committee—subcommittee can take this on by requiring that DOT and HUD assets have these regulations and standards around them.

You can take an approach that asks all agencies to do this, or you could take an agency-by-agency approach. The Department of Defense has embraced this just last year. FEMA, in some ways, and HUD in some ways, is already doing this. The Department of Transportation needs to take this on.

Mr. PRICE. Ms. Haddock, you look like you are ready to speak.

Ms. HADDOCK. I would love to add to this discussion, so Houston stepped out, along with Harris County, immediately after the storm. We have had flood plains that we regulated, too, and exceeded the Federal standards since 1981. However, of the 90,000 structures that are in the 100-year flood plain, 80 percent of them were built before 1980. So the cycle that we are in of a little bit of flooding, repair it, it is still in the flood plain. So we adopted an adaptive approach, we actually said we know that our rainfall totals will be updated, the draft Atlas 14 by NOAA had been put out, and that our current 100-year before Harvey was actually—the 500-year before Harvey was going to become our new 100-year when the new rainfall totals came out.

So the county and city both took flood plain regulations and adopted 2 feet elevation above the 500-year as a baseline so that as we made repairs, as we had structures that were substantially damaged as new development came in, that it would be protected above those levels.

But we still have thousands of structures that had 1, 2, 4, 6 inches of water in them, that under the current flood insurance program, will be repaired and will be left there to flood again.

Mr. PRICE. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. Last year, DOT inspector general reviewed the highway emergency response program, and they recommended that the DOT needs to improve in two main areas. One, the IG found that DOT's guidance to States on their highway ER program lacks information on how States can incorporate resiliency into their projects. Secondly, IG said that DOT does not have a good idea of what resiliency programs are being made by States. It also noted that there is a lack of information of best practices on resiliency, resiliency activities that could be shared among States.

Dr. Moon, you mentioned, in your testimony, the fact that there is no accepted and uniformed means of measuring resiliency in our transportation infrastructure. This is something that Congressman Cuellar, who is an appropriator, not on this subcommittee now, has been working on frankly before he got to Congress. And I was doing that as well, going back to State legislative years like in the 1700s. So how do you then deal with—how do you deal with these issues, when, in fact, there aren't even standards per se to be followed? Any ideas, or any suggestions?

And again, as I mentioned before, I don't want to beat a dead horse, but the chairman and I have put a lot of work and a lot emphasis, and frankly a lot of skin in making sure that we have all this money for the first time. My concern is, precisely, because of some of the things you talked about, but also the IG has said, this money will be put out there, and then we won't really have an idea of if it is working. How do you deal with that?

Mr. MOON. Well, I think you cannot get around the need for some metric that can be developed. And this is not an easy thing. Right? That metric has to take into account the likely performance of individual infrastructure systems. It has to take into account the performance of the network and the redundancy of the network. It has to take into account the preparedness of the agencies that are tasked with operating those pieces infrastructure, and then responding to emergency events.

I think the other challenge that we have is those metrics have to be formulated based on the data that we have, not the data that we want. And in the case of bridges, the data that we have dates back to the 1970s after the Silver Bridge collapse. They said this is the type of data we want to take on bridges. And resilience was not really a major focus at that point.

Mr. DIAZ-BALART. Are there communities—usually, the State—State and locals, and particularly the States, are the ones that kind of develop that are most innovative. We saw that after Hurricane Andrew in the State of Florida, I think, pretty much recognizes as a leader on, you know, storms unfortunately. But they have done a really good job.

Are there States, local communities that we should look to that are doing some of the things that you mention that have some metrics that are real, or is somebody developing these? Has someone already done it that we can kind of, like, plagiarize and copy?

Mr. MOON. Yeah, I mean, I think there are a lot of attempts out there. This is not something that nobody said, Hey, I think we should do this. I think lots of people have done it. The problem is, that they do things differently. And so, I think there needs to be an approach of bringing some of these things together and deciding, you know, what are we going to go have to standard B. Now, the reality I mentioned before what gets measured is what gets improved. It is very important what goes into that measure—

Mr. DIAZ-BALART. Absolutely.

Mr. MOON [continuing]. Because if you formulate it incorrectly, then we still aren't going, at the end of the day, have a more resilient infrastructure, and I think that is really one of the big challenges.

Mr. DIAZ-BALART. Does anybody have any ideas as to how we can do that? Because it is very difficult, it is very complicated, and it is very technical, and, frankly, it can be controversial because you can tweak it. Right?

Mr. MOON. Yeah. And there can be some winners and losers.

Mr. DIAZ-BALART. There always are. There always are. So are you all doing that in Houston?

Ms. HADDOCK. So we are working to include sustainability and resilience in all the projects that we develop. The American Society of Civil Engineers was actually part of the group that developed the Envision rating system, which is very similar to the lead rating system for buildings, it is for infrastructure, but it is focused on sustainability, but sustainability and resilience really are hand in hand.

So there are some measures out there for infrastructure that help create that base case of what is resilient, what is not. But I will say that we are seeing, at least in Houston, that our partners in the State are actively engaging us in resilience discussions on projects and looking for us to partner in addressing flooding at the same time that they are addressing transportation and partnership. So the discussions are happening at the base level.

Mr. DIAZ-BALART. Thank you, chairman.

Mr. PRICE. Thank you.

Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman. I want to go back to Arlington. We have had a hearing in the last couple of weeks where we talked about the issue of layered funding for a variety of sources. And we used a lot of pre lunchtime words that I know are difficult to deal with when you are getting hungry, layered cake, lasagna, whichever food you want, but I wondered if you could share with us some examples that you have used of how you used Federal funding to leverage it, used it in conjunction with State and local dollars for mitigation purposes?

Ms. RAITT. Sure. That is a great question. And I think the way that that layered cake or some other food group, the way that approach works is that it actually works through having a plan that identifies the ideas that these different programs can work together, and otherwise, if you don't have the plan behind that process, there is not a lot of good integration of different funding sources.

So that is really critical. So one example of that is actually through the consolidated plan process, which any Federal grant subgrantee has to go through in order to get access to CDBG home funds and other types of funds. And a lot of communities are engaged in that process right now, including Arlington, actually with it is regional consortium. I think that through that consolidated plan process, that can actually set the stage for those layered, sort of, financing situations.

In Arlington, what we have done is married CDBG with local Community Preservation Act dollars, which is basically a local tax that we have in Massachusetts which can go towards these types of initiatives, and then also, the State funding that we have received through the Municipal Vulnerability Preparedness Grant Program that the State offers.

That helps us to address things like flood storage, flood mitigation, and that is what we are doing actually on the Mill Brook Corridor. There are other examples of the ways in which those funds come together that also leverages in kind support, I would say, from the Mystic River Watershed Association, who also cares very deeply about these issues. So there can be a combination of resources that I do think that that is key to doing a lot of the things that we are talking about. But the underpinning, again, of that is making sure that it is actually codified in a planning process. Otherwise you have a lot of redundancy, redundancy in data collection, different types of evaluation and criteria and metrics, and not enough clarity in terms of how these different programs operate and intersect across the different agencies. So that is really critical and that could be some area where HUD reforms, and even DOT reforms could be helpful.

Ms. CLARK. Great. Thank you very much.

I yield back.

Mr. PRICE. Thank you. I want to return to some of the signals being sent by the current administration, but before I do that, I do want to return to the discussion Ms. Lightbody encouraged us to have about dedicated funding for mitigation. We, of course, have post disaster mitigation as a feature of FEMA programs, which is increasingly, I think, accepted and valued. And now, with the CDBG funding, we have CDBG-DR funding, we have the mitigation funding distinguished, and we are awaiting the guidelines on that in North Carolina and elsewhere to firm that program up.

Ms. Lightbody, you cited, in addition, the need for predisaster mitigation. Of course, that is mainly what we are talking about here today. As you know, there is a dedicated funding stream in the homeland security bill for predisaster mitigation projects. I take it that is what you are referring to in saying that we needed to increase that support. But wouldn't you agree that even if we tripled or quadrupled that funding stream, the impact would be less than mainly what we have talked about here today, that that is building mitigation into all of these funding streams, or as any of them are feasible, with both HUD and DOT. And I don't know, has anybody done a study of the direct predisaster mitigation grants and what kind of—what does their distribution look like? Is there anything like a kind of cost-benefit standard that has been applied to those? And what would it mean to double and triple that funding? We can ask that question, even if it is in another bill. But I wonder if you just elaborate a little further, I am sure you are not saying one or the other. But how would you describe that dedicated approach to mitigation projects as opposed to kind of broader strategy of incorporating mitigation into virtually everything we do?

Ms. LIGHTBODY. Certainly. An approach that incorporates both would be the strongest. Working with limited Federal resources, if you are going to invest money, knowing the savings that mitigation returns, it makes a lot of sense to dedicate them specifically towards predisaster mitigation. At the same time, building in resiliency and mitigation requirements to existing programs, so that communities are forced to incorporate mitigation into the grants and proposals that they put forward.

States like Florida, actually, serve as a very good example. The emergency management division after Hurricane Matthew did an assessment of mitigation proposals projects that were put in place, 40 mitigation projects cost \$19 million; avoided losses savings, \$81 million. So we know it works and that is happening—Raleigh is undergoing a project right now. That is happening at a State and local approach right now in terms of trying to document the savings and avoided losses.

Mr. PRICE. Excuse me, the Florida program you are talking about was post disaster mitigation?

Ms. LIGHTBODY. So the study was done after Hurricane Matthew looking at what they have done before Hurricane Matthew.

Mr. PRICE. Yes, yes, but it was undertaken after the disaster?

Ms. LIGHTBODY. The study was undertaken, the mitigation activities were taken before.

Mr. PRICE. Before the disaster?

Ms. LIGHTBODY. Yes.

Mr. PRICE. Have any of the think tanks involved in this area or the researchers actually assessed the range of pre disaster mitigation projects, and how well that money has been spent, how efficiently?

Ms. LIGHTBODY. Because of the nature of tracking, it has been difficult to do. I think there is an effort to look more closely at what money Federal dollars are going towards predisaster mitigation. The easiest place that if you are able to do that, is within FEMA, because of a dedicated funding stream. And so, as these dollars get spent from HUD, it is important that we are able to track and understand where they are going and what the savings are as a result.

Mr. PRICE. Absolutely. I think we can certainly agree to that, that as we get into mitigation as a more and more prominent feature of CDBG funding, DR funding, we absolutely need to couple with that an assessment of where these dollars are going and how we can spend them most efficiently.

These guidelines will help from HUD, but then, we need to assess where the money is going and how well the States are doing with this after the fact.

I will return to my other question on the next round.

Ms. Clark.

Ms. CLARK. I am going to pass. Back to our ranking member.

Mr. PRICE. Sorry, Mr. Diaz-Balart.

Mr. DIAZ-BALART. No problem, Mr. Chairman.

Actually, Mr. Chairman, on that issue, because I actually had a question about that, but on the Florida—and I mentioned before that Florida, again, because of unfortunately, because a lot of experience in it, has really done a remarkable job, and this loss avoidance assessment, which now they do after each major disaster has—I think, has been pretty amazing.

And so the question really is, Ms. Lightbody, you mentioned that, and how I think it has—it looks like it has done a really good job in kind of getting information, but are other States—you sort of mentioned that that maybe some other communities—are other States doing similar assessments? Are they real? Are they usable?

You know, can they be used, and are they available? Does anybody know, because I don't?

Ms. LIGHTBODY. They are happening at different levels, some at the State level, some at the community level. And some of it depends on funding, if there is funding available, more resource communities are able to undertake it. There are also Federal ways to drive that to incorporate that into funding that goes out the door.

Mr. DIAZ-BALART. Incentivizing it, to incentivize States or communities to do the same thing that Florida, in essence, is doing?

Ms. LIGHTBODY. Right, right, right. And it is hard to say who is doing it right, because what works in Florida doesn't necessarily work in Massachusetts.

Mr. DIAZ-BALART. Or California fires?

Ms. LIGHTBODY. Exactly, exactly.

Ms. HADDOCK. So I will say in Houston, our partner in the Harris County flood control district does the majority of our buyouts, which are both post and predisaster mitigation activities. And they do, after every major flood, actually publish the loss avoidance based on predicted losses from previous events that would have impacted those structures.

Those are even within the city of Houston that those are published as well. So in that particular regard, we do have local numbers on that.

Mr. DIAZ-BALART. I do think, and going back to, I think, my original question, which is since HUD is now in the process of developing the guidelines for this new, frankly, substantial chunk of money that is out there, if you all have any other specific recommendations. I am in touch with them, we are in touch with them, trying to make sure that those guidelines are good. So we have to make sure the States can access them, but we don't want that money to be wasted. So it would be really helpful if you all have any other ideas, as to what you think HUD should be doing as far as guidelines, please let us know, please let us know. Because I think that is—again, the chairman and I have a lot of interest to make sure the money is well spent. It is a substantial amount of money, as you know. That would be greatly appreciated.

Ms. HADDOCK. I know that Houston has provided specific comments along the way, and we will certainly do so during the public comment period, but I will make sure they come directly to you as well.

Mr. DIAZ-BALART. If you get it to the chairman or to me, that would be helpful.

Ms. HADDOCK. The thing that I would say is that a lot of the current FEMA programs, the only thing that is available to people locally in Houston become things—one of the post and predisaster mitigation that is happening, I won't say a lot, is we have 40 homes that are being elevated, they are literally being raised up above the flood plain. Well, we have thousands of homes that are in this similar type situation.

Mr. DIAZ-BALART. That is really expensive.

Ms. HADDOCK. And we are spending for 40 homes, we are \$12 million in, that is 40 homes. It would actually be less expensive to build the exact same size, new homes today's standards, but using the criteria, the elevation is the only one that meets. And so, we

don't want to deny that to our residents who are seeking to become resilient, but it is not the most efficient use of Federal dollars.

Mr. DIAZ-BALART. Again, any specific recommendations would be very helpful, and to get it to us, directly to us, would be very helpful.

Thank you, Mr. Chairman.

Mr. PRICE. Ms. Haddock, I wanted to ask you in a moment to comment on the pilot program that I understand you are still carrying out under FHWA, on resilience and durability to extreme weather. But I want to back off initially—stand back from that and look at the bigger picture in terms of that kind of pilot program and others under DOT and HUD under this administration.

The DOT has removed references to climate change from their website, and publications where they address resiliency. FHWA, as I understand it, has not renewed funding for pilot projects that help cities and regions planned for climate effects and build resiliency. HUD had the Sustainable Communities Initiative during the Obama administration. That, as I understand, has been discontinued. That provided grants to support communities in integrating their housing transportation, infrastructure, and environmental goals.

So any of you who are familiar with this and care to respond, I wonder what signals we are sending to the agencies—what signals the agencies are sending to cities, regions, States, that are looking to build resiliency into their planning and projects? And then, what actual support? It is partly a matter of the signals you are sending, it is partly a matter of the actual support you are offering. And I would appreciate your comments on one or both of those from your experience.

Ms. RAITT. So with the Sustainable Communities Program that was operated up until, I think, 2012, 2013, it was actually very extraordinarily effective in greater Boston, and one that actually set forth a vision in terms of climate adaptations for the entire region, and then led directly to local planning initiatives that then could be carried out, both at the local level, and at, sort of, the sub-regional level, if you will.

So that—without that program and without that sort of inter-agency relationship between EPA, DOT, and HUD, it really is challenging, again, to marry these different programs and to be able to carry out that local work ultimately. Without having that inter-agency partnership and relationship, it is challenging. So, I think, any new program moving forward should find a way to encourage that interagency collaboration and those partnerships, and also ensure that the criteria around resiliency is aligned, so that you are not talking about different versions of resiliency, but you are talking about a version of resiliency which addresses a lot of the things that we have been talking about here this morning. And then, also, really puts in the forefront equity, and particularly social equity directed at vulnerable populations again, where you know that the greatest level of investment and infrastructure will affect future generations, I think, is critically important.

So without that Sustainable Communities Program and some of the other things that you are talking about, it is challenging to operate without that particular program, but I think moving forward,

there is a way within which it can be integrated into future Federal policy and the programs, of course, through criteria and other requirements.

Mr. PRICE. Thank you.

Any other comments?

Ms. HADDOCK. So I will say that, to some degree, the data is coming past the policy in the sense that we now have rainfall records that are increasing the amount of rainfall, and driving us to design to criteria that the data is just driving us there, whether or not we agree with the policy implications. And as civil engineers, we have an obligation to not only plan for future growth and future demand and all those things, but the future environment.

So we have an obligation to consider those things as we move into the planning and the design for infrastructure. And so resilience has to be part of that, looking at the changing climate and the impacts to whether it is sea level rise. In Houston's case, we are more concerned about water supply and the changing rainfall patterns, more so than the amount of rain, because it is going to be about the same, but we are going to get it very differently. So we have to look at all those things as we look at where our infrastructure is, how it is built, and how it is going to serve our future populations.

Mr. PRICE. Of course, you are free to look at the data, analyze the data, make the projections?

Ms. HADDOCK. Absolutely.

Mr. PRICE. Apply for support on that basis?

Ms. HADDOCK. Absolutely.

Mr. PRICE. Any other comments?

Ms. LIGHTBODY. One way to—one of the major ways that the Federal government can account for future risk is by updating the flood risk management standards. We have to stop building things in the flood plain that are based on old data and old policy made 40 years ago. And so whether that is an agency approach, or a Federal wide approach, that is prudent policy so that we do not continue to put these homes that are costing millions of dollars to retrofit now. Let's not put those homes there in the first place now that we understand our risk.

Mr. PRICE. Thank you. Since we are wrapping up here, Ms. Haddock, let me ask you briefly to comment on the pilot program I understand you still have underway on resilience and durability to extreme weather the experience with this FHWA pilot project, how you expect it to help Houston address resiliency in the future. What you would say about FHWA's guidance and resources as you have undertaken this, how can it be improved? Anything we should know about that?

Ms. HADDOCK. So I do have a whole team that works with FHWA activities and stuff along the way. So I don't want to get too far afield, kind of like my colleague over here, but what I will say is that as we look forward to doing each of these things, we make sure that we are using the best information that we have available today, and that in a lot of cases, that we are trying to things we haven't it tried in the past. And seeing if they work, that we are basically laying out whether it is applied research and development, or whether it is—you know, pilot programs are fantastic

for local governments, because they give us the opportunity to take risk on that is—that we are adverse to on a daily basis. In general, we do not like to implement things that are not tried and true, and somebody else has proven for us. So these pilot programs are absolutely critical to our ability to try things, and to create innovation, and to create forward moving investments that may not happen without the implementation of pilot projects on the ground.

Mr. PRICE. Thank you. If you want to submit more specific information about this particular project, feel free to do that.

Ms. HADDOCK. Absolutely.

Mr. PRICE. We will be happy to receive that. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

Mr. PRICE. All right. I think we are ready to wrap up. We had a good hearing, I think, a very useful hearing about an important topic that is clearly relevant to everything we do, it works for every program we are funding. We need to think about the implications of today's hearings for that.

The committee staff is going to be in touch with you, your organizations, regarding any questions for the record. We would ask you to return any information for the record within 30 days from Friday, that is. And that will let us publish the transcript of today's hearing in a timely fashion.

Any final comments? Mr. Diaz-Balart?

If not, thanks to all of you, and we will hope to be in touch as we continue our process here. And the committee is adjourned.

TUESDAY, MARCH 26, 2019.

### MEMBER'S DAY HEARING

Mr. PRICE. Good morning. The subcommittee will come to order. The Transportation, Housing, and Urban Development Subcommittee funds programs that affect every city, county, and state in the country, from roads and bridges, to housing for the elderly and disabled, to recover from natural disasters. The programs in this bill protect vulnerable populations and rebuild America's infrastructure. Today is our day to hear testimony from our colleagues, from members on the programs in this bill. We will use this information to guide the subcommittee as we assemble our Fiscal 2020 Bill.

Now, let me—before we begin with our first colleague, I recognize Ranking Member Diaz-Balart, for his comments.

Mr. DIAZ-BALART. Mr. Chairman, thank you. This is important, that we listen to our colleagues. One of the reasons that we are here is to help our colleagues. So, I look forward to it. I yield back, Mr. Chairman.

Mr. PRICE. All right. Let us proceed. Our first guest is Representative Tom Malinowski. We ask you, Congressman, to—we are going to recognize you for 5 minutes, ask you to put any—and we will put any further statement that you have, or any attached materials, in the record. You are recognized for 5 minutes.

#### STATEMENT OF HON. TOM MALINOWSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. MALINOWSKI. Thank you so much, Chairman Price, Ranking Member Diaz-Balart; appreciate the opportunity to testify. I look forward to building some things with you this year. I am here, today, on behalf of the seventh district of New Jersey, to advocate for a budget that invests in transportation and infrastructure, in particular, public transportation.

Our infrastructure in America, once the envy of the world, is losing its battle, as I think we all know, against time, growth, weather, and wear, and no state suffers more from underinvestment in infrastructure than New Jersey, where twice as many of us use public transportation, as the national average.

To get to and from New York, 200,000 of us still depend on just two rail tracks across an old bridge called the Portal Bridge, and through the Hudson River Tunnel, two structures that were a marvel in 1910, when they were built, but are crumbling today. Virtually all passenger rail traffic moving up and down the Northeast Corridor depends on these two tracks. If we fail to repair this vital transportation corridor in time, we will deal a crippling blow to the economy of my region, and to the country.

Even a partial shutdown of the tunnels would disrupt not just passenger rail, but car and truck traffic up and down the east coast, making commutes virtually impossible for tens of thousands of people, diminishing property values, driving away businesses in one of the most economically vital areas in the country. Congress has recognized that. That is why, in the last 2 years, in this Congress and the last Congress, we have appropriated extra funding to Amtrak's Northeast Corridor, with the clear understanding that this should enable construction of the Gateway Project, which is designed to repair this critical transportation link.

The first stage of that project, the replacement of the Portal Bridge, is shovel ready. The environmental review has been completed. All of the funds necessary to complete it have already been provided by the Congress. The only roadblock is a political one. The Department of Transportation has refused to issue grants for the project because it says that New Jersey has not committed its share of the funding, even though New Jersey has, in fact, committed \$600 billion, its share of the funding. I can only conclude that this process, because of the controversy, for some reason, that has come to surround the Gateway Project, has become politicized in the Department of Transportation.

One of the Nation's most pressing infrastructure projects should not be stuck languishing on a desk at the Department of Transportation. Yet, that is where things stand today. I do not believe there is much prospect of that changing in the coming months, and that is why I believe the responsibility is on our shoulders, to ensure that the Gateway Project, which is so vital to the region and the country, is not only funded, but built.

Last year, Congress sent a signal that this is what we intended. It is imperative that we do no less this year. Indeed, a new Congress should do more, using every legislative mechanism at our disposal, to get this project off the ground. That is why I am requesting robust funding for two vital programs that will provide the necessary resources for Gateway to be built, the Capital Investment Grant, Grants Program, and the Amtrak Northeast Corridor.

I am also submitting language requests; one, to ensure that the funding we are appropriating is, in fact, being put to use, and to make it harder for the Department of Transportation to continue making excuses. Another request would make it easier for New Jersey, and other States, to finance its portion of the Gateway Project, or other States financing their portion of similar projects, by allowing states to use Federal transportation loans towards their share of jointly funded infrastructure projects. That language is in this year's budget for only one year. We should extend that. To say that a State taking out Federal transportation loans is not putting up its share of the cost of that project is like saying that you and I are not paying for our house, if we take out a mortgage on our house. It is ridiculous, and Congress needs to make that absolutely clear.

So, in sum, these funding and language requests will help us get closer to what I believe is our shared goal, ensuring no catastrophic loss to this vital transportation link, and allowing the Northeast region to continue to drive economic growth for the United States, as a whole. Thank you very much.

Mr. PRICE. Thank you, Mr. Malinowski. Let me just clarify. The Portal Bridge is the first stage in a multifaceted project, or projects, among projects. You say New Jersey has committed its share, and that share is how much, and what would the total—what are the total cost projections, as of this moment?

Mr. MALINOWSKI. Governor Murphy has committed \$600 million worth of Series A Bonds that would fund the full share, the full expected state share of the project; that, on top of funds that we have already appropriated to the Northeast Corridor. Of course, we do not have the year mark authority, but I think it is understood, within Amtrak, that this funding is to be set aside for the Gateway Project because Amtrak cannot survive if we allow the Tunnel and the Portal Bridge to fail. Indeed, the Portal Bridge is the first stage. This is a bridge that was opened in 1910. It is a swing bridge that opens on a—on, kind of, a pivot, whenever boats pass, and it is so rickety that, when it swings back into place, they often, now, have to send out a guy with a sledge hammer to hammer it back into place, as stranded rail passengers wait. It is the main source of delays, right now, in the Northeast Corridor, and, of course, a delay there affects rail traffic all the way up and down the corridor.

The tunnel is the next stage, and, of course, a longer-term effort. That is not yet fully ready to go because we are waiting for the environmental review to be released by the Department of Transportation. The Portal Bridge is shovel ready, permitted, reviewed. The only obstacle is they are not releasing the grants.

Mr. PRICE. Thank you. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Just know that there is no light between the Chairman and I on the importance of that, of those projects, and of what has to happen, and, so, we will continue to work with you.

Mr. MALINOWSKI. Thank you, sir. I look forward to the subcommittee, maybe, some point, visiting the Gateway Project. It is a fascinating ride through that tunnel when the lights are on, and you, actually, see what a piece of infrastructure that old looks like, and thank you for your understanding and your support.

Mr. PRICE. Thank you. We will next call our colleague, Mr. Visclosky. Welcome to the subcommittee. You are recognized for 5 minutes, Mr. Visclosky; happy to have you submit any lengthier materials for the record.

**STATEMENT OF HON. PETER J. VISCLOSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA**

Mr. VISCLOSKY. Mr. Chairman, my statement is in the record. I appreciate the opportunity to appear before yourself, Mr. Diaz-Balart, and I am, simply, here to make three points. One is to profoundly thank both of you, as well as members of the committee and the staff, for your work on the Capital Investment Grant Program. For 3 years running, 2017, 2018, and 2019, you have not only restored, but invested monies in these accounts that are important to the gentleman who just spoke before me, and others across this nation, including a vital redevelopment project in my district. I thank you for that.

I also understand that, while FTA has monies in their account for fiscal year 2019, we are waiting for the obligation of funds at

this point in time, and would certainly ask for sufficient Congressional oversight, as far as their activities, or lack thereof, and, finally, would ask the subcommittee to continue in the vein they have been in, to include language, to ensure that the prerogatives of the Congress and our committee, under article I, are abided by the administration, in these accounts, and the will of the people are abided by. Again, I cannot thank you enough. I know you will do your best. I want you to know I appreciate it.

Mr. PRICE. Thank you very much. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, I, actually, just want to thank the gentleman for his leadership. Your leadership has been, frankly, not only aggressive, but exceedingly effective. I want to thank you for the way that you have always, not only brought issues, but solutions to those issues. It is a privilege to work with you, and, again, the Chairman and I look forward to continuing to helping in any way we can. I know I can speak for the chairman, even though I, obviously, should not, but, again, there is no light between us, and I just want to thank you for your leadership, sir. I yield back.

Mr. PRICE. I agree with my colleague, as you would expect, in expressing gratitude for your leadership on our Defense Subcommittee, the vital work you do there. We are honored that you have broken away to speak with us, this morning, about needs closer to home, in terms of your own district. Would you like to take just a second to elaborate on the district relevance of what you have just told us?

Mr. VISCLOSKY. On the district relevance, I described the First Congressional District as, this school year, having over 73,000 less children in school than in 1970, which gives you a sense of the magnitude of the job loss and the hopelessness of people who have just moved because they do not see the advantage. We are contiguous to Chicago. We are on the largest body of fresh water in the world. We have every East-West freight line for interstates, but we are stuck.

If we connect to the economy of Chicago, whose economy is larger than Sweden's, we can prosper. We have the South Shore South End Railroad. It is very effective. It is very slow. Our intent is to expand service and was pleased that they received a medium-high rating for the expansion portion of the project in this year's budget and would anticipate that we will make progress on what is called a double tracking, to reduce travel times and increase the number of trains on the East-West leg. That would connect us, and, just to give you an example, in Michigan City, which is the Eastern Terminus, by and large of my district, it takes an hour and 40 minutes to get on the train to Downtown Chicago. The completion of this project will reduce that to, about, 57 minutes.

You are now part of that economy, and all of the quality of life that Michigan City holds. Gary, IN, and that is the city of my birth; I live in Gary, today. It was recently described, in an economist article, as a post-industrial Hell; their words, not mine. The neighborhood I live in, in Gary, if you can get to Chicago, with the changes in this mass transit, in 40 minutes or less, you begin to regrow that great city's economy and gives hope to its people. Critically important, and I would point out, we have all the non-Federal

share for 50 percent. The State of Indiana has contributed, our Regional Development Authority, and 16 of our 20 local communities, in a completely bipartisan fashion. It is a beautiful thing, Mr. Chairman.

Mr. PRICE. Thank you. You are very convincing, and we appreciate your testimony.

Mr. VISCLOSKY. Thank you. I would just, parenthetically, add that our colleague has a choice as to where he would want to spend his time this morning. That would be either on the Defense Subcommittee or on yours, and I see he has made the right choice. Thank you very much.

Mr. PRICE. All right. Thank you, and, now, we will call forward Representative Max Rose.

**STATEMENT OF HON. MAX ROSE, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF NEW YORK**

Mr. ROSE. That is what I am talking about. Chairman Price, it is good to see you. Thank you for your continued leadership. Ranking Member Diaz-Balart, I do not believe I have, actually, formally met you. So, nice to meet you, and thank you for your leadership, as well. Mr. Aguilar, you are the man. So, I appreciate the opportunity to come here, before you, today, because, quite frankly, my district, Staten Island, South Brooklyn is dealing with a commuting nightmare. It is dealing with overall with some of the worst traffic in the country, our commute average is 69 minutes per day; 69 minutes. Can you honestly imagine that? Two hours spent less with your family, 2 hours spent less pursuing leisure.

Our buses just never show up, and overall we have collapsing infrastructure. My district also leads New York City in terms of private car commuting as a consequence of our failed infrastructure on Staten Island and South Brooklyn, whereas 22 percent of Manhattanites commute by car every day, on Staten Island it is 68 percent. That is just a massive economic burden as well.

My constituents would just love the opportunity to use public transportation. They just do not have it. Now, no one sent me here to complain, so we are coming to you with some real options for things that we can do.

First, it is one-way tolling on the Verrazano Bridge needs to be repealed. The Verrazano is the only bridge in the Nation whose tolling is controlled by a Federal mandate.

This mandate was put in place 30 years ago, and the reasons for doing so have been addressed by modern technology. It is about time Federal law catches up.

Two-way tolling would generate millions of dollars in additional revenue for New York State MTA, which has a critical funding deficit, and this creates an opportunity for us to leverage two-way tolling into increased state and local investment, particularly in south Brooklyn, and Staten Island, both of which are in need of additional buses.

If you all want to chip in and help for us to pay for the additional cameras, for the E-Z Pass System that would be much appreciated since we would have had those cameras, had one-way tolling not been in place in the first place.

You know, it is only poetic justice that we deal with this through this committee because one-way tolling was originally imposed through a THUD appropriations bill.

Next my district needs substantial improvements to our major highways, the Staten Island and Westshore Expressways. Tens of thousands of cars use these expressways each day to get to work, from New Jersey into Brooklyn, and we can do this, do critical programs like the Surface Transportation Block Grant. Continued support for capital investment grants is also critical for improving access to public transit. Thousands of my constituents, as I said, don't have a public option near their home, we need additional ferry services. Staten Island is an island, South Brooklyn right on the water as well. We are prime for so much ferry service to the rest of New York City, and even to New Jersey.

We also, though, have to look at some other options for bus rapid transit. We have North Shore bus rapid transit plan that is going through an environmental review right now. Staten Island Light Rail projects as well, particularly on the West Shore as well as going into New Jersey.

Study show that these projects can have commuting time, and we need this community's assistance finishing the studies for these plans.

Now, I am aware that planning and implementing public transportation projects, requires coordination between the Federal Government and state and local agencies.

More than anything requires that this committee appropriate sufficient funding to making sure that the necessary resources are available and are used effectively.

Therefore, I ask the committee members to include in their report language, prioritizing projects in regions with long commute times. I think America as a whole is going through a rising commuting nightmare as more and more jobs concentrate in urban city cores.

In my conversations with many members of this committee, I have been encouraged by your desire to effect real change in the way that America and Americans move around. We all came here to make people's lives better, and I have shared with many of you the sentiment that there is no better way to do that than to ensure that people get to and from work quickly, and reliably, and can spend more time at home with their families.

Thank you for the opportunity to speak with you today. And I will look forward to working with you all going forward.

Mr. PRICE. Thank you very much, Mr. Rose, for your testimony. Mr. Diaz-Balart.

Mr. DIAZ-BALART. I actually, just also want to thank you for your testimony. And we look forward to working with you.

Mr. ROSE. Thank you very much.

Mr. PRICE. Now, we welcome, Representative Steve Watkins. Glad to have you, sir.

**STATEMENT OF HON. STEVEN C. WATKINS JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS**

Mr. WATKINS. Thank you, Mr. Chairman. And thank you Mr. Diaz-Balart, and thank you Mr. Aguilar.

I come here today to draw your attention to Highway 69, it is a major route that extends through a large section of my district. I am in eastern Kansas, and this Highway 69 stretches from north to south connecting Kansas City, which is in our northeast corner down to our southeast corner.

I am an engineer by schooling and by trade, I have overseeing millions and millions of dollars of construction in several countries, and I note through visually observing as well as talking with our state officials that this highway is in disrepair.

And it is not just a matter of the surface and subsurface layers cracking, but we are also experiencing an increase in volume. Traffic accidents are on the rise, and they are far above the rates of state-wide averages and national averages. What we have got is a two-lane highway with several, actually three freeway corridors that intersect along Highway 69.

And as the subcommittee drafts their fiscal year 2020 appropriations bill, I respectfully ask that you include a request for the Department of Transportation to conduct a study on the safety of Highway 69.

The safety of American highways is essential and valuable. There is no doubt on the return on investment proper safety plans and maintenance of our highways is a direct investment in American ingenuity and quality of life, failing to do so results in slower economic growth, hazards and even deadly driving conditions.

Thank you for the opportunity to speak with you today. And I encourage you to lead the effort in rebuilding America's infrastructure. Thank you, sir.

Mr. PRICE. Thank you, Mr. Watkins. I wonder if you could elaborate. We will get your full statement on the record, but we have a couple of minutes here. I wonder if you could elaborate a bit on the state's part in this, and the level of state concern and state effort.

Mr. WATKINS. Sure. Most of what I have participated in, and I have had privy to has been, I have actually driven by private citizens leading the effort and holding hearings in meetings in conjunction with the Kansas Department of Transportation. Now there has been improvements made on the highway, and not all parts are as dangerous as I have described.

Now I can provide a report that clearly answers your question, but efforts to this point have largely been civilian driven.

Mr. PRICE. All right. Thank you. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, really on a point of personal privilege. Because I just, you know, want to thank you for stepping up today. We look forward with you. But also, I would be remiss if I didn't thank you for your selfless service to the country.

Mr. WATKINS. Thank you.

Mr. DIAZ-BALART. You are doing it now, and you have been doing it all your life, and as well as your family. So I just wanted to take the opportunity to thank you for that, and it is not something that we do not cherish and admire. So, thank you, sir.

Mr. WATKINS. You are welcome, sir.

Mr. PRICE. Thank you.

Mr. WATKINS. Thank you.

Mr. PRICE. We are going next to the witness stand. Our Representative Gil Cisneros, welcome.

**STATEMENT OF HON. GILBERT RAY CISNEROS JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. CISNEROS. Thank you, sir. Chairman Price, Ranking Member Diaz-Balart, Mr. Aguilar, members of the House Appropriations Subcommittee on Transportation Housing and Urban Development, thank you for allowing me this opportunity to provide input on the fiscal year 2020 appropriations process, on behalf of the residents of the California's 39th Congressional District.

I am here today to encourage you to once again reject, on a bipartisan basis, the damaging cuts to transportation and housing funding proposed in the President's Fiscal Year 2020 budget request.

My district is one of many across this nation that relies on federal funding for local infrastructure projects to fund housing programs and advance our economy. Today, I want to highlight just a few examples of the programs in the 39th that deserve your attention.

Among the many highway funding streams under your jurisdiction, I urge you to provide increased funding for the INFRA Discretionary Grant Program. My district is home to a major trade corridor along California State Routes 57 and 60. Stakeholders in my district have been working to advance the 57/60 Confluence Chokepoint Relief Project for over a decade.

This month, I sent a bipartisan letter with nine of my regional colleagues in support of the community's second application for an INFRA grant after their application was rejected last year.

I have met with local officials who highlighted that in the past year, the total cost of the project has increased due to the delayed start date and recent changes in trade policies. Strong funding levels for the INFRA Grant Program will ensure this project is competitive and completed.

Additionally, I urge you to provide strong funding levels for the Low or No Emission Vehicle Program under the Federal Transit Administration.

I have heard from transit entities across my district who are working to meet the statewide goal of reaching 100 percent zero-emission bus fleets by 2040.

The so-called Low-No bus program will help transit systems in my district transition their fleets to the lowest polluting and most energy-efficient vehicles.

Further, I hope that you ensure robust funding for rail infrastructure programs, including BUILD Transportation grants and the Transit Oriented Development, TOD Pilot Program.

The city of Placentia in my district is proceeding with site planning and has secured local and state funding for a new MetroLink station.

Federal funds through BUILD and TOD programming will ensure the timely completion of this project and associated economic development plans.

Regarding housing programs, I am extremely troubled that the President has proposed to eliminate key housing and community

development programs, like the Community Development Block Grant program, CDBG.

Since being sworn into office, I have met with representatives in every city in my district. In every single meeting, mayors, council members, Democrats and Republicans urge me to fight for increased funding for CDBG.

Our cities need these funds to improve the quality of life for vulnerable populations. Chino Hills uses these funds to support the House of Ruth, which serves domestic violence survivors who need shelter. Walnut uses these funds to support home renovations for special needs family members.

Contrary to the President's budget, these programs are not low value, and I hope you will reject this proposal.

Finally, as a former Navy officer, I am outraged that the President has not requested funding for HUD-VASH in his budget request. It is deeply troubling to see my fellow veterans unable to find safe, comfortable housing.

We owe it to them to do whatever we can to support local efforts to finally end veterans' homelessness. I stand with my colleagues calling for a return to the fiscal year 2017 funding level of HUD-VASH, to 47 million.

Thank you again for your time and consideration. I know you have a tough job ahead of you given the constraints of the Budget Control Act. I hope you will keep these stories in mind as you craft the Fiscal Year 2020 Transportation, Housing and Urban Development Appropriations Acts.

Thank you very much.

Mr. PRICE. Thank you, Mr. Cisneros. We welcome you to this institution, and to this committee, and we appreciate your testimony. I can assure you that this subcommittee has a history of an independent and largely bipartisan scrutiny of these budget items. Many of which you have mentioned. The CBDG of course ranks very high, so does VASH. We appreciate your concern about these matters, and we will tend to them. We intend to look at those very carefully.

Let me turn to Mr. Diaz-Balart for any questions he has.

Mr. DIAZ-BALART. Mr. Chairman, I just want to echo your words and I wholeheartedly agree. And thank you for coming in front of us today. I yield back.

Mr. CISNEROS. Thank you very much for the time.

Mr. AGUILAR. Mr. Chairman.

Mr. PRICE. Thank you.

Mr. AGUILAR. Mr. Chairman?

Mr. PRICE. Oh. I am sorry. I recognize Mr. Aguilar.

Mr. AGUILAR. No, I just wanted to say briefly to Mr. Cisneros, and other members who are new to Congress who are testifying, this is the group under the leadership of Ranking Member Diaz-Balart when he was Chairman, and Mr. Price is Chairman now, has done exactly what they have both said, is to push back on priorities that are important for our communities and our regions.

A lot of the programs that you mentioned were protected and saved under the leadership of both of these two individuals. I also want to speak a little bit to the region that Mr. Cisneros represents. Much like some of our Florida colleagues, a lot of our re-

gions are interconnected, and so people may live in my district and work in Mr. Cisneros district, or live in his district, and drive through my district. We are all connected, and a lot of these priorities that he has talked about are not parochial and have broad support within regions because of the interconnectedness that we have in Southern California.

So, I thank you for bringing these priorities forward, Mr. Cisneros.

Thank you, Mr. Chairman.

Mr. PRICE. Thank you.

Mr. CISNEROS. Thank you.

Mr. PRICE. Thank you, Mr. Cisneros. Now, we call on Representative Adriano Espaillat. Glad to have you, sir.

Mr. ESPAILLAT. Thank you, Mr. Chairman.

Mr. PRICE. We recognize you for 5 minutes, and we will put any additional materials you wish in the record.

**STATEMENT OF HON. ADRIANO ESPAILLAT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. ESPAILLAT. Thank you, Mr. Chairman; Mr. Ranking Member. I want to first start by thanking the Ranking Member, last year he helped out in some housing-related matters, with Lake View Housing Complex, and it proved to be very successful. So, bipartisanship sometimes does work.

First, I want to thank you, Mr. Chairman, members of the committee, for allowing me to testify this morning. My full written testimony was already submitted, but I wanted to take a few moments of your time to highlight the specific areas of interest and concern that I have.

The first item that I want to speak about is the capital investment grants. These grants are vital to the growth or modernization of our local transportation systems. I know this program has bipartisan support, but I want to add my voice to the consistent leaders on this issue, Congressman Blumenauer and Congresswoman Walorski.

The Second Avenue subway is slowly but surely making its way uptown in New York's 13th congressional district. This is a century-long endeavor in the city of New York, and it requires city, state and federal funding, including CIG funding which is part of the new STARTs program.

And I support this type of funding and my constituents direly need the extension of the Second Avenue subway, and when you are in New York, and you don't take a cab because it is no longer practical to do that, because this becomes a permanent parking lot, and you have to take the train, I hope you take the Second Avenue subway, and you get to where you are going on time.

So, we need the moneys for this. As a new member of the Transportation and Infrastructure Committee, and the only member representing New York City, it is extremely important to my constituents and to all New Yorkers, that the CIG and New Starts Program continues to receive bipartisan support. For that reason I urge the committee to reject the administration's proposed cuts to the program, and maintain funding at current levels.

Now, I know from both sides of the aisle, many of our colleagues have projects that will surely benefit from New Starts, and I am optimistic and hopeful that we will keep the funding.

The MTA, that is the larger, broader subsystem, not just the Second Avenue Subway. It is like your brake pads, you can't expect to run your car 100,000 miles with the same brake pads, you are either going to have an accident, or you are going to have a major, major mechanical, auto-mechanic bill coming up with your front end.

So, the MTA system continues to have great needs, and I am hopeful that this committee would advocate for the funding of subway systems in New York City. The economy in many ways, the financial district is joined at the hip with our subway system. New York City's economy is really relying on fast and reliable public transportation, and not to have it will hurt, not only New York City, but the rest of the country as well. So, I hope that you invest wisely in our New York City public transportation system.

Furthermore, I would be remiss if I did not urge in the strongest term the importance of funding GATEWAY, the GATEWAY Project especially, and especially the replacement of the Hudson Tunnel, so it is a regional need, the Northeast Corridor is very fragile.

In fact, I think it is a national public security problem there, to have such a fragile corridor of the country in the way that it is, and I suggest and encourage funding for a new way.

And finally, Mr. Chairman, and Mr. Ranking Member, I think that transportation and infrastructure is not just roads, bridges and tunnels, and that is a traditional, so like, description of it, but it also involves things like public housing.

I know the Ranking Member is very aware of that, and that is something that is very dear and near to him.

Public housing is part of our infrastructure network, and we must invest in NYCHA, the New York City Public Housing Authority, 440,000 people living in NYCHA buildings. That is bigger than many cities, small cities, even mid-sized cities in the country.

And we have all seen it in the news, the dire conditions faced by many of these families, so we have to invest in capital improvements for our public housing, not just in New York City, but across the country.

We are the landlords, the Federal Government is the actual landlord, and we must have full responsibility in having a safe and human conditions for many of the families that live in public housing. With that I end, Mr. Chairman. I know there are other matters such as housing voucher programs that I support, as well as other block grants, community development block grants that I also support, but I think these are major initiatives and I hope I find the support in this committee. Thank you so much.

Mr. PRICE. Thank you, Representative. We are fortunate enough, I think to have Transportation and Housing under the same roof, so to speak, in the appropriations process, for many of the reasons that you state. And you won't find disagreement here with the notion that housing and community development is also part of our country's needed infrastructure and development crying out at this moment for investment. We appreciate your testimony.

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, very briefly. This is a member who has been exceedingly effective and persuasive, and I want to thank you for your involvement, your direct involvement.

You know, just to note that this subcommittee, whether it is the chairman or the ranking member, or whether it is the staff and their teams, we frankly work as partners, in absolute trust. That is one of the reasons that I think not only have we been able to do important things, but it will hopefully continue to do important things, and just know that, and again, if I may be so bold to even speak for the chairman, but we work together, and to make sure that we fulfill the priorities of the country, and I personally want to thank you for just being hands-on as you are and your staff.

And so I know that I can speak for the Chairman and our staffs, to thank you for your involvement, and we look forward to working with you and the chairman on that.

Actually, I can pretty much use that also as my closing statement. I yield back. Thank you.

Mr. ESPAILLAT. Thank you.

Mr. PRICE. Thank you, Mr. Espailat. Next we will hear from a colleague, Jeff Van Drew. Welcome, sir.

**STATEMENT OF HON. JEFFERSON VAN DREW, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY**

Mr. VAN DREW. Thank you. Thank you. It is good to be here. Chairman Price, Ranking Member Diaz-Balart, and members of the Transportation Housing and Urban Development Subcommittee, I thank you for the opportunity that you have given me today, to speak on behalf of the over 1,400 men and women at the William J. Hughes Technical Center in Atlantic City. They keep our sky safe, and I am deeply proud to represent them in Congress.

I represent New Jersey's Second Congressional District which encompasses a large swath of the State's land mass, and is known for its biodiversity, beaches, fisheries and tourism-based economy.

The Tech Center is the Federation Aviation Administration's National Scientific test base for the research, development, test and evaluation of air transportation systems. The research, testing and prototype development conducted by Tech Center staff help shape the future of the Nation's air transportation system. In short, it is the Nation's premiere Air Transportation System Federal Laboratory.

The Technical Center has a number of unique laboratories engaged in research that contribute to aviation system development, air traffic management laboratories, simulation facilities, a human factor's laboratory, the next-gen integration and evaluation capability, a cockpit simulation facility, a fleet of specially instrumented, in-flight test aircraft.

The world's largest full-scale aviation fire test facility. A chemistry laboratory for analyzing the toxicity of materials involved in a fire, surveillance laboratories, a full-scale aircraft structural test, evaluation and research facility. The national airport pavement testing facility and an unmanned aircraft systems research and development simulation laboratory.

The Tech Center is the heart of an aviation cluster that is unparalleled. A lot of work at the Tech Center is done in partnership

with the academic, private and public entities such as NASA, the Department of Defense, Department of Homeland Security, U.S. Marshalls, and the U.S. Coast Guard. I hope the subcommittee supports robust funding for the Tech Center laboratory facility, laboratory sustainment, next-gen, and operations planning. The next-gen support portfolio and fire research, and safety, among others.

Finally, I oppose the administration's attempt to require Tech Center employees to fork out more of their own money for their retirement plans.

Public service is a calling for the Tech Center employees. They are proud to contribute to their safety, security, and competitiveness of their country. And oftentimes they give up a much more substantial salary that could have commended in the private sector.

When the government breaks its commitment, it sends an unmistakable signal.

The recent 35-day Government shutdown, the longest in our Nation's history really hurt morale at the Tech Center as 971 employees were furloughed, and 449 were asked to work without pay.

Critical projects were significantly delayed. Tech Center employees, like many Federal employees, simply do not trust the Federal Government to keep its end of the bargain anymore and may choose to take their expertise elsewhere.

I implore the subcommittee to reject these onerous cuts to Tech Center workers. And again, I ask the subcommittee's support robust funding for all programs and operations at the William J. Hughes Technical Center.

I thank the subcommittee for its time, and look forward to working with all of you to ensure the safety of our skies. Thank you.

Mr. PRICE. Thank you, Mr. Van Drew. We welcome you to the Congress, and to this subcommittee, and we appreciate your testimony. Your region, New York, New Jersey metropolitan region and beyond, have been well represented here this morning, and we appreciate the chance to learn more about the work at the Tech Center, I have been here long enough to remember very fondly, Bill Hughes.

Mr. VAN DREW. Yes.

Mr. PRICE. And the good work he did. And we appreciate your championing of the Tech Center's work, and its employees.

Mr. VAN DREW. And I will continue to do so. And Bill Hughes is doing well.

Mr. PRICE. Good, good to know. Mr. Diaz-Balart?

Mr. DIAZ-BALART. Mr. Chairman, and you spoke very well for me. And so I will yield back. Thank you so much.

Mr. PRICE. Thank you very much. We appreciate your testimony.

Mr. VAN DREW. Thank you so much.

Mr. PRICE. Ms. Jackson Lee? It is a pleasure to welcome you to the subcommittee, and we will put your full statement, and any material you want to place on the record, but we will recognize you for 5 minutes.

**STATEMENT OF HON. SHEILA JACKSON LEE, A  
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Ms. JACKSON LEE. Mr. Chairman, thank you. Ranking Member, thank you; and thank you for the work of this committee. It is sort of the backbone of local communities, and they are eager to see the committee's work.

Let me first of all frame some issues that may seem to be authorizing commentary, but I know in the midst of your great work and understanding of how dependent our various agencies that deal with Transportation-HUD issues, are on the Federal Government.

As relates to transit, I would hope that we would be able to overall fund the program at the authorized level or more, and not at the proposed administration budget.

I am shocked at the administration's budget because they had a commitment to do an infrastructure bill, which obviously is going to take some dollars. Increasing the flexibility where possible so local government, meaning local government, not state governments, can flex funds to local priorities allowing for increased funding of transit projects with highway category funds.

That flexibility will allow local transit entities would be very helpful. Allow flexibility of utilizing funds remaining in the full funding grant agreement so we can use funds for supporting enhancements that were not included in the FFGAs. So, to look at that language would be very helpful.

I am a strong supporter of ensuring the recovery of the Virgin Islands and Puerto Rico. I want to emphasize that. I do have, actually the appropriation's process to look at the \$300 million that was given in resilience, and whatever has not been used by Puerto Rico and the Virgin Islands, to go back to those particular entities, like those impacted by Hurricane Harvey, and asses their needs as well. We understand the commitment that had to be made to Puerto Rico additionally.

Secondarily, I am hoping for an increased amount of funding for bike safety. I will be introducing legislations regarding incentives for states to focus on bike safety. I have one of the highest numbers of bike death in the Nation down in Houston and down in Texas, and it is a transportation dollars incentivizing them to get States to really turn their focus.

It is not just bike trail, which I support wholeheartedly, and gave the first \$6 million to my community, way back, to establish this massive bike trail system that they have. But it is bike safety that is crucial.

I support 1.25 billion for transportation investment TIGER grants, they are the lifeline of local communities. I support \$2.5 billion for New Starts, Texas, but let me just say Houston is about 20 years behind, because we had some distractions in getting funding early on though many of us oppose it. This is going to help the efforts that we have.

I support \$120 million for the FTA providing grants to the state and local governments. I support \$2.3 billion for the Amtrak Passenger Rail, I have always been a support of that Amtrak service that is crucial East Coast.

I support \$3.1 billion for capital assistance for high speed rail. We are engaged in the process of high-speed rail going from Hous-

ton to San Antonio, to Dallas. We are using certainly private funds to a certain extent, but the Federal, State and local partnership is vital to this program, and it is going to be an economic engine for many rural communities which I think is important.

I represent the airport and so the \$3.4 billion in airport improvement, that is where I think we need the greatest investment in tarmac reconstruction safety and security is crucial.

As it relates to HUD, again, my district faces the largest, or let me just say, a huge number of homeless. I interact with them, pass them in huge numbers in Downtown Houston. We have tent cities in Downtown Houston made by the homeless, but more importantly we have our veterans, of course, that are engaged. So, \$3.5 billion for community block grants, the homelessness of working people is also, the unhoused, it is vital that we begin to build housing across America, and be partners to that.

And so I support the \$120 million for housing for the elderly, which is crucial. I would even like to see that increased. And I support the \$1.6 billion for the home investment partnership program, there is so many people that are designed to be in homes. They are working Americans.

Now, there is a different issue on the credit score. I happen to think if you are a working American, and you can show that you pay your—that the normal bills that you need to be able to get your down payment and get a house.

I support the idea of home investment. I support \$21.5 billion for tenant-based rental assistance, too many people being evicted, \$42.5 million for Fair Housing Initiative, we still have the unfortunate circumstances of discrimination against immigrant, against the LGBTQ community, against elderly, against the disabled and against minorities.

I support \$500 million for HUD VASH programs. Again, that is homeless veterans. Many in my district, \$90 million for housing counseling assistance, \$160 million for lead poisoning, I think that is a good—I would like to see that increased. I think we are finding more lead than we might believe in places where we would not believe that we are finding it.

There are a lot of people living in homes that they are renting, and that are very old, in communities like mine that have lead.

Finally, I support \$360 million for housing opportunities for person living with AIDS, this was something that I supported way before I came to the United States Congress, and I will tell you that it is a, I will use the term blessing, for individuals living with HIV/AIDS.

Finally, let say that I thank both of you for the service that give, count us as partners in this work. You have a vital committee for vital lifesaving programs for the American people. I yield back.

Mr. PRICE. Thank you, Ms. Jackson Lee. We certainly agree as to the vitality of this committee and the work we do, and we appreciate your advocacy over this broad range of programs. It reminds us of how much work we have to do. We appreciate you being here. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, I have had the privilege to work on a number of different areas, and so I want to also just join your words. Thank her for being here. But she understands the im-

portance of the subcommittee. And just know that the subcommittee is committed to a lot of the issues that you just mentioned.

So I want to thank you. Thank you, Mr. Chairman.

Ms. JACKSON LEE. Thank you.

Mr. PRICE. I believe, Ms. Jackson Lee—

Ms. JACKSON LEE. Thank you for the time.

Mr. PRICE. Thank you. And we appreciate your being here. And I believe Ms. Jackson Lee is the last of our witnesses. Are there any others coming forward? If not, any closing comments, Mr. Diaz-Balart?

Mr. DIAZ-BALART. Mr. Chairman, I want to thank you for holding this hearing, again, this is an important step to putting together a crucial piece of legislation that is always challenging. But again, I look forward to working with you with the staff, and with all the members that have testified in this subcommittee to putting together a great bill that we can all be proud of.

Thank you, Mr. Chairman.

Mr. PRICE. Thank you. We have had an interesting range of members today, and some real challenges put before us. So, we appreciate that input from veteran members, and also from some of our newest members, and all in between.

With that the subcommittee will adjourn.

[Material submitted for inclusion in the record follows:]

Congressman Thomas R. Suozzi (NY-03)

Thank you, Chairman Price and Ranking Member Diaz-Balart, and other members of the committee. I want to talk to you about something important to my district, the Glen Cove Ferry, and the necessity to maintain current funding for FAST Act grants and programs.

Every day, over a million people commute into New York City from the surrounding areas - hundreds of thousands of them from Long Island. This near constant inflow and outflow of cars, trains, and buses has put massive strain on our regional roads and rail, and it has become obvious that we are quickly reaching a critical mass. New Yorkers' commutes are the worst in the nation. New Yorkers spend an average of over 35 minutes each day commuting to work and almost 90 hours stuck in congestion. Every day, people who work in New York City have to wake up and leave their homes earlier to beat traffic or get on an earlier, less crowded train to get to work on time.

Commuters into New York mostly drive or rely on the Long Island Rail Road (LIRR) to get to the office every day. Last year the LIRR carried 89.9 million riders, the most since 1949. However, this increase in ridership has not brought with it improved service. Customers often complain about long delays, overcrowded trains, and late arrivals at their destinations, and they are right. Nearly ten percent of all Long Island Rail Road trains run behind schedule through the duration of their trip; this is equal to over 16,000 trains. In addition, a total of 1,269 trains were canceled at the terminal before departure, the most since 2010. Another 567 trains were terminated en route. In 1900, the train from Glen Cove to New York City took 1 hour, now 119 years later, it takes an hour and 5 minutes.

Congestion due to cars in New York is even worse. A recent study ranked New York City as the third most congested city in the world in 2017. In fact, traffic is so bad that the Governor and Mayor are pushing for the implementation of a congestion pricing plan to encourage people to leave their cars at home and use alternate methods of travel.

Our country needs a massive infrastructure overhaul to stay competitive in the global economy. We need to be investing in the repair and improvement of our existing roads, bridges, and tunnels, while also looking toward the future and finding new avenues for development, so that our citizens can have safe, reliable, and environmentally responsible means to get to and from work every day.

When I was Mayor of my home town of Glen Cove in the 1990s, I saw an opportunity to both clean up our waterfront - which was on both the State and Federal Superfund lists - and create a new approach to transportation into New York City. I worked with a Connecticut tribe to initiate high speed ferry service to New York City's Financial District and to Connecticut. This service, which was used by 100s of people each day was discontinued following 9-11. But the desire and need for ferry service from Glen Cove continued. Since then, with help from the Federal Highway Administration, a new ferry terminal has been built and the City of Glen Cove is in the process of hiring a ferry operator. In addition, a developer is currently constructing 1,100 apartments adjacent to the terminal, many of which will provide homes for people who work in New York City. In fact, the developer promotes the ferry as one of the amenities to living in the new development.

Now we need to get the ferry operational. Glen Cove already has the necessary infrastructure; however, in order for the ferry to be successful, it must be price competitive with

the railroad, which is heavily subsidized. The developer is providing a short-term subsidy for the ferry, but more is needed if this means of transportation is to be successful.

The Federal Highway Administration's Congestion Mitigation and Air Quality Improvement Program (CMAQ) is one possible solution to this problem. The CMAQ program was implemented to support surface transportation projects and other related efforts that contribute air quality improvements and provide congestion relief. A ferry service would do just that – provide an alternate source of transit for people commuting into New York City, reducing the number of cars on the road.

An estimated 350-560 passengers are expected to take the ferry daily. That is equal to taking tens of thousands of vehicle miles off the road each day. This will clearly lead to less air pollution and traffic in and out of the City. The ferry could also act as an important backup plan for many riders, like it was during the “Summer from Hell”, the 2017 period which saw massive delays of the LIRR due to a partial shutdown of Penn Station. During that time, the Glen Cove ferry operated a twice-a-day round trip service that dropped commuters off at two locations in Manhattan.

I am extremely proud of the work my hometown has done to better the lives of commuters in our area. Now, it is Congress' turn to act. We see these problems in communities all over the U.S., and now is the time for us to take bold action in addressing this situation.

I strongly urge the Committee to continue funding for the CMAQ program, and other similar programs, at their current funding levels. The CMAQ program is extremely important to districts such as mine that desperately need assistance in meeting its transportation challenges.



WEDNESDAY, APRIL 3, 2019.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**WITNESS**

**HON. BENJAMIN S. CARSON, M.D., SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. PRICE. The hearing will come to order.

We would like this morning to welcome our Secretary, Mr. Secretary, from the Department of Housing and Urban Development, Dr. Ben Carson, to our annual budget hearing. So welcome back. We are glad to see you, Mr. Secretary.

Across the country, communities are grappling with an affordable housing crisis. Many of the people affected by this crisis are the most vulnerable among us: seniors, the disabled, low-income families with children, and veterans. Studies from HUD and other sources indicate that more and more families are struggling to pay rent.

The Department's most recent worst case housing needs report to Congress identified more than 8 million renters who spend more than half of their current income on rent, live in severely substandard conditions, or both. Yet today, just one—excuse me, one in four families eligible for Federal housing assistance gets the help they need. That is 25 percent.

So at a time when housing should be a front-burner issue right up there with education and healthcare in terms of basic human well-being, it seems to be actually falling further behind.

As I have said before, this isn't a reality written in the stars somehow; this is a political failing. It represents a political failing, and it can be changed. For many years, nearly all of HUD's affordable housing and community development programs have been underfunded compared to demonstrated need. We know from both personal testimony and available research that HUD programs make a positive difference in the lives of millions of people. They can transform struggling communities, improve health and education outcomes, especially for children, reduce homelessness, and support self-sufficiency and human dignity.

That is why it is disappointing that the Department for the third year in a row has put forward a budget request that is wholly inadequate for the task at hand. Sometimes we say the third time is the charm. I don't think so in this case. HUD's request includes about \$39.7 billion in total budgetary resources. That is \$9.7 billion less than fiscal 2019 enacted. It is a cut of 20 percent.

Mr. Secretary, you propose in your budget to eliminate community development block grants. Eliminate. Eliminate the home program, the public housing capital fund, choice neighborhoods, special vouchers for homeless veterans. That list goes on, and I haven't even mentioned the numerous reductions in the request.

On that front, it appears that your budget request could leave core housing assistance programs such as Section 8 vouchers without adequate funding to continue serving all existing tenants. This could put thousands of families at risk of becoming homeless.

These sweeping program eliminations and reductions are not only unacceptable but also unrealistic. It is exhibit A of this administration's draconian approach to budgeting, and it utterly fails to consider the stark human cost it would impose on our fellow citizens. And by the way, none of this would ever, ever balance the budget. But it would disinvest in our communities. I would call that the worst of both worlds.

I would also like to register my serious concerns with the Department's so-called rent reforms, which would essentially shift HUD program costs on to residents. These proposals were rejected on a bipartisan basis last year. I expect the same will occur this year.

In addition, during the last 2 fiscal years under the leadership of Mr. Diaz-Balart, this subcommittee provided significant new targeted resources for HUD programs to assist the disabled, the elderly, the Native Americans, so we need more clarity about when this funding will be awarded.

Finally, we need to hear directly from you, Mr. Secretary, on a host of other topics, including the Department's actions to improve housing quality standards, to enforce our Nation's fair housing laws, and to administer disaster recovery funding to assist States and territories hit by recent natural disasters.

The current state of housing in America should force us to ask tough questions about our national priorities. Those who live in federally assisted housing are not second-class citizens. They, in fact, are our neighbors, working parents, seniors, the disabled, and young children. They are seeking stability and opportunity in their lives just like the rest of us. They deserve a place in our communities; indeed, they are often serving our communities. Unfortunately, this budget proposal would make our affordable housing crisis even worse, and it would relegate vulnerable people to an even more tenuous and marginalized existence within our society.

So, Mr. Secretary, HUD and its dedicated employees have a challenging and vital mission. I look forward to working with you to ensure that you have the resources you need to carry it out.

I would now like to recognize my good friend and the ranking member of the subcommittee, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you very much, Mr. Chairman.

Secretary Carson, welcome back to the subcommittee. It is always good to see you, my friend.

I would like to start by thanking you for always making sure that our lines of communication are open, are direct, honest and, frankly, very productive. I have now had the chance to work with you directly for over 2 years, and I continue to be impressed, continue to be impressed with your dedication to making sure that HUD's programs are run as effective as possible. The budget caps deal of fiscal year 28 and 29 set up—really set us up to make some significant investments to improve our communities and enable economic growth. When we made decisions for that bill, Chairman Price and I worked together as a team to ensure that housing programs were included, frankly, as infrastructure investments, which

a big part of them are, and as a result, we increased funding for CDBG, home, tribal grants and other HUD programs that leverage affordable housing production.

Now, we made these investments while working to ensure that rental assistance programs could continue to serve those in need. We have placed a lot of responsibility, Mr. Secretary, on your shoulders as you work to carry out these new, frankly, sometimes large investments in our communities. Much of this investment is carried out in the State and local level, and we appreciate that your relationships, sir, with governors, mayors, and community organizations has, frankly, been key and is key in getting that job done.

Look, I have seen this commitment firsthand, Mr. Secretary, as we traveled together in Miami and we heard from local community leaders. Your attention to the local needs and local solution has, and I will tell you this sincerely, has really been felt by my constituents, and I want to thank you for that.

We also appreciate that you have an enormous responsibility. As you work to carry out the over \$35 billion in CDBG disaster recovery dollars that we provided for Hurricanes Harvey, Irma, and Maria in 2017, and the additional down payment of \$1.7 billion for Hurricanes Michael and Florence and the California wildfires, among other disasters, just to name some, right?

Obviously, we want to make sure that these funds get out to our communities so that they can rebuild in a way that reduces the impact of future storms; that is the goal. If we do this right, and you know because you are committed to it, we must do it right. The human and financial cost of future hurricanes, wildfires, and other disasters will be reduced, and our investments will bring value to the tax dollar.

I want to thank you and your team for all you are doing in Florida—in and for Florida, Texas, Puerto Rico, and elsewhere to carry out the CDBG–DR program. There is a lot of work in front of us, and again, I want to thank you for your commitment and your hard work. Obviously, we know that you face constraints when you put together your budget request. That is just reality.

Just like last year, we are unlikely to agree on all of the things that you have put forward, like eliminating, you know, CDBG or home and public housing capital funds. Everyone knows that our job in this committee has always been to review proposals by whatever administration happens to be in place, and then put together a bill that this committee believes is the best and that we can actually—that can actually become law. So I appreciate that.

As we have restored these programs in the past, Mr. Secretary, you have carried them out in good faith and ensured that they continue to serve the intended purpose that Congress has put forth. I am also very pleased to see that you have placed a priority on homeless programs with a request of \$2.6 billion, with a continued emphasis on performance-based requirements. That is something that I think is key.

This program, along with VASH vouchers, veteran vouchers, has been a huge success in Miami, as you know. You helped celebrate, you went down there to help us celebrate a major milestone when

we effectively ended homelessness for veterans in Miami-Dade County.

You know, this was a remarkable achievement, helping a group of people that, frankly, deserve it potentially more than just about anybody. And I thank you, Mr. Secretary, and I thank you and your staff for your dedication to those individuals and to this issue.

I am also pleased to see a major emphasis on lead and healthy homes with a historic high request of \$290 million. This investment reflects your deep understanding of the connection between housing and health.

Mr. Secretary, your personal story is an inspiration. It is an inspiration to everyone in this country. You came from humble beginnings. You worked against all odds to become a world-known and respected surgeon, and now, with your service at HUD, you continue to show deep, deep commitment to helping others climb the ladder of opportunity and help those who need it most.

I want to thank you for your service, Mr. Secretary. I look forward to your testimony, and I look forward to continuing working with you in an effective and, frankly, in a positive way. So thank you again for being here.

Mr. Chairman, I yield back.

Mr. PRICE. Thank you.

We are happy to have with us this morning the chairman and ranking member of the full committee, and so for opening statements, I will turn first to Mrs. Lowey.

The CHAIRWOMAN. Thank you, Mr. Chairman.

And welcome. It is a pleasure to have you with us today. And I would really like to thank Chairman Price and Ranking Member Diaz-Balart for holding this very important hearing.

Mr. Secretary, your budget is very similar to last year's request, which this committee rejected on a bipartisan basis. This year, your proposal contains even deeper cuts and would greatly reduce public housing and end most community development block grants. It would lead to more people struggling to find affordable housing and more people falling into homelessness. And, in fact, as I was hearing my good friend Mr. Diaz-Balart talking about this, I thought maybe we were talking about two different people, because I certainly have a different analysis.

Let me give you a couple of examples. Community development block grants, which make successful investments in community development, such as affordable housing, antipoverty programs, home investment partnerships, which provides affordable housing for low and very low-income Americans, the primary source of funding for the development, financing, and modernization of public housing. I must tell you, I visit public housing on a regular basis. I couldn't believe that we are cutting back on funds to upgrade public housing.

And some of the dramatic increases in your request would cause great suffering and harm, including cuts of \$63 million for housing for people suffering from HIV and AIDS, \$198 million for tenant-based housing, \$34 million for housing assistance for the elderly, \$27 million for housing assistance for the disabled. Frankly, I don't see any justification for these harsh cuts.

This administration often makes the argument that it has no choice but to cut even the most critical programs to reduce the deficit. But, my friends, let's remember, the Republican tax bill alone will add \$1.9 trillion to deficits from 2018 to 2027, and there is no honest reconciliation of the two.

Let me be clear, these cuts do not exist in a vacuum. If enacted, they would cost taxpayers even more than current investments in the very types of assistance you propose to eliminate or severely cut.

Housing, in my judgment, is really the foundation on which the rest of a life is built. It is nearly impossible to go to school, get a job, raise a family, or age in place without having a stable place to live. These investments play a big role in empowering hard-working families, giving children a good start in life, and providing economic opportunity for all Americans.

I do hope, and I welcome you, I do hope you will take these concerns seriously. I look forward to a productive discussion today, and thank you again for appearing before us.

Mr. PRICE. Thank you, Madam Chairman.

Ms. Granger.

Ms. GRANGER. Thank you, Chairman Price, for holding this hearing.

Welcome, Secretary Carson. Your stewardship of the Department of Housing and Urban Development is important to all our communities. When I was mayor, I saw firsthand the importance of housing assistance for our most vulnerable citizens, including the elderly, the disabled, and our veterans, and we want to work with you to ensure that the programs you oversee are as effective as possible, while protecting the taxpayer, but also, to respond to those who badly need housing help.

The HUD budget request for fiscal year 2020 propose some cuts that are concerning to members on both sides of the aisle in this subcommittee. The proposal to eliminate community development block grants could be particularly harmful because the program provides a critical resource for local decision makers to build affordable housing and generate economic development.

I second the remarks by Ranking Member Diaz-Balart talking about disaster relief. HUD also plays an important role in disaster recovery, and your work is particularly important to communities in Texas after the devastation of Hurricane Harvey. As it was stated, in the last Congress, we provided more than \$35 billion for long-term recovery from the 2017 disasters, along with mitigation funding to strengthen communities to withstand future storms and reduce the cost to rebuild. We want to work with you to ensure that those resources get to the communities, and they haven't yet, so that rebuilding can get under way, and we hope to hear more about that today.

Mr. Secretary, thank you for your commitment in making HUD's program as effective as possible so that your agency does its part to lift people out of poverty and move them forward toward opportunity. This is important to all of us. We look forward to your testimony today.

And I yield back.

Mr. PRICE. Thank you, Ms. Granger.

And, Mr. Chairman, we are happy to hear from you now if you could give us an oral summary of your testimony for 5 minutes or so. We will put your full statement in the record. We again welcome you.

Secretary CARSON. Thank you.

Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee, thank you for the opportunity to appear before you today to discuss the President's proposed fiscal year 2020 HUD budget.

This spending plan seeks \$44.1 billion, an increase of 7 percent over last year's request. It also seeks a record amount of funding to reduce lead-based paint hazards and other home health and safety hazards. And this budget will continue providing support for the nearly 5 million families HUD serves through its rental assistance programs.

In short, this budget will support HUD's combined efforts to provide safe, decent, and affordable housing for the American people, while being good stewards of taxpayer money. I would like to touch upon each of these areas individually.

This administration is requesting nearly \$2.6 billion to help local communities house and serve individuals and families who are living in shelters or on the streets. This represents an increase of nearly 3½ percent over last year's levels. In my time in Washington, I have learned this is one area on which we can all agree.

Preventing and ending homelessness remains a strategic goal of this administration, and working with our local partners, we are seeing a positive and measurable impact. HUD's fiscal year 2020 budget includes a request for \$290 million for the Office of Lead Hazard Control and Healthy Homes. This doubles the investment this administration sought last year, and is \$60 million higher than the funding enacted in fiscal year 2018.

As a doctor, it pained me that after treating a young child, they often returned to a home that wasn't healthy. Quite simply, you cannot be healthy if your home is sick.

This undeniable link between health and housing is also driving an active campaign at HUD to overhaul our 20-year-old inspection process. HUD will now provide advance notice of just 14 days before an inspection because it became clear to us that too many PHAs and landlords were using the weeks and in many cases months before their inspection to make quick fixes and game the system.

These actions are part of a top to bottom review of our inspections so we can be true to the promise of providing housing that is decent, safe, and healthy to the millions of families we serve.

Just last week, we instructed HUD inspectors to begin evaluating all public housing and privately owned multifamily properties under contract with HUD for the presence of a working carbon monoxide detector. Additionally, in the coming weeks, HUD will send notices to PHAs and multifamily owners regarding the installation of carbon monoxide detectors. We continue to pursue every possible way to ensure detectors are present in units that need them.

Across our rental assistance programs, HUD has requested sufficient funding to ensure that all currently served households con-

tinue to receive assistance. The administration's budget continues to support 4.7 million HUD-assisted households by increasing rental assistance to \$38 billion. This request will allow HUD to maintain rent subsidies for our primary housing programs, including our tenant and project-based Section 8 programs.

The budget also proposes \$644 million for the Section 202 program to support the rents of the elderly. In addition, the request includes \$157 million for the Section 811 program for persons with disabilities.

While we are here to talk about the administration's funding request, I would like to point out that not every challenge can be simply solved by more financial resources. One of my priorities as Secretary is to work with our Federal, State, local and tribal partners on identifying and eliminating regulatory barriers that unnecessarily increase the costs of America's housing supply.

Despite low unemployment and strong economic growth, we face stiff headwinds in our efforts to increase access to affordable housing. This crisis is not only a Federal problem; it is everybody's problem. The Nation's public housing stock is experiencing a backlog of billions of dollars in capital needs. Our budget again proposes to merge the public housing capital fund and operating fund to give greater flexibility to PHAs to pay for capital improvements.

Meanwhile, the budget expands HUD's rental assistance demonstration. HUD is specifically requesting \$100 million in dedicated funding for the RAD program and that the statutory cap on converting units be eliminated once and for all. To date, RAD has placed more than 100,000 units of public housing on a more sustainable funding platform. These are affordable housing units that we may have lost forever if not for RAD.

To support HUD's fair housing mission, the budget proposes \$62.3 million to allow us to continue fighting housing discrimination, increase awareness of people's rights, and enhance economic opportunity. Advancing economic opportunity for all is perhaps the fairest thing we can do.

I am proud to chair the White House Opportunity and Revitalization Council to help breathe new life into long forgotten corners of our country. While we can be very proud of the economic growth we are experiencing, there are still communities that have seen little or no investment in generations. It is our intent to support over 8,700 opportunity zones across the Nation, economically distressed places that approximately 35 million Americans call home. We estimate these opportunity zones will attract over \$100 billion in private investment to spur economic development and create jobs.

This kind of medicine is precisely what a doctor would prescribe to help communities where too many now live in poverty.

To conclude, this budget advances our key priorities, including empowering HUD-assisted families to achieve self-sufficiency. For generations, the idea of the Federal Government providing housing assistance meant only one thing: helping to pay the rent so families could have a roof over their head.

However, we must also think about how we can help families access financial programs, educational opportunities, and higher paying jobs. In short, we must think beyond investing in bricks and

mortar and think about investing in people. This budget does just that.

I look forward to your questions.  
[The information follows:]



**U.S. Housing and Urban Development Secretary Benjamin S. Carson, Sr.  
Testimony before House Committee on Appropriations  
Subcommittee on Transportation, Housing and Urban Development, and  
Related Agencies  
April 3, 2019**

Chairman Price, Ranking Member Diaz-Balart, and members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the President's proposed Fiscal Year (FY) 2020 Department of Housing and Urban Development (HUD) Budget.

This spending plan seeks \$44.1 billion, an increase of seven percent over last year's request.

The proposed FY 2020 Budget also seeks a record amount of funding to reduce lead-based paint hazards and other home health and safety hazards.

And this Budget will continue providing support for the nearly five million families HUD is currently serving through the Department's rental assistance programs.

In short, this Budget will support HUD's combined efforts to provide safe, decent, and affordable housing for the American people, while being good stewards of taxpayer dollars.

I would like to touch upon each of these areas individually.

## **Ending Homelessness**

This Administration is requesting nearly \$2.6 billion to help local communities house and serve individuals and families who are living in their shelters and on their streets. This represents an increase of nearly three and a half percent over the amount enacted for Fiscal Year 2018.

In my time in Washington, I have learned this is one area on which we can *all* agree. Preventing and ending homelessness remains a strategic goal of this Administration and, working with our local partners, we are seeing a positive and measurable impact.

The data being reported to us from thousands of big cities and small towns alike tell us our collective efforts are working. Since 2010, we have cut Veteran homelessness in this country by half. Family homelessness is also on the decline, falling nearly 30 percent during this same period.

This progress is happening because HUD's homeless assistance programs, and the contributions from state and local governments, are being targeted to proven programs and strategies. Our Budget request further supports these local efforts.

## **Promoting Healthy Homes**

HUD's FY 2020 Budget includes a request for \$290 million for the Department's Office of Lead Hazard Control and Healthy Homes. This request *doubles* the investment this Administration sought last year and is \$60 million higher than the funding enacted in Fiscal Year 2018.

We stopped putting lead in paint back in 1978 yet more than 20 million older homes still contain lead-based paint hazards. Amazingly, though lead poisoning is a preventable disease, we continue to see far too many children exposed to lead.

As a doctor myself, it pained me that after treating a young child, they returned to a home that was not healthy. Quite simply, you cannot be healthy if your home is sick.

This undeniable link between health and housing is also driving an active campaign at HUD to overhaul the inspection process that the Department has been using for more than 20 years.

HUD is dramatically reducing the advance notice we provide to public housing authorities and private owners of HUD-subsidized apartment developments before our inspections. We will now provide advance notice of just 14 calendar days before an inspection – a dramatic reduction from the current notice, which can frequently extend up to four months.

It became painfully clear to us that too many public housing authorities and private landlords whom we contract with were using the weeks, in many cases *months*, before their inspection to make quick fixes, essentially gaming the system.

HUD also launched a series of listening sessions around the nation to gather input about a planned pilot program to test innovative new approaches to inspecting HUD-assisted properties.

These actions are part of a broader, top-to-bottom review of our inspections so we can be true to the promise of providing housing that's decent, safe and healthy to the millions of families we serve.

As a general rule, HUD doesn't inspect properties based upon local codes. But just last week, we instructed HUD inspectors to begin evaluating all public housing and privately-owned multifamily properties under contract with HUD for the presence of a working carbon monoxide detector. Additionally, in the coming weeks, HUD will send notices to PHAs and multifamily owners to encourage them to install carbon monoxide detectors.

We continue to pursue every possible way we can ensure detectors are present in units that need them. This is literally a life and death issue. Ultimately, we want to effectuate change in the most expedient and efficient way possible and are using every lever at our disposal.

## **Continuing Rental Assistance**

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

The Administration's Budget continues support for 4.7 million HUD-assisted households by increasing rental assistance to \$38 billion. This request will allow HUD to maintain rent subsidies through our primary housing programs, including our tenant- and project-based Section 8 programs.

The Budget also proposes \$644 million for the Section 202 program to support the rents of the elderly. In addition, the request includes \$157 million for the Section 811 program for persons with disabilities. These requested amounts represent funding increases of 7 percent and 12 percent, respectively, over last year's proposed budget.

While we are here to talk about the Administration's funding request, I would like to point out that not every challenge can simply be solved with more financial resources. One of my priorities as Secretary is to work with our federal, state, local, and tribal partners on identifying and eliminating regulatory barriers that unnecessarily increase the cost of America's housing supply in general and affordable housing supply in particular. These barriers increase the cost to HUD of operating its rental assistance programs in many markets.

## **Pursuing Rent Reform**

The Administration's FY 2020 Budget incorporates proposed reforms to HUD's current rent structure, including incorporating the Administration's uniform work requirements. These reforms will:

- Require work for those who are able to work;
- Reduce the administrative burden for housing authorities and residents alike; and
- Allow greater flexibility to create local solutions to local challenges.

It is increasingly clear that the way we subsidize families in this country is broken. In fact, the way we calculate a family's rent has not changed since President Reagan was in office. We invite Congress to engage in a dialogue with HUD to find common ground on the package of reforms in the *Making Affordable Housing Work Act* that the Department submitted last April.

### **Supporting Affordable Housing**

Despite low unemployment and strong economic growth, we face stiff headwinds in our effort to increase access to affordable housing. The President's Budget provides the tools we need to bring everybody to the table to ease the affordability crisis in many parts of our country. This crisis is not a federal problem, it is *everybody's* problem.

The nation's public housing stock is experiencing a backlog of billions of dollars in capital needs. This results in the loss of thousands of units each year due to severe disrepair. The Budget again proposes to merge the Public Housing Capital Fund and the Public Housing Operating Fund and to give greater flexibilities to Public Housing Authorities to pay for these capital improvements.

Meanwhile, the Budget expands HUD's Rental Assistance Demonstration (RAD), allowing greater capital investment into deteriorating public housing. HUD is specifically requesting \$100 million in dedicated funding for the RAD program and is requesting that the statutory cap on converting units, currently set at 455,000, be eliminated once and for all. RAD is proving itself to be an outstanding example of bringing the public and the private sectors together to accomplish amazing results.

To date, RAD has placed more than one hundred thousand units of public housing on a more sustainable funding platform. These are affordable housing units we may have lost forever if not for RAD. And these are affordable housing units that will remain affordable.

## **Federal Housing Administration (FHA)**

Since its creation during the Great Depression, the FHA has been instrumental in supporting homeownership in this country. The President's Budget continues this support by requesting \$400 billion in single-family loan guarantee authority, as well as \$150 million for FHA administrative contract expenses, including critically needed funding to improve FHA's aging technology systems.

FHA's most recent annual report finds that the agency's Mutual Mortgage Insurance (MMI) Fund is sound. The MMI Fund has a total economic value of nearly \$35 billion and capital ratio *above* the statutory minimum for a fourth consecutive year. FHA will remain vigilant and continue to monitor economic trends in the housing market to ensure taxpayers are protected.

We propose \$30 billion in loan guarantee authority for FHA's General and Special Risk Insurance programs, including programs that insure financing for multifamily housing and healthcare facilities. And we propose \$550 billion in loan guarantee authority for Ginnie Mae to continue supporting the secondary market for federally-insured loans.

## **Fair Housing and Economic Opportunity**

To support HUD's fair housing mission, the Budget proposes \$62.3 million that will allow us to continue fighting housing discrimination, increase awareness of people's rights, and enhance economic opportunity.

Advancing economic opportunity for all is perhaps the fairest thing we can do. I'm proud to chair the White House Opportunity and Revitalization Council to help breathe new life into long-forgotten corners of our country. While we can be very proud of the economic growth we're experiencing, there are still communities that have seen little or no new investment in generations.

It is our intent to support over 8,700 Opportunity Zones across the nation—economically distressed places that approximately 35 million Americans call home. We estimate these Opportunity Zones will attract over \$100

billion in private investment to spur economic development and create jobs. This kind of medicine is precisely what a doctor would prescribe to heal communities where too many now live in poverty.

Too often, new investments into distressed communities are here today, gone tomorrow. Opportunity Zones ensure that development and capital investment are available for the long-term.

### **Eliminating/Reducing Ineffective Programs**

The Administration continues to propose eliminating the Community Development Block Grant program, the HOME Investment Partnerships Program, the Housing Trust Fund, the Choice Neighborhoods Initiative, and the Self-Help Homeownership Opportunity Program. In today's budget environment, these programs are best supported by state and local governments.

### **Conclusion**

This Budget advances our key priorities, including empowering HUD-assisted families to achieve self-sufficiency. For generations, the idea of the federal government providing housing assistance meant only one thing – helping to pay the rent so families can have a roof over their heads.

However, we must also think about how we can help families to access financial programs, educational opportunities, and higher paying jobs. In short, we must think beyond investing in bricks and mortar, and think about investing in people. This Budget does just that.

Again, thank you for this opportunity to present to you the President's FY 2020 HUD Budget.

I look forward to your questions.

## Secretary Ben Carson



On March 30, 2017, Dr. Benjamin S. Carson, Sr., M.D., was sworn in as the 17th Secretary of the U.S. Department of Housing and Urban Development.

For nearly 30 years, Secretary Carson served as Director of Pediatric Neurosurgery at the Johns Hopkins Children's Center, a position he assumed when he was just 33 years old, becoming the youngest major division director in the hospital's history. In 1987, he successfully performed the first separation of craniopagus twins conjoined at the back of the head. He also performed the first fully successful separation of type-2 vertical craniopagus twins in 1997 in South Africa.

Dr. Carson received dozens of honors and awards in recognition of his achievements including the Presidential Medal of Freedom, the nation's highest civilian honor. He is also a recipient of the Spingarn Medal, the highest honor bestowed by the National

Association for the Advancement of Colored People (NAACP).

Dr. Carson authored nine books, four of which he co-wrote with his wife Candy. The U.S. News Media Group and Harvard's Center for Public Leadership named him among "America's Best Leaders" in 2008.

Dr. Carson and his wife co-founded the Carson Scholars Fund, which recognizes young people of all backgrounds for exceptional academic and humanitarian accomplishments. The Fund is currently operating in 50 states and the District of Columbia, and has recognized more than 7,300 scholars, awarded more than \$7.3 million in scholarships, and installed more than 150 Ben Carson Reading Rooms around the country.

Born in Detroit to a single mother with a 3rd grade education who worked multiple jobs to support their family, Secretary Carson was raised to love reading and education. He graduated from Yale University and earned his M.D. from the University of Michigan Medical School. He and his wife are the proud parents of three adult sons and three grandchildren.

Mr. PRICE. Thank you, Mr. Secretary. You are indeed anticipating, I expect, a number of the questions that we are going to have, including the account you gave of the safety of public housing residents and the plans to strengthen your inspection programs, which I want to get to. But first, I want to turn to a matter that I think you can answer fairly briefly, and I think it is important to get on the record, and it has to do with the priorities this subcommittee has set, particularly in the last 2 years, with respect to—with respect to certain housing programs for the first time getting back into the construction of some new affordable housing.

#### SECTION 202/811 VOUCHERS

In these past 2 years, in partnership with my friend, Mr. Diaz-Balart, we have provided nearly a billion dollars in targeted resources for housing programs. We provided \$400 million for new Section 811 vouchers for people with disabilities, \$156 million for new construction for Section 202 housing for the elderly, \$113 million for new construction for housing with people with disabilities, and \$200 million in grants for travel housing, all of that by way of getting past just a holding pattern to actually some much needed new construction.

So I would like for you to tell us this morning, if you will, exactly where we are on implementing these increases, what is the status of the Notice of Funding Availabilities, the NOFAs, for these programs, and when do you expect we will have awards for new construction and new vouchers? I appreciate your answering to your best ability orally and then providing any remaining information for the record.

Secretary CARSON. We will be happy to provide you the detailed information on that. Those NOFAs should be out in this quarter, and the appropriate documents present before the end of the summer.

Mr. PRICE. So the NOFAs for 202 and 811 both out by June 30, you are saying?

Secretary CARSON. Yes.

Mr. PRICE. All right. And then the NGOs, the others who may want to apply for this would be able to do so midyear?

Secretary CARSON. I would expect so. And I should also just mention right here that, we have empaneled a task force at HUD to look at all of the grant programs that we have and to cut out as much unnecessary time as we can so we can get things done much more efficiently.

There are some portions of the organization that work very effectively and get things done in a matter of days and others that seem to take months to do everything. That has disturbed me quite significantly, and we are making great progress. I think you are going to see some big changes there.

Mr. PRICE. All right. Well, we will look forward to getting these programs going once again. They are very, very much needed in our communities, and I can promise you, from North Carolina, there are going to be lots of—lots of interest and particularly in the new opportunities for elderly housing and housing for people with disabilities.

## PUBLIC HOUSING SAFETY

All right. Now let me turn to this really tragic issue of deaths in public housing units and what we can do about the safety and security of these units. The coverage of this has stressed that HUD, up until now, has not required carbon monoxide detectors in public housing, nor has this been a regular object of inspection.

Since 2003, 11 tenants in public housing, that we know of, have died from carbon monoxide poisoning, and this year, in a very widely noted case, 26 public housing properties were evacuated in South Carolina because of carbon monoxide leaks. That also, by the way, bears witness to the difficulties with our public housing maintenance and repair. But carbon monoxide leaks, two tenants died as a result in South Carolina, and these properties had all passed their most recent HUD inspections.

Now, you have given us an account here of your intentions going forward. Do you have any particular assessment of how this happened and what is most important to fixing it? I mean, I am thinking about a combination of new requirements and where those requirements would apply, hopefully not just to public housing, also to rental units. What kind of plans do you have for integrating these matters into your regular inspection schedule or for an expedited inspection schedule where there is a perception of high risk? Could you just flesh out the plans here? Because this does qualify as an emergency, I think.

Secretary CARSON. Yes. Thank you for that question and for your attention to this. It is something that disturbs us. Obviously, my heart goes out to the families of those victims that you mentioned. We have, as of last week, already included in the REAC inspection carbon monoxide monitors, working carbon monoxide monitors, and we are notifying not only the public housing but to all the multi-family and housing that is supported in any way by any of our programs.

Interestingly enough, most States already have regulations regarding carbon monoxide monitoring; however, it is not always enforced. And that is something that we are paying particular attention to right now as well.

Mr. PRICE. This, from this day forward, is a part of what is required of the managers of public housing.

Secretary CARSON. This will be part of it, yes.

Mr. PRICE. Yes. And the inspection process is—it is fine, I think, to integrate this into the regular inspection schedules, but in situations of high risk, are there plans to serve notice, to expedite inspections, to target inspections?

Secretary CARSON. Well, as I said, as of last week, it is already in process. And in addition to that, we will be working with Members of Congress to put some real teeth into some legislation requiring this, and also, looking at other areas. There are multiple things that affect people's health, and I want to be more proactive in this area, not wait until there is a crisis like this to bring our attention to it.

Mr. PRICE. Good. Glad to hear you say that.

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

## VOUCHERS FOR DISABLED VETERANS

Mr. Secretary, in our fiscal year 2018 and 2019 bills, this committee placed a major priority on increasing support for persons with disabilities. That was a key priority of Chairman Frelinghuysen. As we are all aware, many of these disabled people who face inadequate housing are veterans, and many of them are obviously among the working poor. We provided nearly \$500 million for new vouchers for this program—for this population, I should say, over the past 2 years. HUD has allocated about \$100 million for these new vouchers so far.

Any idea when you anticipate that the rest of those funds, those vouchers will be released again to the communities?

Secretary CARSON. Well, we have a number of people working on that. Obviously, a very, very important initiative, the disabled, the elderly, the veterans, and we appreciate the support, the financial support that you have given and are committed to utilizing that in the most effective and efficient way and anticipate that, again, before the summer.

Mr. DIAZ-BALART. That is good to hear. And obviously, stay in touch with us, let us know how that is progressing.

Secretary CARSON. Absolutely.

Mr. DIAZ-BALART. That will be helpful. And obviously, we know that these vouchers can be challenging to lease, frankly, because of the unique needs of this community that we are trying to serve, and so interesting if you know of any steps that you might be taking to assist public housing authorities.

Secretary CARSON. Well, we are providing technical assistance to the public housing authorities because, as you mentioned, they are not sometimes familiar with how to enact these programs

Mr. DIAZ-BALART. Correct, correct, absolutely.

Secretary CARSON. And so we have devoted a lot of attention to getting that information out to them

Mr. DIAZ-BALART. Great. I look forward to, again, getting further information and to working with you to make sure, if there are any issues, any hiccups, to let us know.

Secretary CARSON. Okay.

## SECTION 811 VOUCHERS

Mr. DIAZ-BALART. Also, we also provided over \$110 million for new disabled housing units over the last 2 years. Chairman Price was especially instrumental in securing these new funds. Again, those funds have not all been made available. Any idea when you expect to send out your notice of funding availability for availability for these new funds, these new units?

Secretary CARSON. I am anticipating during the first half of the year and certainly before the summer is over.

## HOMELESS ASSISTANCE

Mr. DIAZ-BALART. Good to hear that. Mr. Secretary, I mentioned that I was pleased to see that in your budget request it includes \$2.6 billion for homeless assistance grants. The idea of ending homelessness, you know, may have once seemed kind of out of reach in a dream, but we are making real progress towards this

goal. And as you have noted, general homelessness is down 13 percent since 2010, and veterans homelessness is down 49 percent. I mentioned that in my opening statement, part of that.

Your emphasis on reforms in the homeless programs through the Housing First model and performance requirements for grantees has no doubt contributed to some of these recent positive trends in homelessness—the positive downward trends, I should say, in homelessness.

I have seen firsthand the improvements brought by this performance-based approach. Miami's programs have adapted to this new model, and by the way, there were some growing pains, but they are performing much better as a result.

Can you describe how your grantees are adapting their programs to, again, a performance-based model?

Secretary CARSON. Sure. Well, first of all, homelessness is a problem that, I think, we have the ability to obliterate in our lifetime. We have a very prosperous country, and it is really a matter of getting people at all levels to concentrate on this problem. It is not just a Federal problem, but getting State and the local municipalities. And one thing that has helped enormously is also getting the private sector involved. Getting the faith-based communities and the nonprofits involved has made a huge difference.

Now, a lot of these organizations have been very effective with their programs, and they don't particularly all agree in terms of the philosophy that they have. You know, some say housing first only. Some say, no, we have to have requirements. And there is a whole gamut. So rather than ferret that out and say you are the best or you are the best, we have just said let's see who is getting results. Evidence. And let's support the programs where there is evidence that they are effectively getting people out of a homeless situation, getting people to a self-sufficient status, and making sure that the people who cannot be self-sufficient are taking care of in the most effective way.

Mr. DIAZ-BALART. Thank you. Thank you, Mr. Chairman.

Mr. PRICE. Mrs. Lowey.

The CHAIRWOMAN. Thank you, Mr. Chair.

#### HUD INSPECTIONS

Millions of lives depend on HUD upholding its mandate of decent, safe, and sanitary housing. According to GAO, HUD's system of inspecting public housing is flawed. Media reports indicate numerous properties that recently passed a HUD inspection were uninhabitable or unsafe. GAO also recently made 14 recommendations to address these deficiencies, and as I hope you know, HUD largely agreed with these recommendations.

However, the report also noted that your department doesn't have sufficient resources to implement these recommendations, yet the budget request would result in a reduction of funds to carry out inspections. This amazes me.

Mr. Secretary, given the lower funding levels in the budget request, how would you ensure that HUD-assisted housing is safe?

Secretary CARSON. Okay. Thank you. That is a very important question. It is something that has been of great concern and something which we have placed a lot of attention. You know, when I

came in and realized that people could get different inspection scores within weeks from different inspectors, I said there is something wrong with this system, so I ordered a top to bottom reevaluation and revamping.

One of the things that you have seen as a result of that recently as only a 14-day notice as opposed to the weeks and months of notice that people used to get so it would allow them to cover things up. Some have said that the number of people who are living in squalor has increased since I have been here. That is not the case at all. What has happened is that we have exposed what is going on, and we are no longer allowing it to be swept under the rug, so it can be dealt with full frontally.

Those are the kinds of things that are going to make a difference. Can we use more inspectors? We probably can. Are we training them better? Absolutely. Have we realized that when we go with the least expensive inspectors on a contractual basis that you get what you pay for? Yes, we have realized that. Are we making appropriate changes? Absolutely. And are we hiring more of our own inspectors? Yes, we are.

The CHAIRWOMAN. I just don't understand why you would ask for a reduction of funds to carry out inspections. So you are saying with the reduction of funds, you can do a better job and respond to the evaluations? I'm a little puzzled.

Secretary CARSON. No, I am not saying that. I am saying that, you know, the budgetary process is a collaborative effort, and whatever funding we have we will use efficiently and effectively to take care of that problem.

The CHAIRWOMAN. Look, I visit public housing on a regular basis. I am pleased that there are inspectors that are pointing out deficiencies. I do hope you have the resources to improve, to respond to these inspections, and that is why we are here, to listen to you, to get your recommendations and, to the best of our ability, to respond.

#### LEAD ABATEMENT

I want to mention one other thing which you addressed. You mentioned the seriousness of lead in public housing. And it seems to me you are giving with one hand, taking away with the other. The net result is a step backward in our effort to prevent childhood lead poisoning.

Why are you cutting funding to address this very serious health risk?

And I would like to follow up on Chairman Price's question about the execution of the Federal—of fiscal year 2018 appropriations. I understand the fiscal year 2018 lead notice of funding availability is expected soon, but we are 6 months past the end of fiscal year 2018.

Now, I want to say I go way back on this issue when I ran the antipoverty program in New York State. This has been a problem for a long time. We know it is a tremendous challenge. Why did it take so long to get the funding into the field?

Secretary CARSON. Well, first of all, let me just correct the record. We are not asking for less money for lead. In fact, we are asking for more, considerably more, twice as much as we asked for

last year. And I do recognize that that is a very substantial challenge, but one that we can, in fact, overcome.

In terms of any new grants and programs that are delayed, there are a number of reasons for that, one of which is making sure that, in fact, the programs are done in the most effective and efficient way. One is because we had a delay secondary to the shutdown. And one is because there is inefficiencies in the program. And as I mentioned before, we are looking at every aspect of our agency right now in trying to cut down on those inefficiencies.

The CHAIRWOMAN. My time is up, but if I may, Mr. Chairman, I was just passed a statistic, which says you would modestly increase the funding for the Office of Lead Hazard Control and Healthy Homes by \$11 million, while also eliminating \$25 million in the public housing capital fund, which was established to help public housing authorities tackle this problem.

Thank you, Mr. Chairman.

Mr. PRICE. Thank you.

Ms. Granger.

CDBG—DR

Ms. GRANGER. Mr. Secretary, the GAO recently released a report on the community development block grant disaster recovery program and found that only a small amount of the funds appropriated for Texas have made their way to communities and individuals. In fact, as of January, only \$18 million of the \$5.6 billion allocated for 2017 storms has been spent.

Can you explain why there is such a low rate of expenditures, and what can be done by HUD in the State of Texas to speed up the funds getting to grantees? Businesses have been closed, people have become homeless, communities are devastated because they haven't had those funds.

Secretary CARSON. The moneys have been appropriated. The spending plans have been approved. We have left it up to them in terms of the dissemination of those funds. In terms of the mitigation money that is due, that will be finished by May 1.

Ms. GRANGER. The GAO recommends that a permanent authorization for this program would be helpful. Do you agree that the program needs to be authorized, and would that make it faster for the programs to get to communities?

Secretary CARSON. In terms of having a one-size-fits-all solution, could that speed things up? The answer to that is yes. Does it take into account the individual nature of all the disasters? The answer to that is no. Is it possible for us to work together to figure out a way that we can amalgamate the two and come up with a better system? The answer to that is yes. And are we willing to do that? The answer to that is yes.

Ms. GRANGER. Good. I will work with you further on that.

#### VOUCHER MOBILITY

Let me, while I have still got some time, the 2019 appropriations bill included a new program that provides vouchers to families so they can move to neighborhoods with greater economic opportunities. The committee worked in a very bipartisan way and close with the authorizers to establish that voucher program. What is the cur-

rent status of the program? And also, are there lessons that can be learned from this demonstration project would benefit other HUD programs?

Secretary CARSON. Sure. That program is moving along well. In addition to that, what we have done is authorized a study of why people, particularly in higher opportunity neighborhoods, don't accept vouchers. We have discovered a lot of very interesting things. We are in the process of removing a lot of those barriers.

You know, for instance, in one large metropolitan area, people didn't want to accept vouchers because they had the impression that the tenants would destroy their property. And the city then guaranteed all the landlords that they would take care of any damage that the tenants would do, and consequently, the resistance disappeared.

Now, it cost the city almost nothing because the tenants were not destroying the property. This is a misperception that people are going to come in and destroy property, particularly after they have been waiting a long time to get a voucher. But it means that we have to deal with perception as well as reality when we come up with the solutions for these programs.

Ms. GRANGER. That is good news. In the community I am from, I have lived in all my life, Forest, Texas, there were areas that were very low income and they didn't have stores, they didn't have businesses to work in. That has changed significantly, and it hasn't moved people out of that community, but it has allowed opportunities. And it is fascinating to watch and really exciting to watch, having known them so much and having lived in some of those communities. So any way that we can be helpful—

Secretary CARSON. And that is very useful, because what we really want to do is we want to improve the communities that have been neglected, as well as give people the opportunity to move. We want to have choice in this.

Ms. GRANGER. Thank you very much.

Mr. PRICE. I thank you.

Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Thank you Dr. Carson for being here, and thank you for coming to Chicago, and we appreciate your meeting with the LGBTQ individuals, community in Chicago about the nondiscrimination guidance.

Secretary CARSON. Yes.

#### NONDISCRIMINATION GUIDANCE

Mr. QUIGLEY. And I appreciate your listening. But I am obviously very disappointed that HUD's decision communicated to me versus via a March 6 letter from one of your deputies that the Department will not be replacing the guidance it took down shortly after you took over the helm at HUD. For the community, this decision hurts.

Forty percent of homeless youth are LGBTQ. Put another way, LGBTQ youth are 120 percent more likely to become homeless and far more likely to be discriminated against at shelters. So that is frustrating.

Despite this decision, a relevant HUD rule from 2012 and a regulation from 2016, they remain in effect. So how will these grantees comply with the regs without this guidance, sir?

Secretary CARSON. Well, in fact, the guidance was pretty much obliterated by the 2016 rule. I know we have gone back and studied it very carefully and concluded that putting that subregulatory guidance there actually confused the issue and made a lot more regulations necessary, and we are trying to simplify things. We have not removed the rules, we have not changed the rules at all.

Mr. QUIGLEY. Sir, you in Chicago asked the question about the difficulty—for example, a front desk shelter worker who were handed identification that doesn't match the presenting gender of the bearer. The presenting gender of the bearer. That was the question you asked, and I want to make sure I got it right, and the response was that is why you need the guidance. The grantees need this guidance to avoid the discrimination and to make clear to them what the rules are. I mean, and there are no inconsistencies there.

In addition to that, HUD missed, by almost 6 months, a deadline that was in the appropriation report to review the guidance you took down. So you didn't meet the deadline, and you just simply decided not to put the guidance up. And if anything is confusing, wouldn't working on the guidance help resolve what you are saying is confusion?

Secretary CARSON. Well, the agreement was that the guidelines would be reviewed. It wasn't that they would be put back up. And they were reviewed, and it was concluded that the 2016 rules obliterated the guidance that was there and confused the issue. The rules stand as they are. We have not made any attempt to change them.

Mr. QUIGLEY. Well, and that has incredibly confused this issue even further, sir, your answer today. So why don't we start over.

Secretary CARSON. Okay.

Mr. QUIGLEY. Regardless of how HUD in D.C. views this, across the country, people are being discriminated against, and they are falling victim to crime and all the other issues that come with being homeless and not being able to get into a shelter. So despite the fact that I wholly disagree with you that 2016 obliterates anything, there is still a lack of guidance. So if all you are doing is drawing guidance from 2012 and trying to clarify 2016, doesn't it make sense to create new guidance and post that so the grantees know and that the youth of this country know that they have rights and that they can't be discriminated against?

Secretary CARSON. From my conversations with many legal experts throughout government, my suspicion is that you would probably dislike the subregulatory guidance that would be put up and that this provides you with considerably more freedom.

Mr. QUIGLEY. Are you suggesting that doing nothing provides greater protection, by putting no guidance up on the website is providing this—

Secretary CARSON. I am suggesting that you might not like the guidance—subregulatory guidance that was put up.

Mr. QUIGLEY. And why is that? I am a glutton for punishment.

Secretary CARSON. Because you probably wouldn't agree with it.

Mr. QUIGLEY. Because it goes along with allowing people to discriminate against LGBTQ youth?

Secretary CARSON. The rules that are there allow people to have a nondiscriminatory atmosphere, and that is what we are trying to achieve.

Mr. QUIGLEY. So if it says you can't have a discriminatory atmosphere, why don't you have guidance that posts that and instructs them not to discriminate?

Secretary CARSON. The rules already say that.

Mr. QUIGLEY. Well, where is the—even if we go around and around, where is the guidance for that?

Secretary CARSON. If you have a rule that tells you what to do, you don't need more guidance on that.

Mr. QUIGLEY. All right. We are all now more stupid than we were when we came in the room today, sir. Thank you.

Mr. PRICE. Mr. Womack.

Mr. WOMACK. Thank you, Mr. Chairman.

Thank you, Mr. Secretary. Before I get to a couple of my questions, just a note of personal privilege here this morning. I was walked over this morning by my communications director, Alexia Sikora, and she was telling me about her boyfriend's cousin, a kid named Matthew Massone, who in 1986, at a very young age, was riding his bicycle and was struck by a car and critically injured. And it was your gifted hands that saved that young man's life. He is a father of three today, successful business owner, and—

Secretary CARSON. Thank you. I appreciate that followup.

Mr. WOMACK. All the work you do in HUD is as good as it is—

Secretary CARSON. Thank you.

Mr. WOMACK [continuing]. Pales in comparison to the work you have done in saving lives, and I thank you for that.

#### OPPORTUNITY ZONES

My State of Arkansas has 85 opportunity zones, many of which are in my district. Given your dual role as chair of the White House Opportunity and Revitalization Council and Secretary of HUD, can you discuss how advancing economic opportunity, such as through these opportunity zones, can help leverage Federal dollars to fulfill the HUD mission?

Secretary CARSON. Well, thank you. We are actually very excited about the opportunity zone program because it provides an opportunity for people to take unrealized capital gains, and these would be invested somewhere anyway, and this encourages them to be invested into economically neglected areas, deprived areas.

This provides an opportunity to bring in an enormous amount of capital. A conservative estimate would be \$100 billion. And that provides a lot of funding for many of the very programs that we have been talking about today, in terms of building affordable housing, in terms of general community development, infrastructure, economic development. All the things that all of these programs that we have had in place for many years are doing, the opportunity zones will do in spades, like it is on steroids, and therefore, we don't necessarily need to duplicate all these things.

And I know that is going to be very difficult to wean people off of some of the things that have been there before, but we want to

see real progress. We actually want to see these communities that have been neglected move forward. We want to give people opportunities who want to have real jobs, who want to have training programs and apprenticeships, and integrate all of this together, because if we develop those people in our community, then we strengthen that community. If we strengthen that community, we strengthen our Nation.

Mr. WOMACK. I agree. Good segue into my next question, and that is the tendency for Federal programs to overlap from agency to agency, whether you are dealing with homelessness, with veterans, or trying to do something on finance with Treasury. Can you give to this subcommittee an idea of the obstacles you face with what I call stovepipe government and the incredible obstacles that you run into from time to time in overlapping of programs? Because leveraging precious resources like we have is pretty important.

Secretary CARSON. Well, you know, one of the reasons that we established the Opportunity and Revitalization Council is because you have all these agencies working at cross purposes, and they get in each other's way. And, you know, by being able to target our resources and our programs in a coordinated fashion, it will be much more efficient and also makes it possible for us to respond to problems as they come up very effectively.

A lot of the regulations that exist, even in the Federal Government—even though we have gotten rid of a lot of them, there is still quite a few of them there—are old and really don't correspond to anything that is going on today. And by forcing everybody to take a look at those regulations at the Federal level as well as at the local level, that is the reason that we are able to speed things up. A lot of things are moving a lot faster—I don't know if anybody has noticed—than they ever have before in terms of being able to get things done. That is only going to improve with this.

#### APPROPRIATIONS LIAISON DIVISION

Mr. WOMACK. Thank you. Very quickly, last question. Your budget proposes shifting HUD's Appropriations Liaison Division to the Office of Congressional Relations. The reason for that move, and can you assure this subcommittee that we will still have access to the information we need to do our important function?

Secretary CARSON. Yes. That will be essential. We will make sure that that happens. But it is really to align ourselves with all of the other Federal agencies where, in fact, that alignment exists. We are sort of the one who is aberrant, the way that we are doing it now, and we want to have—we want to speak with one voice. We want to have everything being consistent. And if we move it to the appropriate CIR, I think that we will be able to achieve that.

Mr. WOMACK. Secretary, thank you so much.

Secretary CARSON. Thank you.

Mr. PRICE. Mrs. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman, and thank you, Dr. Carson, for being there.

Let me first applaud for the things that I think are right movement moving forward. I almost feel like this is a delusional or a schizophrenic budget. One side does the good stuff, and then on the

right side, there is the really bad stuff that is taking away from the good stuff.

#### HOUSING DISCRIMINATION

I applaud the decision to bring the case against Facebook for the housing violations and to investigate Google and Twitter, but I realize that there are other kinds of housing discrimination issues that need to be investigated. And I recognize that, under former President Obama, HUD Secretaries used their Secretary-initiated complaints on the average of 10 times a year, and even under President Bush, they used their complaints sometimes 5 times a year. However, this Facebook investigation appears to be the only Secretary-initiated complaint that you have issued. Could you explain to me why there is such anemic action on your part?

Secretary CARSON. Yes. I would be happy to explain not why there is anemic action but why that is the case that we have only had one Secretary-initiated, although we are following up on several others. It is because our FHEO, the Office of Fair Housing and Equal Opportunity, is very active in terms of finding areas of discrimination and unfair housing practices and are pursuing those things effectively. If you have an FHEO that is doing that, you don't need to do a lot of Secretary-initiated—

Mrs. WATSON COLEMAN. Okay. Then perhaps we need to know more specifically the numbers, the types of numbers of complaints that are actually being investigated. I understand that there is a cut to that particular program, Fair Housing and Equal Opportunity, of \$3,000,000.

As you know, segregated communities are a result of discrimination against minorities and others throughout the history, and simply combating the present-day intentional discrimination does not undo segregation that has prevailed and will not eliminate any time soon.

#### AFFIRMATIVELY FURTHERING FAIR HOUSING RULE

So it was apparent—it was particularly concerning to me that you have suspended the Affirmatively Furthering Fair Housing rule and are considering significant changes. I don't know what the changes are, and I don't understand the rationale behind doing something that has been a part of the fair housing text. Could you explain?

Secretary CARSON. Yes. Affirmatively Furthering Fair Housing is something that I very much believe in. It is a part of the Fair Housing Act. And the tool that was being used, however, is a good statistical tool, and it shows you, yes, there is segregation here, and there is less segregation here, and it costs a lot of money to do that analysis and a lot of manhours. I don't feel that I necessarily need a statistical tool to tell me that. What I need are results. And you ask yourself the question, why is that segregation there? The reason is because—not because there are people like George Wallace standing in the doorway saying, "You can't come in here." It is because of economics. It is because people can't afford to live in other places. So what we have to do is we have to deal with the affordable housing crisis, and we have to be able to build affordable houses in all communities.

Mrs. WATSON COLEMAN. Thank you. Reclaiming my time.

What is it you propose to do to ensure that these things happen, and under what program now and with what funding are you proposing that will actually realize this affirmative furthering fair housing?

Secretary CARSON. Say it five times. Okay. Now, what we can do, recognizing that the real barrier to building affordable housing lies largely at the local level because of the zoning restrictions.

Mrs. WATSON COLEMAN. So what is it that you think that you are going to do under the Fair Housing Act to facilitate this happening?

Secretary CARSON. I am going to tell you.

Mrs. WATSON COLEMAN. And I only have—I have another really important question so I need you to, like—

Secretary CARSON. Okay. We are going to give preference points to people who actually look at those things that are preventing the building of affordable housing. That is it in a nutshell.

Mrs. WATSON COLEMAN. Okay. One question. One statement.

#### NONDISCRIMINATION GUIDANCE

The statement: Mr. Quigley pursued this line of questioning as it regards a rule and the interpretation or the guidance on how to apply the rule. I don't think that you answered his question, but you did say something very troubling to me, and that was you wouldn't like what the outcome would be. And that is—the only way I wouldn't like it is if it went against the intent of the rule. So I would very much like, through the chairman, an explanation of what it is we would be expecting so that I can determine whether or not—

Secretary CARSON. Okay.

Mrs. WATSON COLEMAN [continuing]. That it is or is not representative of what it should be.

Secretary CARSON. Okay. I can tell you that this is an area that many people disagree on. There is not just one group of people who—

Mrs. WATSON COLEMAN. It doesn't matter. I am talking about the law. I don't care that people disagree that the LGBTQ community should not be discriminated against. What I care about is how we enforce the law to ensure that the LBTQ community has access to good and affordable housing.

Secretary CARSON. And the rules take care of that.

Mr. PRICE. I appreciate the gentlelady's request. If I may, I will formalize it the sense of asking you to elaborate in writing what—

Mrs. WATSON COLEMAN. Thank you. I yield.

Mr. PRICE [continuing]. What your meaning was in response to Mr. Quigley. I do think that would be helpful.

Secretary CARSON. Okay.

Mr. PRICE. We appreciate that and now turn to Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman.

Mr. Carson, I am going to return to an issue that I have spoken to you directly about. We take, obviously, our responsibility to ensure that Federal housing programs give people an opportunity to

achieve the American Dream, we take that serious on this committee.

#### FHA LOAN LIMIT

I have talked with you about HUD's current FHA loan limit policy that locks out consumers out of competitive FHA loan programs, and large metropolitan statistical areas, MSAs, as we call them, may be distorted because an MSA covers a large geographic. For example, the San Bernardino-Riverside-Ontario MSA where my district is located is 27,000 square miles. But some cities are a little closer to and identify closer to Los Angeles County.

And so, to be clear, the FHA loan limits in the San Bernardino MSA are \$300,000 less than the FHA loan limits in Los Angeles/Orange County. Cities in my district like Upland and Rancho Cucamonga have loan limits far below the median home price, locking many potential homeowners out of the FHA market.

The fiscal year 2018 and 2019 appropriations language directed HUD to study whether the county's geographic size distorts the FHA loan limit, and our staff has been in touch with your staff about this issue, and it sounds like a draft could be available soon. Do you have an update on the timeline for this report, and can you share any preliminary findings?

Secretary CARSON. Well, first of all, as I am sure you know, the loan limits are set by Congress, so we don't really have the ability to change those at all. We are happy to work with Congress on what they should be, taking into account all the factors that you have just mentioned. I think they are very legitimate issues.

And particularly in the high-cost areas, and you represent several of those and some low-cost areas too. It makes it very difficult to have a one-size-fits-all type of situation.

In terms of time limits, I would probably refer you to the group that is working on that issue.

Mr. AGUILAR. You mentioned policy guidance that you would be happy to work with us on. Does your report mention specific law changes or policy guidance that the Department would accept?

Secretary CARSON. I am sure it does.

Mr. AGUILAR. Okay. I appreciate that.

#### UNDOCUMENTED IMMIGRANTS AND FHA LOANS

The next topic. According to the FHA handbook, mortgages can be offered to nonpermanent residents if the applicant is authorized to work in the U.S. and has a history of status renewals. As you know and as I have mentioned to you, the Deferred Action for Childhood Arrivals, the DACA program, allows some undocumented immigrants to work in the U.S.

Additionally, in many cases, DACA recipients have renewed their status at least once, if not more times. These hardworking men and women pay taxes and have undergone a strict vetting program within the DACA program. In December, an article was published that revealed HUD had advised lenders to stop lending FHA-backed loans to DACA recipients. According to the article, HUD shared this information with lenders over the phone and at conferences. However, the agency has not put any policy in writing. Staff at your office has confirmed that the policy has not changed,

but I want lenders to have the clarity on whether they can offer FHA-backed loans to DACA recipients.

To your knowledge, are DACA recipients eligible for FHA-backed loans, and has HUD made any changes to existing policy or interpretations?

Secretary CARSON. Yeah. When I read that report, I inquired of the appropriate people, including the FHA Commissioner, and no one was aware of any changes that had been made to the policy whatsoever. I am sure we have plenty of DACA recipients who have FHA mortgages.

Mr. AGUILAR. So it would surprise you if individuals went to conferences and received those—if folks in the mortgage industry went to—

Secretary CARSON. Yes.

Mr. AGUILAR [continuing]. Conferences and heard that guidance or had it over the phone but not via email; it would surprise you?

Secretary CARSON. That would surprise me.

Mr. AGUILAR. What would consequences be for individuals if that was the case, if individuals were operating outside of the guidance, out of the policy guidance, and engaging in that behavior? What would be some consequences that you would want to know?

Secretary CARSON. Well, I would simply say that, I have instructed everyone to follow the laws of the United States with regard to DACA, with regard to anyone who is an immigrant or potential immigrant to this country, and as long as you continue to follow the laws, it will have my approval.

Mr. AGUILAR. Is it possible someone outside of your Department gave that guidance?

Secretary CARSON. When you say “is it possible,” of course, it is possible. Certainly no one who was authorized by us.

Mr. AGUILAR. I appreciate it. Thank you Mr. Secretary.

Thank you, Mr. Chairman.

Mr. PRICE. Thank you.

Mrs. Lawrence.

Mrs. LAWRENCE. Thank you.

Thank you, Mr. Carson, Dr. Carson, for being here. As a native Detroitier like myself, born and raised and educated in the city, affordable housing in the HUD budget is extremely important to me, as you know. I was appalled to see some of the massive cuts.

#### ENVISION CENTERS

Last June, you traveled to our hometown, Detroit, to launch HUD’s innovative EnVision Centers, one of your signature initiatives, aimed at providing a one-stop shop for social services. The center you visited in Detroit was one of 17 that HUD planned to open across the country. However, it appears that none of these centers are operational at this time. The EnVision Centers are supposed to lever public-private partnerships. In reality, individuals have stated that EnVision Centers appear to be nothing more than rebranding work that is already being done.

In 2017, you talked to these centers at an event at the Boys and Girls Club in Detroit. However, leadership at that club decided the program was not a good fit. They realized, after due diligence to

understand what resources were needed to make it successful, they decided not to pursue it.

Secretary Carson, can you provide the committee with an update on the status of these 17 EnVision Centers? And in addition to that, an NBC News article cites a source close to you indicating, and I quote, Secretary Carson is not happy about the lack of progress being made in the EnVision Centers.

If individuals close to you say they are not pleased with it, what is the point of continuing this initiative?

Secretary CARSON. Well, the point in continuing the initiative is that we want to get people out of poverty. We want to use a lot of the resources that are already available and make them accessible to people. This is something that we learned from the HUD VASH program, where HUD provides the housing; the VA provides the wraparound services.

Mrs. LAWRENCE. Do you have any centers up and running as of today?

Secretary CARSON. Well, Detroit is up and running, and this summer, a large number of others will be opening.

Mrs. LAWRENCE. So—

Secretary CARSON. They opened Detroit first because—

Mrs. LAWRENCE. Where is it being opened? Because it is not at the center that you initially did the launch. So is it somewhere else?

Secretary CARSON. Excuse me?

Mrs. LAWRENCE. It is not at the Boys and Girls Club, so is it at somewhere else—

Secretary CARSON. Yes.

Mrs. LAWRENCE [continuing]. Because it is not—so you picked another site.

Secretary CARSON. Yes.

Mrs. LAWRENCE. Okay. Where?

Secretary CARSON. It is—I don't remember the exact name. It starts with a D, but it is actually—it used to be an old high school, and it has been repurposed. It has places where young people can train to operate businesses.

Mrs. LAWRENCE. Well, through the chair, if it is in my city, I would really like to know where it is because I—from my understanding—

Secretary CARSON. We will get that information for you.

Mrs. LAWRENCE. So, in addition to the community, this EnVision Center, how much money are we budgeting, because I could not find it in the budget? How are you funding these EnVision Centers?

Secretary CARSON. Well, most of the funding comes from the private entities around the centers. We purposely made it something that wouldn't require a lot of Federal dollars because we wanted the communities to own these centers. And it takes time to put these things together. People who think that you declare it and it just automatically pops up have very little understanding of how things work.

Mrs. LAWRENCE. I have a lot of understanding. I was the mayor, and I understand being a Member of Congress.

I also want to put in here in 2018 and 2019, CDBG was funded at \$3.3 billion. In our shared hometown of Detroit, we received \$30 million for infrastructure. We know it can be used for rehabilitation of homes, water mains, and sewers, streets, but your budget states that devolving community and economic development activities to the State and local governments redirects prior Federal resources to a higher priority.

So your initiative or your budget is saying: Reduce the amount of money that we give, even though it impacts these things, and make it a local issue.

Those of us who have been in local government, there is no money there. So it is a good concept. It is like the trickle-down tax bill that we just went through. It is a good concept, but it is not reality. And so can you please explain to me how a higher priority than—what could be a higher priority than providing vulnerable—valuable funding to low-income areas?

Secretary CARSON. Well, first of all, the CDBG program is outdated. It needs to be updated. There are 1,210 communities through the country who get these grants through a formula. It doesn't take into consideration the thousands of other communities who need help, and it bases it on some criteria that don't make sense. For instance, in some cases, you get more money if you have houses that were built before 1940. And there are a lot of very wealthy, well-maintained communities that get three or four or five times as much as the poor communities. So the program really needs to be revamped.

I am going to continue, you know, not to be particularly supportive of it until Congress is willing to work with us to revamp that program and make it actually effective and make it relevant to the people who are low income for whom it was targeted in the first place.

Mrs. LAWRENCE. That is like the debate on healthcare: We don't like the plan we have, so we will cut off everyone from healthcare until we get a new plan.

I disagree with your philosophy. Thank you, and I yield back.

Mr. PRICE. Mrs. Torres.

Mrs. TORRES. Thank you, Mr. Chairman.

And thank you, Secretary, for being here today. It was nice to welcome you in my district. Pete and I both visited with you.

Secretary CARSON. I enjoyed that.

#### PROGRAM ELIMINATOR

Mrs. TORRES. You know, I have to associate my comments with some of the comments that have been said. I am deeply concerned about eliminating the CDBG, the HOME Program and the Choice Neighborhood Initiatives and the public housing capital. We have three former mayors here.

I live in a nice house, but 90 percent of my home city doesn't look like my street, the four homes on my street. It is not unusual for me to sit there at night and hear gunshots. Not a very safe neighborhood.

My home was built in 1926, but we don't get CDBG funding in my community simply because we have, you know, old homes. It is based on a formula, and it is poverty level, and these programs are critically important for communities at risk such as the community, you know, where I continue to live.

#### HOMELESSNESS

I am also concerned about a perception that homelessness issues are down. In L.A. County alone, you know, the homeless population has surged by 75 percent from 32,000 to 55,000 within the last 6 years. But in the last homeless count, it is way beyond that. We need more funding for temporary shelters, and we need—and our communities need funding to offset the cost of affordable housing units. At the same time, we have to hold housing authorities accountable for what they fail to do in our communities, for example, discrimination against disabled renters.

#### HOUSING DISCRIMINATION

Secretary Carson, a recent investigation by your Department found that the city of Los Angeles continued to discriminate against persons with disabilities and was not in compliance with the Americans with Disability Act. Thank you for holding them accountable, and thank you for doing that.

How widespread is the problem of housing discrimination against people with disabilities, and what is your Department's role in addressing this problem? Any additional resources—and I don't want to just throw resources at an agency that is failing to perform. This is the same housing authority that received a willful violation for dealing with asbestos tiles in housing units while children, babies were sleeping in cribs. So it is not enough, you know, to say we are going to sue you to come into compliance. We have to be strong about this.

Secretary CARSON. I agree with you.

Well, first of all, I commend you on your attention to homelessness and particularly in L.A. And L.A. County, where the problem just continues to grow. Secondary to incredible zoning restrictions, 80 percent of the land is zoned for single family housing, and there are a multitude of other restrictions that make housing so expensive that you have people who actually have a job who can't afford housing there.

#### COMMUNITY DEVELOPMENT

Now, you know, there are two possible solutions. You can just throw more money at it; or you can say, why is that happening, and why is it getting worse, and is there anything that we can do about those factors? And that is the tack that we would rather take because, as much as we would like to throw more money at it, we just don't have more money to throw at it.

One of the things that is very helpful is the Opportunity Zones because a lot of money will be pouring into those, and a lot of these distressed areas are in the Opportunity Zones: 380,000 public housing units, 340,000 PBRA units are in there. A third of our RAD conversions are in Opportunity Zones. These are places where a lot

of the money that had been, you know, previously obtained through CDBG and HOME and other programs will be available through, you know, very large investments that are made.

Mrs. TORRES. But can I interrupt you for a minute and just say that the city of Pomona, you know, where I live applied for one of these grants. I get it. It was poorly written. We didn't find out until, you know, 3 days before they actually submitted their application. Cities like that that are in the red and continuing to function in the red, there just isn't enough tax base.

I mean, my constituents, my neighbors are living on minimum wage. In L.A. County, it is nearly impossible to do that. You are having to work two or three jobs. So these are working poor people that just need a strap on their boot, right. Technical assistance is critical for these communities.

But thank you for being here today, and thank you for your interest, and I yield back.

Mr. PRICE. Thank you. As everyone knows, we are up against a deadline in terms of the joint session that is going to convene at 11, but we will go as far as we can with the second round.

Mr. Secretary, we appreciate your sticking with us here, and we will go as far as we can because your appearance is important, and I think every member, as you have seen, has pressing questions.

CDBG—DR

I will start off the second round with a very pressing question both to my home State and I think to the country, that is, the Community Development Block Grant disaster recovery funds and where we are in getting those funds where they need to be.

We were pleased, of course, that after the shutdown ended, the Department began reviewing and approving State action plans and amendments for the DR funding. However, the Federal Register notice, as you know very well, governing the mitigation funding for 2016 and 2017 disasters has not been issued.

I hope the notice will take a comprehensive approach to all-hazards mitigation. In my State, grantees are anxiously awaiting the guidance so they can finalize the plans to rebuild. The reports, unfortunately, that the White House may have intervened to slow down the distribution of funds to Puerto Rico, and the inspector general has recently opened an investigation into the matter.

So, Mr. Secretary, I want to stress that these delays are very harmful, of course, to the suffering of the people in Puerto Rico but also constituents in my State along with Florida, Texas, the Virgin Islands, Georgia, Missouri, Louisiana, South Carolina, and West Virginia.

So I want to ask you, when we are going to have these—when are we going to have this notice finalized? When will it be finalized? When will grantees be able to put this funding to be in the communities? When will HUD enter into grant agreements with all grantees that have an approved action plan?

Secretary CARSON. A filed Register notice will be out May 1st, by May 1st.

Mr. PRICE. May 1st you will have the much awaited notice?

Secretary CARSON. Correct.

Mr. PRICE. All right. Good.

Secretary CARSON. Which is actually a couple of months ahead of when we had promised it was going to come.

Mr. PRICE. Well, you understand very well the pressure on this and the reasons we are all feeling we need to get this notice out and get this money flowing. We are talking about disasters that go back to 2016 here—

Secretary CARSON. Absolutely.

Mr. PRICE [continuing]. In some cases.

Now, about this matter of possible White House intervention. To your knowledge, did you or anyone else at HUD have conversations with the President or with the White House or other senior administration officials about delaying or diverting disaster funding for Puerto Rico?

Secretary CARSON. No, but we have had conversations about how to make sure that the money gets there and that it is used in an appropriate way to really help the people of Puerto Rico. I feel very strongly about that. And in fact, you know, \$1.5 billion has already been assigned to Puerto Rico. All the paperwork has been done. All the checkoffs have been done. And as far as the second tranche of money for unmet needs, \$8.2 billion is concerned; that too has already—the agreement has already been approved.

Mr. PRICE. So this talk that the White House might actually block or slow walk this funding, those reports are simply are inaccurate?

Secretary CARSON. I hope we can put an end to that rumor at this stage. That simply is completely inaccurate as far as HUD funding is concerned.

Mr. PRICE. Thank you.

Mr. DIAZ-BALART.

Mr. DIAZ-BALART. Thank you very much, Mr. Chairman.

Let me also stay on the CDBG–DR motif for second, Mr. Secretary, and going back to Ranking Member Granger. Just one of the things I would like to do is work with your staff to figure out—you mentioned about how obviously you are willing to figure out if there is a way to do it in a way that is with flexibility but more formalized potentially.

Secretary CARSON. That makes sense.

Mr. DIAZ-BALART. So I would like to work with you on that.

Secretary CARSON. Yes.

Mr. DIAZ-BALART. So now let me—and again, as you know, that is—if there seems to be a lot of interest in the subcommittee because that whole CDBG–DR, the mitigation part of it, which had been authorized but had never been funded until now, and that is something that this subcommittee did, and I think we are all very proud of.

Secretary CARSON. Absolutely.

Mr. DIAZ-BALART. But as you said many times, we have got to make sure it is well spent.

#### HUD OPERATIONS AND THE FEDERAL BUDGET

Let me change the subject to CRs and the effect of CRs. We have seen that, for example, a couple of—whether it was defense and HHS, they were up and running with a full budget year on October 1. Their programs are being executed with a lot more certainty and

I would probably add efficiency as a result. I have heard, by the way, in the Defense Subcommittee from the folks in the defense area that tell us how crucial it was—

Secretary CARSON. Yeah.

Mr. DIAZ-BALART [continuing]. To have that funding on time. So could you describe how HUD has dealt with long-term CRs in the past? How does that affect you? There are a lot of new folks in Congress. They are wonderful people, but I don't know if they may not understand how—you know, why there is a problem with doing CRs. So what is the issue with CRs? How much would it help you to have certainty and have the appropriations bills done on time?

Secretary CARSON. It is almost hard to describe how wonderful it would be not to have to deal with CRs and if we knew what our funding was going to be. And Chairman Price told me when I was down in North Carolina we were just sort of that far away to getting under the wire. We just missed it by a couple of days. That broke my heart.

But, nevertheless, if there ever comes a time when people can sit down and recognize the uncertainty that this causes and how that has sort of a cascading effect, a domino effect, on everything else and maybe become very, very serious about getting these budgets out, getting them done, I think all of us at every agency would be extremely grateful.

Mr. DIAZ-BALART. And, Mr. Secretary, one of the things that I always talk about too is that one thinks or should think, at least, as to the impact on, you know, HUD, the departments, but the impact on the private sector because again, a big part of your money goes to local communities.

Secretary CARSON. That is true.

Mr. DIAZ-BALART. And, also, a lot of it goes to the private sector. And so, you know, do you hear from the private sector also with, you know, issues that this creates?

Secretary CARSON. Oh, yeah. Well, they are always wondering, you know, what is going to be the long-term impact on them? Are they going to get their grants? What new things are going to come up before the final budget is resolved? And, of course, that impacts their planning, and their planning affects their bottom line. So it is something that affects us far beyond just the Federal Government.

Mr. DIAZ-BALART. Well, you know, obviously, you know, if the chairman is given an allocation and if we are allowed to do our work, we will get it done, right, Mr. Chairman?

Mr. PRICE. Yes.

Mr. DIAZ-BALART. If you let us get it done, we will get it done.

Mr. PRICE. Yes, indeed, and I commend you for that very forthright statement about the effect on you and your work if we don't get it done.

Mr. DIAZ-BALART. Yeah.

Mr. PRICE. We really do need to understand that all around in this institution going forward, and I assure, you we plan to get the work done. We are going to get an allocation. We are going to do these bills in the late spring, early summer timeframe and you know, work with our Senate colleagues to bring them across the finish line.

Secretary CARSON. Amen.

Mr. PRICE. Mr. Aguilar.

Mr. AGUILAR. I didn't hear the ranking member yield back, but I want to make sure he is okay.

Mr. DIAZ-BALART. Mr. Chairman, if I would, you know, one of things I have learned is that whether I yield back or not, if the chairman recognizes you, you are recognized.

Mr. AGUILAR. I will speak to the ranking member and to the chairman on behalf of, I think, all the committee members to say if they are given that top line number, if you gentlemen are given that top line number, I feel confident that, under your leadership, we can get this done and offer the Secretary and the agencies the guidance that they—and the funding that they need to serve our communities.

Mr. Secretary, you talked about some of the formulaic programs, and we might disagree on, you know, CDBG a little bit here and there. You had a lot of former mayors up on this dais on both sides of the aisle—

Secretary CARSON. I know.

#### CENSUS

Mr. AGUILAR [continuing]. So that is difficult for you, but a lot of these programs, CDBG, home investment partnership, emergency solutions grants, they are all formulaic, and they rely on proper counts. So can you—how important is the accuracy of the Census to the work that the Department will do in the next decade in order to make sure that we have sustainable communities and strengthen housing for all Americans?

Secretary CARSON. Well, yeah. The Census count would be very important in anything that is a formulaic manner. So in terms of what we do, we are very much believers in evidence and having accurate counts counts as a significant part of the evidence. So I would give it a very high priority.

Mr. AGUILAR. The evidence of an accurate count means you count everybody. I don't think there is any dispute from an evidentiary perspective that counting everyone means counting everyone.

Secretary CARSON. Yeah. That is what the census is.

Mr. AGUILAR. That is what the census does. So efforts to undermine that, you know, you think could be problematic in the future to those revenue streams that provide key funding in our communities. Is that fair? I don't want to put words in your mouth.

Secretary CARSON. Yeah. Well, I certainly am not aware of anybody who is trying to curtail that, but—

Mr. AGUILAR. Have you been to a Cabinet meeting? I will move on.

#### CDBG—DR

Following up on the chairman's comment, Puerto Rico. You mentioned \$1.5 billion was out the door, an agreement approved for \$8 billion?

Secretary CARSON. For the \$8.2 billion for unmet needs, yes.

Mr. AGUILAR. For unmet needs. But that is not yet out the door; it is just an agreement that is approved, right?

Secretary CARSON. Correct.

Mr. AGUILAR. According to OMB, I think they said \$11.2 billion has been expended under all categories, but the President tweeted that Puerto Rico got much more money than Texas and Florida combined. Have you seen anything that would lead you to say that Puerto Rico has received more money than Texas and Florida combined?

Secretary CARSON. Well, I know from HUD, Puerto Rico has received about \$20 billion, which is the largest grant that we have ever given out in the history of HUD.

Mr. AGUILAR. Received or—

Secretary CARSON. Had that much allocated to them, yes.

Mr. AGUILAR. Had that much allocated, okay. But not yet received?

Secretary CARSON. Correct.

Mr. AGUILAR. Okay. How would that compare to Texas and Florida?

Secretary CARSON. They also have not received all of the money for mitigation. That mitigation process again will be finished by the end of this month.

Mr. AGUILAR. Has Puerto Rico received more money than Texas and Florida?

Secretary CARSON. For this hurricane season, yes, they did.

Mr. AGUILAR. I appreciate it. Thank you, Mr. Secretary.

I yield back, Mr. Chairman.

Mr. PRICE. Mr. Secretary, just to clarify, no mitigation money has gone out the door?

Secretary CARSON. Correct.

Mr. PRICE. All right. The money we are talking about is the unmet needs DR funding.

Secretary CARSON. That is correct.

Mr. PRICE. All right.

Well, welcome, Mr. Hurd. Just under the wire here, so please.

Mr. HURD. Thank you, thank you, Mr. Chairman. I appreciate you saving the best for last, right?

Mr. PRICE. I didn't say that, but if you say so.

#### OPPORTUNITY ZONES

Mr. HURD. Secretary Carson, it is a pleasure to have you here. And in your opening remarks, you touched on two things that are important, RAD and Opportunity Zones, and this budget includes \$100 million for RAD, which is going to prioritize redevelopment for public housing projects in areas located within Opportunity Zones. And could you expand on how HUD is going to work with cities like San Antonio and El Paso in my district to construct, you know, new units of affordable housing in Opportunity Zones?

Secretary CARSON. Yeah. We are actually going to be providing preference points for grants when the project is in an Opportunity Zone. We are going to also be providing technical assistance for projects in Opportunity Zones in terms of how to utilize what you have to get what you want because we really see this as a major opportunity to revitalize the neglected areas of our country, more so than anything that has ever happened before. And some people will say: Well, we have had enterprise zones. We have had other things before, and they were flashes in the pan.

The difference here is that you have to have a long-term investment. So your unrealized capital gains has to be invested for 5 years before you get the first advantage, which would be a 10 percent decrement in the capital gains on the original investment. Two years further than that, you get an additional 5 percent. Ten years, you have to pay no capital gains on the new money that was gained from the initial investment.

So that is a great inducement, but the biggest advantage, of course, is that that money that would have been invested in something else is invested in the areas that it is most needed in.

Mr. HURD. Sure. And look. I know the city of San Antonio and the city of El Paso would love to be the gold star of this kind of cooperation with HUD, and we will definitely need the technical assistance and looking forward to working with you on this.

#### RESIDENT DISPLACEMENT

And a related question on this. And the concern is how do you prevent the displacement, you know, of low-income residents in these zones once this investment goes in? How do we do that? What is the strategy there?

Secretary CARSON. Well, first of all, we will be encouraging people to include inclusionary zoning. And also, when you do, like, a RAD conversion, it is automatically a long-term 30-year commitment to affordable housing. The same thing with some of the other programs. So those things will be emphasized in this process.

Mr. HURD. That is helpful.

#### COLONIAS

And shifting gears for probably what will be my last question, colonias. I have so many. I have more than—there are more than 2,300 colonias in Texas, primarily along our border with Mexico. I have over 820 miles. Over 400,000 Texans live in colonias, and about half of these live without water and sewage. El Paso County alone, which I represent part of, 80,000 people live in over 200 known colonias built on land that was never zoned for residential use.

I am interested in increasing resource allocation to the colonias in south and west Texas. What HUD programs would ideally be—should we focus, and which specific appropriations accounts can be addressed to enhance the activity that you all do in colonias?

Secretary CARSON. Well, I think the areas that you are talking about do fit into Opportunity Zones, and so everything that we just talked about, including replacement of those inappropriate structures with something that is, you know, decent, fair, and affordable would be a high priority.

Mr. HURD. That is a good copy.

And, Mr. Chairman, I am going to submit for the record some questions on MGT.

[The information follows:]

#### INFORMATION TECHNOLOGY

Mr. HURD. This is Modernizing Government Technology Act, which is important, and I ask senior leaders of the agencies ques-

tions because making sure we have a digital infrastructure that is going to be protect people's information but also allows for better digital-facing services to the community and some questions around MGT. And I would love, you know, how you are going to use that to update some of the COBOL systems that are currently in use.

Secretary CARSON. That is a topic we love to talk about.

Mr. HURD. IT procurement. I always say, when we hold that parade for IT procurement, you know, I will make sure you are invited, Mr. Secretary.

Thank you, Mr. Chairman. I yield back.

Mr. PRICE. Thank you.

And, with that, Secretary Carson, we want to thank you for your time—

Secretary CARSON. Thank you.

Mr. PRICE [continuing]. Your appearance today. The committee staff will be in contact with you about any questions for the record. Some you have heard in the course of the discussion; others will be submitted. We would appreciate your returning the information for the record to the committee within 30 days.

Secretary CARSON. Absolutely.

Mr. PRICE. Thirty days from Friday, we will be able to publish the transcript of today's hearing.

Mr. Diaz-Balart, any final comments?

Mr. DIAZ-BALART. Great hearing, Mr. Chairman. I appreciate that. Thank you very much.

Mr. PRICE. Thank you. And, with that, the hearing is adjourned.

WEDNESDAY, APRIL 10, 2019.

**UNITED STATES DEPARTMENT OF TRANSPORTATION**

**WITNESS**

**HON. ELAINE L. CHAO, SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION**

Mr. PRICE. The hearing will come to order. We are going to examine the fiscal 2020 budget request for the Department of Transportation today, and we welcome to help us do that, Secretary Elaine Chao. Welcome back. Thank you for joining us.

Repairing and improving our infrastructure remains one of the top challenges facing our country. Our economy, quality of life, and international competitiveness depend on robust transportation networks that can accommodate the movement of people and goods. Unfortunately, we aren't keeping pace with the demand.

The American Society of Civil Engineers estimates that there is a U.S. infrastructure funding gap of \$2 trillion over the next decade, and the U.S. economy is expected to lose almost \$4 trillion in GDP between now and 2025 if this investment gap is not addressed.

And, by the way, infrastructure requires a broad view. What does infrastructure mean? It includes related investments, ranging from waterways and ports to drinking water systems, affordable housing, the electric grid, trails and greenways, and high speed broadband.

Regrettably, I don't think we can count on this administration to be a serious partner in a major infrastructure effort. I say that with regret. We are still waiting for anything resembling a realistic plan. Right now, we have a \$200 billion placeholder in the budget request. But the President has refused to engage substantively on this topic other than a couple of sentences during the State of the Union address, so Congress is going to need to step up, and I know this subcommittee will continue to play its part.

Under the leadership of our friend, Mr. Diaz-Balart, we appropriated more than \$17 billion in new targeted infrastructure investments over the last 2 fiscal years. It was bipartisan. That was bipartisan, and the budget agreement that made it possible was bipartisan. It let us bolster funding for discretionary grants across all modes and to provide billions more for transit, aviation, highway, and rail programs.

While these incremental investments are significant, they don't constitute a massive infrastructure program. They are downpayment. That is the term Mr. Diaz-Balart used, and I think that is accurate. They are a downpayment. We know there is much more work to do, and we need another bipartisan budget agreement to escape sequestration and to build on this progress. Also, Congress

must find a way to rightsize the highway trust fund, and put our Nation on a more sustainable fiscal path that provides certainty to States and localities and other stakeholders.

Infrastructure investments cannot wait. Major projects, and we are talking airports, highways, ports, and yes, we are talking the gateway project in New York and New Jersey. They only grow more expensive when needlessly delay necessary repairs and improvements.

In short, we have every reason to be mindful of the cost of not facing up to our infrastructure crisis. Why we should be building runways and laying new rail; instead, it seems we are struggling to potholes and repair aging bridges.

Now let's turn briefly to the Department's fiscal 2020 request. Secretary, we know you are requesting approximately \$83.7 billion in total budgetary resources. That is a 4 percent reduction from last year's enacted level. For programs funded through the highway trust fund, your request remains largely consistent with FAST Act authorized levels.

However, on the discretionary side of the ledger, you seek a \$5 billion reduction, or that would be a cut of almost 20 percent. I am pleased to see you have requested funding for BUILD and other grant programs. That is a positive change from past requests, but the brunt of these funding reductions still would fall upon programs that advance public transit, rail, other intermodal projects that are critical to our Nation's transportation future.

For example, you propose to cut Amtrak and force States to pick up the cost of the national network service. You zero out the Federal-State partnership rail grants, and your \$1 billion in proposed reductions for transit grants would almost certainly result in construction delays for eligible projects.

I am also concerned that you propose cutting safety programs, including a \$9 million reduction to FAA aviation safety office, and a \$35 million reduction to the national highway's safety administration's operations and research activities account.

Overall, this budget is a far cry for what is necessary to move our country forward, and it doesn't reflect the rhetoric we hear from the Department about taking a safety-first approach. Of course, budget hearings aren't just about the numbers. They are also about oversight. We need to learn more about how the Department is executing grants, and making use of the funding that this subcommittee provided on a bipartisan basis for the last 2 fiscal years.

We also need to hear directly from you, Madam Secretary, about recent incidents, involving the Boeing Max 8 and the FAA's certification and inspection processes. This subcommittee is closely following the ongoing investigation, and we are prepared to work with you to address and identify shortcomings. We need full transparency.

At the same time, I believe the Boeing incident touches on larger questions about whether DOT is fully prepared to oversee and regulate increasingly complex technologies in this age of automation. Whether it is autonomous vehicles, ships, aviation systems, it is clear DOT has to undertake a massive effort to recruit and retain

staff who are qualified and knowledgeable about automation and human behavior.

These technologies hold enormous potential to increase efficiency and improve safety, but as we have seen recently, a single accident can cause terrible loss of life, and result in a crisis of confidence.

If the Department lacks the expertise to safely regulate these emerging technologies, the results will be catastrophic, not only for consumers and passengers, but also for the businesses and the industries that drive innovation.

Finally, I would like to hear more about how DOT is working with States, localities, and other grantees to improve resiliency. Every year, DOT awards tens of billions of dollars in competitive and formula grants, whether it is increasingly severe flooding, or hurricanes, or wildfires. We need to take an all-hazards approach and to ensure that our Federal dollars support projects that can withstand future threats.

So Secretary Chao, we look forward to your testimony today, and working with you to ensure that DOT has the resources it needs to carry out its mission. And now I would like to recognize our distinguished ranking member, Mr. Diaz-Balart of Florida, for his opening statement.

Mr. DIAZ-BALART. Mr. Chairman, thank you very much for holding this hearing today. By the way, I also want to thank you for holding what I believe are a great series of meetings and hearings throughout this budget season. Thank you, and I also thank the staff. They do so much incredible work. I think our stakeholder meetings and hearings this year were, frankly, a great complement to the regular budget hearing process, and I know that the testimony that we have all heard in the past few weeks will help us work together to draft a good bill for fiscal year 2020. Madam Secretary, welcome back.

Secretary CHAO. Thank you.

Mr. DIAZ-BALART. It is a privilege and honor to have you here once again.

I would like to begin, Madam Secretary, by thanking you and your staff for your attention to the issues that are of concerns to the members of this subcommittee. And what I found, whether it is a big issue, a small issue, you and your staff have always been exceedingly responsive and available and open to us. And so for that, again, I want to thank you.

It is no small task to run a department with an annual—with a responsibility for about \$80 billion in mandatory and discretionary resources, and over 58,000 employees. And again, the country is lucky to have your service. So, again, thank you for that.

Secretary CHAO. Thank you.

Mr. DIAZ-BALART. We are keenly interested, Madam Secretary, in your plans to continue implementing the recent major investments in our Nation's infrastructure. In the past 2 years, thanks to the budget caps deal, also thanks to, I think, a very generous allocation from then the chairman, Frelinghuysen, Chairman Frelinghuysen, we provided an additional \$20 billion to improve our Nation's infrastructure. The vast majority of this funding went to DOT. And so I look forward to discussing the progress you have made in getting these funds out to local communities.

These are significant bright spots for the last couple of years, but, also, I think they are significant bright spots in the budget request in front of us. We are never going to agree on all of it, obviously. That is part of the process.

The request for FAA makes some, I think, key investments in our air traffic control system, including an historically high level request for facilities and equipment, and this is how we move NextGen programs forward. And I know that the traveling public will benefit from these very important investments in that program—those programs, I should say.

Over the past 4 years, the chairman and I worked to ensure that the FAA has the resources that it needs to operate a safe and efficient air traffic control system. And these efforts have been, as the chairman said, bipartisan, and it is really been a partnership, and I am grateful for that partnership.

That commitment by this subcommittee, along with a 5-year authorization past September, will put FAA on a path to further modernize the system and address the challenges and opportunities of unmanned aircraft systems, commercial space launches, and other innovations in the sky. And again, every day we seem to see a new innovation which is very, very exciting.

I am also pleased, Madam Secretary, to see a request for \$1 billion for BUILD, and \$1 billion in discretionary funding for INFRA grants, bringing that program to \$2 billion when you also combine it with the FAST Act levels for INFRA. Those programs are key to relieving congestion, generating economic growth, and, frankly, just improving the quality of life of people back home of our communities.

This would be an understatement, right, Mr. Chairman, as members of both sides of the aisle have spoken to me and others about the importance of these programs to their communities. I also hear from community leaders in Florida how important these programs are to help in reducing congestion and to generate economic growth.

Madam Secretary, I also want to thank you for your willingness to travel and to go to see firsthand not only some of those needs, but also some of the great things that are happening around the country. It is particularly exciting to see how communities come together to develop innovative ideas as they plan to apply for these grants.

I am also similarly pleased with the administration's request, budget request and transit programs, with, again, a request for new starts in 2020. While we obviously think that those numbers may or may not be adequate, and that is why we do this process, right, your request to fund new starts in 2020 is greatly appreciated.

I know that you and your staff are hard at work implementing the transit program according to both the FAST Act requirements, and direction provided in the fiscal year 2018 and 2019 THUD bills.

And finally, as the chairman mentioned, we are keeping a close eye on the grounding of the Boeing 737 Max. We know that you have been working countless hours on this issue and appreciate any updates if you have any that you can provide for us today.

Again, I want to thank the chairman, and I want to thank you, Madam Secretary, for your appearance before us today, for your willingness to work with us, for always being accessible, and for your service to the country.

With that, I yield back, Mr. Chairman.

Mr. PRICE. Thank you. Let me now recognize for any opening statement she may have, our full committee chair, Mrs. Lowey.

The CHAIRWOMAN. Thank you, Mr. Chairman, and welcome. I really appreciate your appearing before us today.

In a speech less than 2 weeks ago, you outlined your priorities for the Department of Transportation: first, safety; second, rebuilding and refurbishing our country's infrastructure; and third, preparing for the future. If a budget reflects values, it seems the Trump administration does not, unfortunately, share these priorities.

While the Department of Transportation's primary directive is safety, your budget proposes FAA aviation safety cuts of \$9 million, a 20 percent cut to the National Highway Safety Administration vehicle safety programs such as those aimed at increasing resiliency in crashes, and FRA railroad research and development cuts of more than half. These dramatic decreases, in my judgment, would seriously jeopardize safety.

Your budget requests also falls short on rebuilding and refurbishing our country's infrastructure. By neglecting to include even 1 cent for the Gateway project, the administration is neglecting upgrades to its own assets as the aging and crumbling Hudson Tunnel is owned by Amtrak.

Your claim that New York and New Jersey are aren't committing enough funding for the project ignores Congressional direction in the fiscal year 2019 spending bill that specified that Federal loans, which do get repaid, count as local share of funding.

Instead of paying attention to the urgent reality that an unplanned closure of the Hudson Tunnel would be disastrous for our economy, and disrupt the lives of hundreds of thousands of daily commuters, your administration has made a political decision that endangers the safety of travelers who pass through that tunnel every day. When our current infrastructure is in such desperate need of repair, preparing for the future must mean ensuring continuity of service, and the sustained safety of infrastructure right now.

Frankly, I am unimpressed by your budget request. Twice, the administration has proposed cuts that would shortchange our national infrastructure, and twice, Congress has responded by passing responsible funding levels. Please, I hope you will do better next time. I look forward to your testimony. Thank you again for appearing before us.

Mr. PRICE. Madam Secretary, we recognize you and ask you if you could limit your oral statement to 5 minutes. We will, of course, put any materials you want in the record.

Secretary CHAO. Thank you, Mr. Chairman.

Chairman Price, Ranking Member Diaz-Balart, full committee Chairwoman Lowey, and members of the subcommittee, thank you for the opportunity to meet today to discuss the President's fiscal year 2020 budget request for the Department of Transportation.

I begin, let me emphasize that safety is, indeed, always number one at the Department of Transportation. And as I have said before, a good day is when nothing bad happens.

On March 10, recently, 2019, there was a tragic crash in Ethiopia, involving a U.S. manufactured aircraft. Our hearts go out to the families and loved ones of all those who perished. We all have a lot of important questions about this accident. The Ethiopian Government is in charge of the accident investigations, and the National Transportation Safety Board is the U.S. representative in the investigations.

I have taken two key steps, actions, to help determine what happened and what can be improved at the FAA. First, I have asked the Department's inspector general to initiate an audit on the activities that resulted in the March 8, 2017 certification of the Boeing 737 Max 8 involved in the accident.

Second, I have announced the formation of a special advisory committee to provide independent, impartial advice on ways to improve the FAA's safety oversight and certification process.

At this point, the FAA is awaiting Boeing's final package of its software enhancement for the 737 Max. And once FAA receives Boeing's proposal, it will be thoroughly reviewed to ensure the solution has addressed all pertinent issues. Let me emphasize that the FAA will not approve Boeing's proposed changes until the FAA is satisfied that it is safe.

The Department's goal is to ensure public trust in aviation safety and preserve the preeminence of the United States as the gold standard in aviation safety. I look forward to working with you and all stakeholders to help address the key questions surrounding this tragedy.

Now, let me turn to the President's budget proposal for fiscal year 2020, which continues to emphasize the importance of addressing our Nation's infrastructure needs, using smart, effective, and modern methods that provide results and maximize our resources. The President's budget requests a total of \$84 billion to support transportation programs in fiscal year 2020.

About 75 percent of this request fully funds surface transportation for the fifth and final year of the FAST Act, and FAA's authorized funding levels for AIP funding. These programs support infrastructure improvements that are critical to maintaining dependable transportation systems that support our growing economy. The remaining \$21.4 billion of the request funds several high priority investments and reforms that will strengthen our programs and make them more effective. In fact, the Department's programs track closely to fiscal year 2019 enacted appropriations with a handful of exceptions.

For FAA, I am pleased to note that the President's budget includes \$1.4 billion for NextGen projects and activities. This is the largest request in FAA's history. The budget includes \$203 million for unmanned aircraft initiatives; \$1.6 million for a new Office of Innovation; \$65 million for commercial space, safety, and operations. And while FAA's operations account is less than the fiscal year 2017 enacted amount, it is still approximately \$113 million above fiscal year 2018 levels.

When evaluating the FAA funding levels, it is important to take into account the timing of the President's budget, which was developed before the omnibus bill was signed into law. The President's budget continues to fund the Federal Highway Administration at FAST Act levels. The President's budget also redirects \$2 billion in additional resources for the BUILD and INFRA grant programs. It also uses \$300 million of the remaining funds for a new competitive bridge program.

For transit, the fiscal year 2020 funding level for CIG, as has been mentioned, is \$1.5 billion. This request fully funds all existing projects for the first time, and reserves \$500 million for new projects as they are ready to advance.

The budget funds Amtrak at \$1.5 billion in total. Funding for the Northeast Corridor is \$325 million, which fully funds Amtrak's needs based on traditional spending patterns. It also increases funding available for rail infrastructure and safety grants, and the project also proposes a new idea that would provide \$550 million in rail infrastructure grants to support States in taking over responsibility for long haul services over a five-year period.

Let me also mention that the MARAD budget request provides \$300 million to fully fund the Maritime Security Program for 60 ships, and an additional \$205 million for a third new school ship. This allows the Department to continue replacing the aging training ships currently available at the State maritime academies.

I look forward to working with all of you on these and other transportation issues over the coming year.

[The information follows:]

**STATEMENT OF  
THE HONORABLE ELAINE L. CHAO  
SECRETARY OF TRANSPORTATION  
BEFORE THE  
APPROPRIATIONS SUBCOMMITTEE ON  
TRANSPORTATION, HOUSING, AND URBAN DEVELOPMENT AND  
RELATED AGENCIES  
UNITED STATES HOUSE OF REPRESENTATIVES**

**April 10, 2019**

**Introduction**

Chairman Price, Ranking Member Diaz-Balart, and members of the Subcommittee, thank you for the opportunity to meet today to discuss the President's Fiscal Year 2020 Budget request for the Department of Transportation (DOT). The President's budget proposal – A Budget for A Better America -- continues to emphasize the importance of addressing our Nation's infrastructure needs using smart, effective and modern methods that provide results and maximize our resources.

The President's Budget requests a total of \$84 billion to support transportation programs in FY 2020. About 75% of this request fully funds surface transportation for the "fifth" and final year of the Fixing America's Surface Transportation (FAST) Act and the Federal Aviation Administration's authorized funding levels for the Grants-in-Aid for Airports program. These programs support infrastructure improvements that are critical to maintaining dependable transportation systems that support our growing economy.

The remaining 25% of this request, or \$21.4 billion, funds several high priority investments and important reforms that will strengthen our programs while making them more efficient. This portion of the budget is a \$5.1 billion reduction from FY 2019 enacted levels, because of the additional infrastructure investments the Congress committed to in the two-year Government-wide discretionary funding caps deal. When you deduct those temporary increases, this request provides a robust level for many of the Department's programs and tracks very closely to the FY 2019 enacted appropriations.

### **Comparing DOT Resources Across Years**

Some have noted that the President's FY 2020 Budget request is about 20% less than the FY 2019 enacted appropriations for discretionary programs. While this is technically true for a relatively small subset of the budget, it is misleading and does not tell the whole story. There are two important points to consider.

First, unlike most domestic programs, DOT's mandatory programs are not traditional entitlements. Instead, they result from contract authority that is provided for infrastructure transportation programs. However, these levels are not a given. Every year the Executive Branch and this subcommittee determine what the annual obligation limit should be that ultimately controls the level of investment. With this in mind, a comparison of the Department's overall funding of \$84 billion provides a more representative measure for comparison and reflects only a 4% reduction.

Timing also plays a critical role in developing budgets. When the President's FY 2020 Budget was being developed, we did not have a final FY 2019 Appropriation and were operating under a long-term Continuing Resolution. In the absence of a FY 2019 Enacted Appropriation, the Administration relied on its own FY 2019 President's Budget request as the basis for the FY 2020 President's Budget decisions. When we compare the President's Budget request for FY 2019 and FY 2020, the FY 2020 budget provides *an overall 8.9% increase*. Further, compared to the FY 2017 enacted level, prior to the budget cap deal increases, the overall increase for FY 2020 is almost 8%. This reflects the Administration's strong support for funding transportation infrastructure investments even as other portions of the President's Budget were targeted for reductions.

### **Modernizing our Nation's Airspace**

The President's Budget requests \$17.1 billion to support the important work of the Federal Aviation Administration (FAA). The FAA manages our Nation's airspace and directs the safe transportation of 1 billion passengers and 25 million tons of cargo each year. At the same time, the FAA is continually advancing new technologies and innovations that improve its operations and help the Agency keep pace with increasing demand for reliable air services. The FAA's signature NextGen program is focused on integrating these critical safety and innovation technologies into the National Airspace System using the resources across its accounts.

The President's request acknowledges the importance of this program by providing \$1.4 billion in resources specifically dedicated to NextGen initiatives. This is the highest request for NextGen in the Department's history. The

President's Budget funds the FAA's overall Operations at \$10.3 billion. While this level is \$70 million below FY 2019 enacted levels, this is only a slight reduction overall and certainly sufficient to meet the Agency's needs. At the same time, the FAA's Facilities and Equipment program received \$3.3 billion -- a nearly \$300 million increase. These funds will be focused on modernizing FAA's infrastructure to improve safety and reduce flight delays.

### **Improving Surface Transportation Infrastructure**

Consistent with previous years and the Administration's infrastructure improvement priorities, the President's Budget funds the Federal Highway Administration at the level authorized by the FAST Act to support highway infrastructure improvements and highway safety programs. The President's request does not continue the \$3.3 billion in funding for the discretionary Highway Infrastructure Program, which was new in FY 2018. Instead, it provides substantial additional resources to successful competitive programs. These include \$1 billion to the Infrastructure for Rebuilding America (INFRA) Grant program to supplement the \$1 billion provided by the FAST Act for a total of \$2 billion in INFRA Grants; and \$1 billion to the Better Utilizing Investments to Leverage Development (BUILD) Grant program. The INFRA and BUILD programs have been effective in delivering high returns on investment by encouraging local contributions and partnerships with the private sector. Another \$300 million is provided for the innovative Competitive Bridge Program which encourages States to replace and repair deteriorating bridges cost effectively through project bundling. In addition, the FY 2020 request includes \$500 million to improve the Nation's aging transit assets and infrastructure.

### **Transit's Capital Investment Grant Program**

The Federal Transit Administration's Capital Investment Grant Program supports the construction of new transit, commuter rail, light rail, and bus rapid transit projects. The Administration continues to encourage increased local contributions in the funding of transit projects. The President's Budget provides \$1.0 billion to fund the current portfolio of capital investment projects with signed full funding grant agreements at the time the Budget was developed. In addition, another \$500 million is provided for new projects in the program pipeline as they become ready.

### **Investing in Emerging Technologies and Innovation**

Every day, Americans wake up to new and advanced technological improvements that are changing the way we live, work and enjoy life. Technology is also rapidly changing transportation. The Department has a responsibility to

ensure that new transportation systems are integrated into the overall transportation network in a safe and prudent way.

The President's Budget request includes nearly \$300 million to address emerging technologies and innovation. This includes \$203 million for unmanned aircraft systems which will be integrated into the National Airspace, and a new Office of Innovation within the FAA to focus on integration issues resulting from the latest emerging technologies. Another \$25.6 million is requested to protect the public during take-off and reentry of Commercial Space launches.

A total of \$19.2 million is also requested in the National Highway Traffic Safety Administration's budget to oversee the introduction of automated driving systems on our Nation's highways as this technology continues to mature.

### **Amtrak Reforms**

The President's Budget request proposes reforms to Amtrak that would provide efficiencies and reduce costs. Amtrak's new leadership team has been making strides in implementing practical and effective cost saving measures while maintaining quality service. The President's Budget funds Amtrak at nearly \$1.5 billion in total. The Northeast Corridor is funded at \$325 million which funds Amtrak's needs based on traditional spending patterns. Further, the President's Budget includes funding available for rail infrastructure and safety grants – a new approach from previous requests.

The President's Budget includes a proposal to reform the way Amtrak's long-distance routes are managed. These routes are currently fully funded by Federal dollars and account for the majority of the railroad's operating losses. DOT will help lead the way on a new vision, working with stakeholders to develop a rationalized network to provide better, more cost-efficient service. This modernized network will focus trains on shorter distance routes between promising city pairs, while providing robust intercity bus service to currently underserved rural areas via partnership between Amtrak and bus operators.

At the same time, the Department understands that many States and communities may not have the resources to assume immediate financial responsibility for these services. With this in mind, the President's Budget includes \$550 million in transitional grants that would assist States in taking on the management of these newly created State-supported routes. The grants would support the costs of these routes in FY 2020 and would phase down and out over a five-year period.

**Supporting the Training Needs of the State Maritime Academies**

Along with the U.S. Merchant Marine Academy, the State Maritime Academies provide the education and training needed to successfully support the Nation's needs for qualified and experienced merchant mariners. The Academies are currently operating with a fleet of training ships that are either at, or approaching, the end of their useful service life. Funding for the two oldest vessels is already secured and plans are underway to build replacements. The President's Budget includes \$205 million for a third training ship to further this effort.

Thank you again, for the opportunity to appear before you today to discuss the President's Fiscal Year 2020 Budget. I will be happy to answer your questions.

\*\*\*\*\*

### Biography

Secretary Elaine L. Chao is currently the U.S. Secretary of Transportation. This is her second cabinet position. She served as U.S. Secretary of Labor from 2001-January 2009, and is the first Asian American woman to be appointed to the President's cabinet in American history.

Secretary Chao comes to the U.S. Department of Transportation with extensive experience in the transportation sector. Early in her career, she specialized in transportation financing in the private sector. She began her executive career in public service working on transportation and trade issues at the White House. She then served as Deputy Maritime Administrator, U. S. Department of Transportation; Chairman of the Federal Maritime Commission; and, Deputy Secretary of the U.S. Department of Transportation.

Secretary Chao understands the critical role of the Department in ensuring the safety of our country's transportation systems. She is also keenly aware of the key role infrastructure plays in our nation's economic competitiveness, and in strengthening economic growth in both the urban and rural areas of our country.

Secretary Chao has a distinguished career in the public, private, and nonprofit sectors. An immigrant who arrived in America at the age of eight speaking no English, she received her citizenship at the age of 19. Her experience transitioning to a new country has motivated her to devote most of her professional life to ensuring that everyone has the opportunity to build better lives for themselves and their families. As U.S. Secretary of Labor, she focused on increasing the competitiveness of America's workforce in a global economy, promoted job creation, and achieved record in workplace safety and health.

Prior to the Department of Labor, Secretary Chao was President and Chief Executive Officer of United Way of America, where she restored public trust and confidence in one of America's premier institutions of private charitable giving, after it had been tarnished by financial mismanagement and abuse. Secretary Chao also served as Director of the Peace Corps, where she established the first programs in the Baltic nations and the newly independent states of the former Soviet Union.

Secretary Chao earned her MBA from the Harvard Business School and an economics degree from Mount Holyoke College. Honored for her extensive record of accomplishments and public service, she is the recipient of 37 honorary doctorate degrees.

Secretary Chao is a resident of Jefferson County, Kentucky. Prior to her appointment as Secretary of Transportation, she was a Distinguished Fellow at Hudson Institute. She is the eldest of six daughters born to Dr. James S.C. Chao and the late Mrs. Ruth Mulan Chu Chao.

Mr. PRICE. Thank you, Madam Secretary. Well, let me launch the questions with a focus, as we all might expect, on the Boeing Max crashes. They resulted in 346 lives lost. We owe these victims and their survivors, of course, not only our condolences, but some answers as to what happened and why it happened and how to prevent it from happening again.

In the time we have here this morning, I don't want to focus on the details of the investigation, but I want to focus on its broader implications for politics and policy as it is unfolding, and based on what we know now. That is the focus I know that you have as Secretary, so I want to focus on the perspective you have in terms of your role, your responsibility.

Let me start with the consecutive decisions, March 11 and 12, that the FAA issued, first, asserting there was no basis for grounding the Max, and then later that the planes would be grounded, would be taken from the air. These consecutive decisions, I am afraid, calm public fears, they really raised a lot of questions about the basis on which these decisions are made, and what the third decision now is going to look like when it comes, that is, to put these planes back in the air.

So I am asking you from your position as Secretary, how did these decisions look to you in terms of process? Are there lessons learned? With the benefit of hindsight, could or should the FAA, perhaps, have taken a different approach? What can we conclude in terms of the basic confidence we have in these decisions, but beyond that, the process that they reflect? They reflect the way we are organized to evaluate such tragedies and to make very quick decisions. What are your reflections, and what are the implications going forward?

Secretary CHAO. Thank you for the questions. These are important questions, and you are right in saying that the relatives and families of those who perished, and also the general flying public, deserve answers.

The FAA is a very fact-based organization, and when this crash occurred the morning of March 10, 2019, the FAA saw no basis upon which to ground these planes. They did issue what is called a continued air worthiness notification to the international community, basically putting everyone on notice that they need to be reviewing the aircrafts; and then subsequently, countries began to ground these planes.

But the FAA, again, is independent. It is a very technical organization, it is data-driven, and they saw no data until the morning of Wednesday, March 13. At which time they received, at almost the same time as the Canadian Government, new information from satellite tracking for the first 3 minutes of the crash of Ethiopian Air 302, which seemed to parallel similar patterns to in Indonesian Air, Lion Air 610. That was the first piece of evidence that the FAA received that caused them to review their previous decision.

Number 2: There was evidence on site, at the crash site, which bore debris, that had similarities to what was found at the crash site of Lion Air. Those two new pieces of evidence, presented to a fact-based organization like the FAA, prompted them to take immediate action, because it was based on facts, not speculation, that they needed to ground the planes.

The more basic issue is, if we cannot specify why these planes were grounded, what were the reasons for grounding these 737 Max 800s? What would be the reason for ungrounding them? And so, again, the FAA was careful and fact-based in drawing upon their decisions to take a very serious step.

Mr. PRICE. Thank you. Of course, the first decision does raise larger issues about the consideration that might have been given, or should have been given to the fact that there had already been one crash, and that the manufacturer already had corrective efforts underway to address the supposed causes of that crash. And it also raises questions which I will return to in the second round.

My time has expired, but it also raises questions about the basic certification process and the confidence we have it in the first place, and how it was that the 737 has gone through eight iterations, eight iterations, a very different plane than where it started, and in all those years, has never had a basic certification examination; it has always been subject to this more incremental, more limited kind of review. And so there, too, I want to ask for your reflections. But I will wait until the next round, and I will turn to my ranking member, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, thank you very much.

Madam Secretary, one of the things I am very proud of in the 2019 bill is the funding that we put in for the Port Infrastructure Development program. That is an authorized program that had never been funded before, and the chairman and I, again, prioritized that. It is, in essence, to help the seaports. These ports handle \$6 billion per day. Think about that, \$6 billion per day in imports and exports, and supports about a quarter of the U.S. GDP.

And so Madam Secretary, I have seen, and I know that you placed a great priority on implementing this program, and I appreciate the dedication and attention of the staff, your staff, at the MARAD, the Maritime Administration, in planning for this new funding.

A few questions, Madam Secretary. Can you provide an update on your plans to release a Notice of Funding availability for this program? Any idea when you expect those notices might be released? Number one. And what benefits would you expect to see from projects that successfully compete for this kind of funding?

Secretary CHAO. Well, we understand the will of Congress. And this is obviously a very important program to the ranking member, and we, of course, pay attention to it. In fact, I just had a meeting yesterday to check on the status of this. We will get out the NOFOs as quickly as we can, and it is not our intention to dwindle, to delay, or be slow in any way. We have a lot of these NOFOs coming out. But this is obviously a priority, and we want to get it out and get it awarded.

Mr. DIAZ-BALART. And again, you and your staff have been exceedingly, exceedingly responsive, and I mentioned this in the opening statement, but I think it bears stating again, and I want to thank you for that.

Obviously, port infrastructure is also an important component of any multi-modal freight program, and we have seen some important investments in ports through the BUILD and INFRA program

as well. And can you speak to us, or assure us, that port infrastructure will continue to be a key component of also these discretionary grant programs as well?

Secretary CHAO. Well, we want to fund meritorious programs.

Mr. DIAZ-BALART. Yeah.

Secretary CHAO. And when projects are worthy, are well put together, and are supported by the community, we will, of course, consider them.

Mr. DIAZ-BALART. Madam Secretary, lastly, on this issue, obviously while we expand capacity and technology, we want to make sure that it helps create jobs. And so, I just—I want to work with you to make sure that those upgrades, those infrastructure upgrades in the ports, you know, that we also consider the folks that are working in the ports, those hardworking labor folks who are there, to make sure we do as much as we can, again, to increase jobs, good-paying jobs, and I look forward to working with you on that as well.

And, again, I want to thank you for being exceedingly accessible and aggressive in making sure that these issues are going to be implemented well, which is something, as you know, is a big concern of mine.

Secretary CHAO. Thank you.

Mr. DIAZ-BALART. The chairman and I continue to monitor efforts to recover from hurricanes, and severe flooding, including Irma, Michael in Florida, Matthew, et cetera. I understand that there are specific authorities in the highway program to build resiliency into planning and decision making. I don't have a lot of time in this round, but Madam Secretary, if you could describe some of your efforts in working with the States to incorporate resiliency into highway projects, and are there additional tools that maybe would be helpful to States to help them build resiliency into their projects when they are coming forward?

Secretary CHAO. Well, as you mentioned, MAP-21 does provide Federal Highways with the authority to consider extreme events so that communities can recover, so that they will have the resiliency with which to face these challenges.

Based on these authorities, the Federal Highway Administration is actually working with the States and metropolitan areas to assess infrastructure vulnerabilities and also incorporate resiliency as part of all phases of transportation planning and decision making, so it is very much a value that we agree with as well. And in fact, FHWA, Federal Highways, has supported over 40 resiliency pilot projects across the country, and Federal Highways has initiated 11 State and metropolitan pilot projects focused on making transportation more durable, more resilient.

Lastly, Federal Highways is coordinating with the States and local agencies to integrate resiliency considerations into existing decision-making processes. Because it can conserve time and energy over the life of roads and bridges, it is a very positive value. This will save lives. It will reduce service interruptions, and we will continue to work very hard on implementing these initiatives.

Mr. DIAZ-BALART. And I want to thank you for that. It is obviously something, particularly for the chairman and I, for obvious reasons, we are in States that are going to be affected. This is

something we obviously care a lot about, and I want to thank you for, again, your leadership there.

I yield back, Mr. Chairman.

Mr. PRICE. Thank you.

Mrs. Lowey.

The CHAIRWOMAN. Thank you, Mr. Chairman. Thank you again for appearing before us, Madam Secretary. Last year, this committee provided an additional \$14 million for the NTSA program, for a pilot program to address impaired driving, and for a paid media campaign regarding highway rail grade crossing safety. If you can tell me about the pilot funds and how is the Department using these funds, I think this could be very important.

And what is the Department doing to let States know about the availability of funds to eliminate grade crossings? I checked, and I see that the committee provided \$2.7 billion from the general fund that can be used by States to make safety improvements at grade railroad crossings. And I have been told that the States want to address these safety hazards, but don't know what funds they can use.

So, again, can you tell me, what is the Department doing to let the States know about the availability of funds to eliminate grade crossings?

Secretary CHAO. Grade crossing fatalities should be all of our concerns, because 94 percent of all rail-related fatalities occur at grade crossings. This is a huge emphasis and focus area for the Department. We have done so many things to alert the public as well as State and local authorities as to what resources are available. Summits have been held; forums have been held with basically the public; we continue to fund the—oh, gosh. I was just at the meeting, Operation Lifesavers. We still continue to fund them, and we have a million for, as you all know, the highway rail grade crossing; and we also have, by Federal Highways, about \$245 million that is also dedicated to improving safety as well.

NHTSA and FRA have worked together to relaunch one of their advertising spots, and it is called "Stop. Trains Can't." So grade crossing accidents, and also the second—the first part of yours that you mentioned was impaired driving, but clearly, grade crossings is very important. We continue to focus on that, and, hopefully, will continue to improve.

Also in fiscal year 2019, the media budget for the campaign is \$5.3 million, and we will continue to run these internationally. It always is disturbing when someone doesn't know what resources are available. We try all the time to let States and localities and the public know what resources are available. We will have to double our efforts.

The CHAIRWOMAN. Thank you. And perhaps we can work together on it, because if there is money available and the States don't know it, and we look at the lives that have been lost, I think there is more we can do.

Drunk driving is another issue that I have been really working on. It is a very important issue for me over the years, including the national .08 BAC standard which saves several hundred lives each year. But even with the progress we have made, drunk driving is still the leading cause of highway deaths, with nearly 11,000 fatali-

ties a year. In fact, motor vehicles is still high, as a result of the population, than they were in 2009. To see that these fatalities are still going up in number is just amazing to me. Do we have basic research on impaired driving? What is the Department doing to focus on drunk driving, in 33 seconds?

Secretary CHAO. I know that you are very concerned about this, and the DADSS program works to address this issue. So the issue becomes how do we save these lives? How do we prevent these tragedies? I think your staff and my staff, we have talked a lot about continuing to work along that route, and there are obviously breathalyzer devices, and instruments that will, upon touch, fail to turn on the ignition. These are all elements that we are working on.

The CHAIRWOMAN. Thank you. I look forward to following up with you. I appreciate it.

Mr. PRICE. Thank you.

Mr. Womack.

Mr. WOMACK. Thank you, Mr. Chairman, and thank you, Madam Secretary, for your testimony this morning.

I am going to throw kind of a softball out there for you. And I know you will be preaching somewhat to the choir here when you answer this question, but yesterday it became apparent that my friends on the other side of the aisle were not going to be producing any kind of a budget resolution. Indeed, had a caps proposal that was pulled from the floor, and deemed into the rule yesterday. And it signals to me the very prospect that in just a few months, when we are winding down this fiscal year, and, indeed, beginning to plan as we are now for funding on October 1, that we could have another cliff that we are staring right down the nose at, and I want to know—well-chronicled are the impacts of delayed funding, CRs, threats of shutdowns, and those kind of things on the national security of this country, but I want to know from your perch at Transportation, what does a financial cliff like we could be on here do to the Department of Transportation and the agencies under your purview?

Secretary CHAO. Well, it would obviously create problems. So many of the Department's activities were able to proceed, especially in the safety arena, without interruption during the last government shutdown, because we had separately and independently funded resources that were able to keep the Department going. So if we did not have that, that obviously would have an impact.

Mr. WOMACK. So your message back to this committee is for us to be getting our work finished and getting a product out signed by the President well in advance of October 1, so that you can adequately plan and carry out the mission that you have been challenged to carry out?

Secretary CHAO. It is never my job to tell the committee what to do, but clearly, that would be ideal.

Mr. WOMACK. We give you that opportunity here today.

The President's budget moves away from the discretionary highway infrastructure program, and instead, puts more of the emphasis on the INFRA and BUILD grants that you talked about in your testimony this morning. Can you help me understand how that will

impact States like mine where there is a lot of rural territory? How does it affect rural areas?

Secretary CHAO. Well, for the preceding 8 years before this administration came into place, a large amount of resources were going into the urban areas. So I don't think rural America is looking for a handout. They are looking for just their fair share. They are looking for equity. They are looking for justice. And so in this administration, we are trying to look at the needs of rural America and trying not to forget them in our analysis as to what the infrastructure needs are. In fact, rural America has a disproportionately high rate of accidents on their roads, and so, we do need to address that issue.

Mr. WOMACK. Well, that will be welcome news to places that I represent.

I have got a quick question about infrastructure. Can you describe how your Department's 2020 budget aligns with the administration and Congress' goal to get an infrastructure package across the finish line?

Secretary CHAO. Well, the administration submitted a proposal last February 12, 2018, hoping for bipartisan effort on an infrastructure initiative going forward. We strongly believe that infrastructure is one area where we really should have consensus, and this proposal of addressing our Nation's infrastructure should really be bipartisan.

Obviously, there were not enough votes, and the House has a new majority. We look forward to working with the new chairman on seeing what the committee's ideas are. The good news is, everything's on the table, and we look forward to working on a bipartisan basis with the new majority.

Mr. WOMACK. You began your remarks this morning by talking about your mission always begins with safety, and I commend you for that. Too often, we look at infrastructure programs as a jobs program, and sometimes we look at infrastructure as we should, from a budgetary standpoint that deferred maintenance always costs more, and adds to the total bill, but clearly, safety is one of the key reasons why we need an infrastructure bill, correct?

Secretary CHAO. Yes.

Mr. WOMACK. I yield back.

Mr. PRICE. Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman, and thank you, Madam Secretary, for being with us today.

I want to go back to a line of questions raised by both the chairman and the ranking member and give you a chance to expand, if you wanted to, on resiliency, and if you can expand a little bit more on what the Department's doing to support resiliency in transportation projects. I understand some 40-odd projects in 11 States. It sounds like progress, but maybe not where we need to be, and how can this committee help support that work?

Secretary CHAO. Well, we are very open to receiving suggestions and ideas, and so, if you have specific concerns, or ideas, we welcome them. Pilot projects are basically test projects, so they are done on a small scale by definition, and we see how they go, what the results are, and then we kind of fine-tune based on that. You know all of this.

Ms. CLARK. Yeah.

Secretary CHAO. So we look forward to working with you if there are some special concerns that you think we are not covering.

Ms. CLARK. Do you see sort of unmet needs the States are asking for in any particular area around resiliency and building that into projects?

Secretary CHAO. I am sure that there are many questions, and there are issues that may not be captured fully by these pilot projects. I think FHWA has always been very open to working with the States when setting up these pilot projects that hopefully are comprehensive enough that the results can be shared with others, so it is a best practice kind of thing.

Ms. CLARK. Speaking of resiliency, we know that climate change is one of the major drivers of our concern about this, and the transportation sector is one of the biggest emitters of greenhouse gas. What is U.S. Department of Transportation doing to lower emissions from transportation sources?

Secretary CHAO. Well, I think there are a number of ways. We incorporate—I mean, it is incorporated in a lot of the funding requests, and clearly, we have—it might be a difference of opinion as to how to do it, but we have initiatives that are ongoing throughout the Department on that.

Ms. CLARK. Okay. Returning to a topic we have discussed in your last appearances before here, which is sexual assault at the U.S. Merchant Marine Academy. There was a report that we, Congress, directed the Maritime Administrator to submit by April 1, with recommendations on the status of the implementations for the IG's recommendations. Can you give us an update on both the status of that report, and the status of implementation of the IG's recommendations?

Secretary CHAO. Well, as I have said many times, the Department has zero tolerance for sexual harassment or assault of any kind. And the Maritime Administration has been instructed to have a very careful and close focus and attention on this area. I have been up there. Numerous other DOT officials have been up there in addition to the frequent visits by the administrator. There is now a new team at the Merchant Marine Academy.

Ms. CLARK. Do you think they understand the urgency around the situation?

Secretary CHAO. I certainly hope so. I don't think it has been lack of effort on our part. I think there is a real sense of urgency.

And so, you mentioned the IG investigation. I think we are on target.

Ms. CLARK. And what about the status of that report? Have you—

Secretary CHAO. I think we are going to be on target in terms of complying—because the Academy, Kings Point, concurs with all the recommendations. They are now in the process of complying with them.

Ms. CLARK. Okay. And specifically, the report that was—

Secretary CHAO. We are a little bit late.

Ms. CLARK. You think we will see it—

Secretary CHAO. Oh, yeah.

Ms. CLARK [continuing]. Within the month of April?

Secretary CHAO. Yes.

Ms. CLARK. Okay. Great. Thank you very much.

I yield back.

Mr. PRICE. Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Madam Secretary, it is great to see you again, and on behalf of Jacksonville and the JTA, I want to thank you for coming down and announcing the recent BUILD grant. And I am glad to see that there is continued robust funding for BUILD in the budget.

You know, Jacksonville is now going to be far ahead in their autonomous vehicle operations in this project, and I think it really showcases how a city can rethink their mobility. And one of the concerns that I have is as we move this new technology forward, it is going to be even more important that we maintain a close relationship with DOT so that we get that guidance on these emerging and innovative technologies. And I know there is \$19.2 million in this budget just for autonomous vehicle emerging technologies. Can you talk about that a little bit?

Secretary CHAO. We actually have a lot of funding. It is not even a matter of funding. It is a matter of leadership. And the Department has to take the leadership in this area where there is such rapid change in new and emerging technologies. And I have always said that the Department needs to address legitimate public concerns about safety, security, and privacy of these new and emerging technologies without hampering innovation.

Mr. RUTHERFORD. Right.

Secretary CHAO. We are also particularly concerned about the State-by-State patchwork of regulations. That is why we have come out with two documents. One is a Vision for Safety 2.0, which came out in September 2017. It was very quickly thereafter revised and updated with Automated Driving Systems 3.0.

Mr. RUTHERFORD. In Florida, and in Jacksonville particularly, we share that concern with you. That is why I wanted to bring that up.

In northeast Florida, we are on the JAXPORT, which continues to grow and has a deep dredge project going on right now, as you know, for the larger Panamax ships when they start coming. But my district is also home to a much smaller port, the Port of Fernandina. As you know, the Marine Highway Program gives smaller ports like the Port of Fernandina opportunity to get cargo off of our congested highways, and get it onto our marine highways. I was a little concerned to see that this program wasn't funded in this budget and that it had been zeroed out. Can you talk about that, how that happened, or why that happened?

Secretary CHAO. I don't think so. I might be wrong, but I don't think so. In fact, it is our expectation that we are going to be announcing a new Notice of Funding opportunity, which should be coming out later this year. So that could be previous year's monies, but just the other day, we announced \$6.79 million worth of grants to three awardees.

Mr. RUTHERFORD. This is the American Marine Highway program? Well, good. I will have my staff follow up with you, if you don't mind.

Secretary CHAO. Of course.

Mr. RUTHERFORD. We have an application in right now. Well, I don't think we have the application in yet, but it is on its way. So thank you. I am very glad, very glad to hear that.

Secretary CHAO. Thank you for providing that for us.

Mr. RUTHERFORD. We had heard otherwise.

Now, also, with JAXPORT, as you know, we are one of the main ports for transporting cargo between the United States and Puerto Rico. And the Jones Act plays a major role in keeping those shipments consistent, reliable, and economical, not to mention the relationship that it builds between Puerto Rico and my city in Jacksonville. But do you have any sense that the Jones Act is in jeopardy? You know, two of our main Jones Act movers, Crowley and TOTE, they are truly on the cutting edge of maritime shipping, with the newest LNG vessels having come out. Can you talk a little bit about whether the Jones Act is in danger?

Secretary CHAO. You know, periodically, the Jones Act is always blamed and criticized, and there are attempts to get rid of it. And I have been in this government service now for such a long time. It comes up. And this has come up, for example, in Puerto Rico.

Mr. RUTHERFORD. Uh-huh.

Secretary CHAO. But the problem with distribution of cargos is not the problem, due to the Jones Act, the vessels or the high cost. Rather, it was due to the lack of warehouses and the devastation of the roads, so that once the cargos were unloaded in Puerto Rico, they could not be distributed.

Mr. RUTHERFORD. Exactly. And that is why I wanted to bring this up, because I think a lot of people misunderstand. Listen, TOTE and Crowley had tens of thousands of units, container units, in San Juan as soon as that port was open. They are the first responder for Puerto Rico. And even with the waiver that was given some 8 days, I think it was, later, there was only one vessel, one foreign vessel that ever left an American port that sailed into San Juan. So the Jones Act had absolutely no impact—

Secretary CHAO. Right.

Mr. RUTHERFORD [continuing]. On the recovery going on in Puerto Rico. I just want to point that out, and I am sorry. I am over my time. I yield back. Thank you.

Mr. PRICE. Thank you. Mrs. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman, and good day to you, Madam Secretary. It is good to have you.

Secretary CHAO. Thank you.

Mrs. WATSON COLEMAN. I hail from New Jersey, so you can kind of figure what I am going to ask.

As you know, the rail connections between New York and New Jersey rely on infrastructure that is about a century old, and in desperate need of repair or replacement. Yet, the administration has repeatedly taken steps to prevent the Gateway project from moving forward.

First, the program sponsors for the Hudson Tunnel project submitted the environmental impact statement to the Department over 14 months ago. The average length of time for a final decision is roughly 5 months, yet the Department has still not approved the environmental impact statement, and it prevents work on the Hudson Tunnel project from moving forward.

So my first question to you: What is causing this delay now, and when will the Department issue its decision?

Secretary CHAO. Well, a project has to be ready to be able to receive funding.

Mrs. WATSON COLEMAN. I am asking about the impact statement. The environmental impact statement.

Secretary CHAO. The impact statement has not—I hate to tell you. These impact statements take a very long time, which is why we have been trying to speed them up. But the impact statement is not ready. But even if it were, this project is not ready.

Mrs. WATSON COLEMAN. Madam Secretary.

Secretary CHAO. Yes.

Mrs. WATSON COLEMAN. The information I have—and tell me that I am incorrect—is that it takes roughly 5 months to get an environmental impact study—

Secretary CHAO. No, that is not correct. Not at all.

Mrs. WATSON COLEMAN. What is the average?

Secretary CHAO. Oh, my gosh. You would be shocked to learn how much—how long it would take. It takes quite a long time.

Mrs. WATSON COLEMAN. Such as?

Secretary CHAO. Well, I just recently, last year, in August, went to Alaska and gave the final permitting process approval on behalf of the Interior Department to the Sterling Highway. That took 37 years. That is part of what our problem is. We are trying to speed up the process.

Mrs. WATSON COLEMAN. Yeah, but the impact statement doesn't have to take that long?

Secretary CHAO. No. It is not 5 months. Our goal is to have that.

Mrs. WATSON COLEMAN. May I specifically ask you—

Secretary CHAO. Yes.

Mrs. WATSON COLEMAN [continuing]. To tell me, if it is through the chairman, would be just fine. I would like to understand where we are in the process—

Secretary CHAO. Of course.

Mrs. WATSON COLEMAN [continuing]. And what you think we should reasonably expect in terms of a timeframe when we will have the impact statement.

Secretary CHAO. Well, we have—the Federal Transit Administration—

Mrs. WATSON COLEMAN. Yeah.

Secretary CHAO [continuing]. Has been in deep discussions with New York and New Jersey and all the stakeholders many times. I think they know what the real situation is.

Mrs. WATSON COLEMAN. I would like to hear it from you.

Secretary CHAO. Okay. Of course. Sure.

Mrs. WATSON COLEMAN. Thank you so much.

Over the past couple of THUD bills, Congress has provided over \$1 billion in funding for Amtrak's Northeast Corridor account, intending to allow Amtrak to fund upgrades, included those related to this Gateway project. Yet, it is my understanding the FRA has included language in its work plan with Amtrak, blocking Amtrak from using funds for major gateway projects. Is that correct?

Secretary CHAO. No, it is not correct. I am not aware of any such discussions.

Mrs. WATSON COLEMAN. All right. I need to follow up on that question, but I need to follow up on the information that I have, and then I will send to you, through the chairman, my understanding.

When you became the Secretary in 2017, FTA rated the Portal Bridge replacement project as medium high. Then the Department lowered the rating to medium low, claiming that the State had not agreed to put up enough of its own money. Our Governor, Governor Murphy, then authorized \$600 million in economic development bonds addressing this problem, yet somehow, the FTA still rates the project medium low. Why is this?

Secretary CHAO. Well, that rating is done by career officials. I don't get involved in that, and the FTA has rated the Hudson Tunnel as medium low, so it is not eligible to—

Mrs. WATSON COLEMAN. It said it had to do with the—whether or not there was sufficient funds from our side for this project, so then the Governor issues the \$600 million which, therefore, I think addresses that issue. To whom should I be asking why is it still rated medium low?

Secretary CHAO. When did the \$600 million occur?

Mrs. WATSON COLEMAN. Within the last 6 months. Enough time for it to be communicated to whomever.

Secretary CHAO. Because we have been in discussion with the Governor as well, but I will be more than glad to take another look.

Mrs. WATSON COLEMAN. Would you? Thank you very much.

My last question is the Congress appropriated \$250 million for Federal-State partnerships for State of Good Repair for fiscal year 2018 in March of last year, but the FRA did not issue a Notice of Funding Opportunity until November and did not close these applications until last month, a year after Congress initially passed the funding.

When would we expect FRA to make a decision on these applications? And will FRA move more quickly to disburse the \$400 million in State of Good Repair money appropriated in February of 2019, Madam Secretary, and is this an issue of not enough personnel resources?

Thank you, Mr. Chairman.

Secretary CHAO. You know, a lot of these grants used to be earmarked, so they were disbursed very quickly. Now, there are these competitive programs, so we have had to stand up a whole new infrastructure, which is now in the policy shop. It is not actually in Highways or Transit. A lot of the grants processing now is in Policy. So we now have a different process, and it takes a long time. It was much easier the old way.

Mrs. WATSON COLEMAN. Thank you. Thank you, Mr. Chairman, and Madam Secretary, thank you for your efficiencies. I just would like to see that the outcomes become more time-sensitive and more time ready.

Secretary CHAO. That is our goal as well. Thank you.

Mr. PRICE. Thank you.

Mr. Hurd.

Mr. HURD. Thank you, Mr. Chairman.

And Madam Secretary, you said in previous remarks about how rural America kind of has a disproportionate number of fatalities

on the road. That is true in the Permian Basin. Two percent of the population of Texas, but 10 percent of all the traffic fatalities, that means every 36 hours, there is a fatality on the road in the Permian Basin.

And the residents of the Permian Basin thank you for your help with the BUILD grant, \$25 million from the Department of Transportation, \$25 million from the great State of Texas to address this. And you know, my question on the BUILD grant, INFRA grant, these are competitive grants. How do we make sure that resources aren't spread too thin? How do we make sure that communities like the Permian Basin are able to continue to be competitive?

Secretary CHAO. That is an excellent question. We basically have about \$1.5 billion for the BUILD grants and about \$10.5 billion to \$11 billion of requests. So basically, one in 10 projects actually get awarded, you know, the needed resources. And so we do try to see whether we can have greater State and local, and also private sector participation, because that does help the dollars stretch further. And then we, of course, you know, want to make sure that there is adequate attention being given to rural America.

But for the Permian Basin, it is a top priority of ours. This administration, you know, understands very, very well the importance of energy independence, and we want to ensure that America is energy sufficient.

Mr. HURD. Well, you are welcome to the Permian Basin anytime. Love to get you out—

Secretary CHAO. I actually am interested.

Mr. HURD [continuing]. To see some of those roads, and I will take you to get some breakfast tacos as well.

You are known for improving and turning around a number of organizations, and one of the things that I have spent my time in Congress dealing with is a topic that is not sexy, IT procurement, and part of that is making sure that we have efficient digital infrastructure to protect the information that we have, and make sure that we are providing good digital facing services. And that is why I was proud of the Modernizing Government Technology Act, which is making sure that we have—CIOs have the tools they need in order to modernize their technology.

And my question is, are you aware, or has the Department of Transportation established one of these information technology working capital funds as authorized by MGT? If so, why, why not? Or do you think you need additional authorities to establish that?

Secretary CHAO. You know, this is such an important area, field, but it is also very complicated. I know, Congressman, that you are a real expert in this area, given your background and experience, and I think for a lot of other people, you know, it is a constant struggle.

We know that there are infractions. Cybersecurity is a huge issue, and I don't—I mean, we work on it all the time. But clearly, we could use your advice and use your, you know, expertise and guidance as well, because it is all—we are always trying to kind of keep up.

Mr. HURD. I would welcome on the record, or for the record, kind of the plans, the CIO's plans for an MGT fund.

Secretary CHAO. That is not very good.

Mr. HURD. I think that is the first step to do that.

And also, in the FITARA scorecard, this is—you know, I would call it digital hygiene scorecard. DOT received an F when it comes to CIO authority enhancements, and one of the first steps to do is to make sure that the Federal CIO was reporting directly to the Director or the Secretary or the Deputy Secretary that would show, as in the private sector, that cybersecurity and those issues are C-Suite issues.

And have you had the chance to coordinate with the CIO to understand why some of the low grades on the FITARA scorecard?

Secretary CHAO. It is a continual concern. In the Appropriations Act of 2019, Congress provided a total of \$320 million for this critical initiative. The IG recently released their findings, and the CIO's office has agreed with all 12 of the recommendations made. We hope to implement these recommendations shortly.

Mr. HURD. That is a good copy. And when you come in the Permian Basin, while we are having breakfast tacos, I would love to talk more about how the Department can be prepared in the future for, you know, UAVs, autonomous vehicles, commercial space flight. How do we make sure that various agencies are prepared for that, because I don't think when these agencies got started, we ever thought that that would be a reality, and I am looking forward to those conversations. And Mr. Chairman, I yield back.

Secretary CHAO. May I just add—I just remembered one thing. My able staff here. On the Permian Basin, the Department expects to issue the NOFO later this spring, and we hope to grant awards before the end of the year.

Mr. HURD. Thank you.

Mr. AGUILAR. Mr. Chairman, just a point of clarification. Is the gentleman from Texas offering breakfast tacos to the committee? That is a fair and relevant question.

Mr. HURD. I will take that under advisement.

Mr. DIAZ-BALART. Mr. Chairman, there is a bipartisan concern on that issue.

Mr. PRICE. All right. Mrs. Torres.

Mrs. TORRES. Mrs. Lawrence.

Mr. PRICE. The procedure has been to go in order in which people were when we gaveled in.

Mrs. TORRES. Thank you, Mr. Chairman, and thank you Secretary Chao, for being here. We really appreciate your expertise on these issues.

I represent the 35th Congressional District. We are the heart of the freight system in the country. We have six freight corridors that split my district in every direction. We are, in essence, an inland port. Rail safety, as it relates to pedestrian fatalities, is a growing problem. Of the top 10 identified most critical crossings, two of them are in my district; four of them are in the region. So we have to—I want to tell you that we have to do more to ensure that we are not just doing PSAs and forgetting about this issue.

Secretary CHAO. No, not at all. Not at all.

Mrs. TORRES. We have to invest in this infrastructure.

Currently, we have no scientific data or impairment standards. There is no reliable methodology to determine impairment when it comes to drunk driving. We need to invest in ensuring that, you

know, we get some data in order for us to be able to write policies on this issue. Why isn't there more being done to devote actual resources to have some research done on this issue?

The other thing that I am very concerned about is in 2015, the FAST Act authorized small auto manufacturers to produce and sell up to 325 replica cars, each in the U.S. and 5,000 worldwide. NHTSA has still not issued regulations. So it is now 2019. When can we expect those regulations? Or for you to begin that process to ensure that these small manufacturers are able to begin building? And I hope that we can do that this year.

When I first met you when you first came, you know, and took this position, I talked to you about the highway of things. I talked to you about leveraging Federal dollars with private dollars. We should be digging once. We should be doing one environmental impact report to ensure that we are maximizing resources. I call this the highway of things. If we are going to create more opportunities to build infrastructure, we need to ensure that we are working with our private partners to ensure that transmission lines for broadband, or electrical lines, or maybe purple lines, water lines, are also part of the infrastructure as we build more highways, highway lanes, or anything that we are building.

I would like to hear from you as to what sort of programs can we move forward to ensure that we provide that technical assistance for public and private entities to come to the table before they put a shovel in the ground, and not after?

Secretary CHAO. We encourage that all the time.

Mrs. TORRES. I did a bill on it. We need to fund it, but I did a small bill, a small pilot program on this issue.

Secretary CHAO. The Federal Highways Administration, they try to be the convener, but a lot of this is State and local as well, and it was part of our infrastructure proposal that we also take a look at this. We will just have to continue to work on it.

I don't want to—I am not switching topics, but let me go back to the grade crossings. I was Deputy Secretary before, 27 years ago, so I know how important this issue is. It is not just ad campaigns, but it is an awareness, and also, it is actual physical infrastructure, which again, we have about \$250 million in Federal Highways that is working on this. And we do so much that is not known, and so that is part of our challenge.

Mrs. TORRES. Maybe it isn't working, what we are doing, so we need to try something else.

Secretary CHAO. We need—yes. Absolutely. We need to get the news out. It was Congresswoman—I think—gosh. It was Congresswoman Clark who asked about, you know, what are State and local—or was that actually Chairman Lowey who said that, you know, what happens if States don't know that their resources are available.

But this is a constant challenge letting stakeholders and the public know how much we can do if we partner together. So this is another one.

Let me assure you that grade crossing was among my top priorities when I came back to the Department 27 years later. We have a wonderful FRA administrator, Ron Batory, and every single Tuesday when we have a staff meeting, he reports on the stats,

and we report on every single one of these fatalities. So we are very concerned about that. On the highway issue, we want to work on that with you as well.

Mrs. TORRES. I hope so. My time has expired. A great concern for the region is that we are applying for these grants and not receiving them, so I will follow up with you at some point on that.

Thank you, Mr. Chairman.

Secretary CHAO. Mr. Chairman, may I just add something? As you can begin to see, there are so many grants, and so every single one of the members' requests are reasonable. We are under tremendous pressure, and that is our job. We are not complaining, and every one of these requests are reasonable, but there are 361 of them just in the FAA reauthorization alone, and all of them have to come out within 30 days, 60 days, 90 days. We are really trying, but some of the deadlines are a little bit unrealistic, and that is what we are trying to deal with as well. Let me assure you, we are—pedal to the metal. We are moving ahead.

Mr. PRICE. All right. Well, it is—every one of these queries is important to the member and to the district—

Secretary CHAO. Yes, of course.

Mr. PRICE [continuing]. Involved, and so we appreciate your understanding that, and we will do our best, of course, to make the deadlines realizable.

Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman. Thank you, Madam Secretary. Good to see you again.

My district in southern California is in a severe air quality non-attainment area. San Bernadino County, the region that I represent in Congress, has some of the worst air quality in the country. The American Lung Association gave the county an F for our ozone pollution. However, there are some good signs. Our region is working strategically with the State of California and with industry, and are poised to deliver the first zero emission passenger rail service that will provide more frequent service in an environmentally friendly way.

San Bernadino County, the MPO for our region, the transportation authority, is analyzing hydrogen fuel cells as a potential system. The FRA must approve the use of this technology when operating on mixed freight and passenger lines. What are your thoughts on the use of this technology to deliver passenger rail service, and are there opportunities to pilot this type of technology within DOT more broadly?

Secretary CHAO. This is an issue that you care about, and as I mentioned, we are very responsive. We try to be very responsive to what members' concerns are. This is an issue that we have discussed, and there is a NOFO coming out. There is a grant program, and we hope to get the Notice of Funding Opportunity out pretty quickly.

Mr. AGUILAR. You know, this isn't about funding. This is about, you know, administrative review. FRA would be responsible when operating on a mixed line to approve the use of this rail technology. And, so, that is the question. This is actually funded. They have received Federal funding in the past. This is complemented extensively with local funding.

San Bernadino County residents have taxed themselves, just like many communities in California have, in order to deliver transportation and transit improvements, and this is one of those projects. So this has received also State greenhouse gas emissions dollars.

So the question is, what is the thought process? What do you feel FRA should look at when approving new technologies that could deliver a low or no emissions technologies in combination with our rail service?

Secretary CHAO. Thank you for restating the question. You have asked me two questions so far, and I haven't done very well on either one of them. I am not up to date on that, so let me go back and ask the FRA about that.

Mr. AGUILAR. Sure. We are happy to work with you and your team on it.

Secretary CHAO. Thank you.

Mr. AGUILAR. And I appreciate your willingness in my office to talk about the non-attainment and air quality issues within our region.

My district is right next to Mrs. Torres' region, and I spoke with you before that the State of California has sought and received Federal waiver to enact stricter air quality standards than Federal regulations. However, pollution, as we know, is caused by many things, including trains, planes, and our port traffic, so State and localities don't have much control over some of those sources.

The Alternative Fuels for General Aviation program is funded within your Department, and it helps find cleaner fuel for planes with less lead and less pollution. Your budget proposes to cut the program, to completely zero it out. Additionally, you proposed to cut the research, engineering, and development account under FAA by 50 percent, reducing it from \$74 million to \$31 million. Can you talk to me broadly about the Department's strategy to working to improve and continue to be a leader in testing research in fuels alternative, particularly replacing unleaded aviation fuels and more broadly, in the research and development space?

Secretary CHAO. Let me get back to you on that. I would not be the best person to talk about that—

Mr. AGUILAR. Sure.

Secretary CHAO [continuing]. And so if you wouldn't mind.

Mr. AGUILAR. We understand budgets are about, you know, priorities, but making sure that we retain our position as a leader in this, I think, is important for the committee and has been a priority in the past, and in a bipartisan way as well. So I appreciate—we will continue the conversation and the dialogue, and I appreciate your willingness to have those discussions with me and my staff.

Secretary CHAO. Thank you.

Mr. AGUILAR. Thank you, Mr. Chairman.

Secretary CHAO. Mr. Chairman, I found out the answer to a previous question about the Gateway issue. The \$600 million by the New Jersey Governor, it is not yet committed. So I just wanted to answer that, but Congresswoman Clark is not here right now.

Mr. PRICE. All right. I am sure that will be communicated—

Secretary CHAO. Thank you.

Mr. PRICE [continuing]. And we will make an appropriate adjustment in the record.

Mrs. Lawrence.

Mrs. LAWRENCE. Thank you, Madam Secretary, for being here.

The State of Michigan is a leader in the development of vehicle to everything communications, and the Department of Transportation has been an important partner in helping to develop this life-saving technology. Secretary, as you know, the future of auto safety and surface transportation is about connectivity, and an important piece of that is preserving the entire 5.9 safety spectrum ban for vehicle to everything services. Can you update the subcommittee on how the Department of Transportation is working with FCC to assure that the spectrum that supports these services are protected?

Secretary CHAO. Well, this is a very, very contentious and important issue. There are stakeholders with very fixed positions. What I am concerned about, obviously, is preserving the spectrum for vehicle-to-vehicle technologies, so it is our intent to try to continue to make that point, and to hold our ground.

Mrs. LAWRENCE. Okay. So the FCC, is that the opposition, or is this just different voices?

Secretary CHAO. No. It is all different stakeholders groups, because we still represent basically the auto, you know, the car—the public safety.

Mrs. LAWRENCE. Yes.

Secretary CHAO. The cars.

Mrs. LAWRENCE. Right.

Secretary CHAO. And so there are many, many other stakeholders with different ideas about how to use that spectrum. I mean, they range from aerospace, public utilities—

Mrs. LAWRENCE. Yes.

Secretary CHAO [continuing]. And all these other groups.

Mrs. LAWRENCE. Well, I want you to know that is an area that I will be continuously in contact with the Department, and as we move in this discussion so critical to auto connectivity, that that is something that I will be working real closely with you on.

Secretary CHAO. Right.

Mrs. LAWRENCE. The TIGER grants, which we now call a bill, has proven to be a successful cost-saving, cost-effective program. Cities in my district have told me how difficult it is to prepare large projects, and often ask for help securing money to assist in the initial stages of projects. But again, Congress allows DOT to use up to \$15 million for planning grants in the fiscal year 2019 bill. Will you commit to awarding planning grants this time around?

I was also disappointed by what appeared to be an overemphasis on rural projects, the vast majority of grant programs have a rule set aside, which I believe is important. The administration took it to the extreme by awarding 311 of the \$500 million available in fiscal year 2017, and \$1 billion of the \$1.5 billion available to rural projects. Your tilt, it appears, towards rural projects, discounts the significant needs of urban communities, like those in my district.

Can you please comment on the awarding of the grants and your direction, and which allows more than \$450 million of the rural

projects, and no more than \$450 million for urban projects? Can you talk to me about that?

Secretary CHAO. It is not our intent to overlook anyone, but obviously, there are not enough resources. And in the previous eight years prior to our coming in, the emphasis was very much on urban projects, so, in fact, rural America was really overlooked. We are just trying to address some of those projects which have been so delayed that have been waiting to be funded, and so we are now making sure that they are not overlooked.

Mrs. LAWRENCE. So we are at the point where we need to have a balance, and so, I can understand the neglect, possibly, years ago, but I am confronted with now seeing over a majority of the funds going toward the rural areas, and I am looking for a balance.

Secretary CHAO. I am too. You know, we are looking for meritorious projects, where they occur and where the need is greatest. I think we can work together because obviously, when things are not funded in the last eight years, there is a greater need because they have not been funded or they have been pushed back, so we have been trying to address those. But we always are looking for meritorious projects that really deserve to be funded.

Mrs. LAWRENCE. Well, if we continue to just address rural, we are going to have an even greater problem.

Secretary CHAO. Yeah. I don't think we will.

Mrs. LAWRENCE. Okay.

Secretary CHAO. You know, I think the appropriators also made it quite clear that they would like a balance.

Mr. PRICE. We, indeed, make it clear. In fact, this year's bill, this subcommittee wrote in a 50/50 required balance—

Mrs. LAWRENCE. Yes.

Mr. PRICE [continuing]. Between rural and urban, and that pretty clearly expressed our view on the subject.

Mrs. LAWRENCE. Yes.

Secretary CHAO. I also—

Mrs. LAWRENCE. Thank you.

Secretary CHAO. Thank you. I made a mistake. It was not Congresswoman Clark. It was Congresswoman Coleman.

Mr. PRICE. Yes.

Secretary CHAO. Thank you.

Mr. PRICE. All right. Thank you. Let's go another round here, and let me pick up on the issues I was raising, that the air tragedies raise, and as I signaled, I want to ask you about the way we certify these crashes, particularly a craft like the 737 that is now the Max 8. And I am told that, actually, there have been 12 different models over 52 years.

The original—well, the Max 8 is 25 feet longer, it is 37,000 pounds heavier, and it has double the range of the first model. You might say it, at some point, should have been treated as a new aircraft and subject to a more extensive certification process. At least that is the question, I think, this situation raises as we learn more about this aircraft and the changes that were and weren't made at each iteration, and the kind of reasoning that went into that, perhaps the preference of the airlines, perhaps cost savings, perhaps a desire to have a less extensive certification process.

Whatever they were, you have ended up with a very different aircraft, and it seems to me that we might want to reflect on this process. Shouldn't, at some point, the FAA have looked at this aircraft's certification anew? If the FAA required manufacturers to seek a type certificate instead of an amended certificate, might the outcome of the process been any different? Might this plane be more airworthy at this point?

Now, so that is the important question. I wonder what your reflections are at this time. Both of these levels of certification are subject to ODA, that is, the post 2009 delegation of certain examination responsibilities to industry. That has also been much discussed in this context. Has any of this prompted you to reflect on how ODA currently operates?

Secretary CHAO. You have asked some really, really important questions, and that is why these are important questions which need to have answers, and that is why I have asked for two investigations.

One is the audit by the IG on the certification of these two aircraft. The 737800: the process began on January 27, 2012, and the certification occurred on March 8, 2017. And for the Max 900, the certification process began in January of 2013, and ended on February 12. The previous FAA administrator left on January 8, 2018.

I think the ODA process is one that is being discussed a great deal, and it is very technical. It really should be a process that the FAA should explain, which they are trying to, with Members of Congress, and also international accreditation bodies.

But let me make it very clear that the ODA is not a self-certification process, and it is a process by which—that is not it. I actually have a piece of paper. If you could just give me one second because I anticipated this, and I was hoping to answer—give a very full explanation on that.

Basically, it is not a certification process. It is not a self-certification process. This form of delegation has been part of the FAA since it was formed in 1958, and it allows the FAA to focus on safety-critical issues. The FAA sets the standards that all manufacturers must meet, and the ODAs, they are called the Organization Designation Authority, authorization. The ODAs are audited on an annual basis, and the FAA is involved when new, novel, and high-risk design features are contemplated.

But having said all of that, we always need to improve. The FAA itself acknowledges that they need to improve, and we all have to learn. And so, the special committee that I have set up hopefully will address some of these issues, and certainly the audit by the investigators, by the IG investigators, will also address these questions as well.

Mr. PRICE. Well, I am glad you feel that way, because I certainly feel that way from what we are learning in the context of these two tragedies. No, it is not self-certification, but it clearly—

Secretary CHAO. Yeah.

Mr. PRICE [continuing]. Clearly is it a process that requires a certain FAA capacity, certain trained personnel. It requires vigorous oversight. It requires discerning judgment about what is delegated and what isn't, what is done in-house, and it requires, I would say, critical judgment about how this—the way this is working right

now, and the extent to which aircraft are not being subject to the most thorough going kind of examination, even when there are major new components in the planes.

Underneath this, are there potentials for conflicts of interest with respect to industry's role here? Are there possibilities that employees will be subject to the pressures in carrying out this role? Many, many questions which I would suggest, at the administrator's level, and at the Secretary's level, so—

Secretary CHAO. Well, these questions have been discussed, and we obviously don't have answers. I think we need to see what is learned from the investigations—and I am not here to defend anybody, you know. I am concerned about safety. That is the number one concern that I have, and we want to get answers. We want to understand fully what happened, and how do we prevent it from happening again.

Mr. PRICE. Thank you.

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

Madam Secretary, I have two separate issues. Let me start—and this is not a question, but first, thanking you for the work that you have done and your staff on the Tamiami Trail project in southern Florida. That is vital for the health of the Everglades, and the Everglades is the lifeblood of Florida. And so this is a huge project, a priority for the entire Florida delegation, and DOT's partnership with the State of Florida and the National Park Service has been, frankly, key, key in the success of the first phase of this project which will be completed in May, I am glad to say. And so obviously, the State of Florida is committed to completing this project and has applied for Federal land grants to begin work on the second and final phase, and I would just ask you that you would keep me informed of the status of this project as it moves along.

Secretary CHAO. Of course.

Mr. DIAZ-BALART. Also, if there is anything that you need from us, or from the State, you know, just keep me informed is what I would ask. And again, you have been great at doing that every step of the way.

Now, let me just throw something else at you. Switching to a different—you know, you have so many different issues, right, that you have to deal with, you know, and you get questions from all sides on. Let me focus you on the Competitive Highway Bridge program for a second.

Secretary CHAO. Yes.

Mr. DIAZ-BALART. I am pleased to see that you have expanded the eligibility criteria in your request for \$300 million for a competitive bridge program. I am very pleased with that. All States with rural bridges will have a shot at this program now, which I think is hugely important, Madam Secretary, and I thank you for that.

I represent a district that is urban and rural, and I have seen the challenges of rural bridge infrastructure in my State, and even in my district, the district that I represent. A State of Good Repair in a rural, you know, rural bridges is critical for the safety of our economy and obviously also everyday agriculture products that are produced in the district I represent rely on safe roads and bridges.

So you have gotten a lot of questions about what that balance is. I will tell you that I am thrilled about how you have put this forward.

Secretary CHAO. Thank you.

Mr. DIAZ-BALART. I am exceedingly pleased with how you put this proposal forward. And so what are your specific goals for this platform, and how might, for example, a State like Florida, the State Department of Transportation in Florida begin to plan for this program if you have had an opportunity to think about that yet?

Secretary CHAO. Well, we have already begun work on this because there was a Notice of Funding Opportunity in December 2018. The program received 56 grant applications, and with at least one application from each of the 25 eligible States. The pool of applicable grantees requested more than \$730 million from a pool of funds of only 225. Federal Highways is carefully reviewing all these applications, and hopefully, the awarding of these grants will occur in the first half of this year.

Mr. DIAZ-BALART. Great. That is great news, and again, just want to again commend you for, I think, a very well-thought out proposal.

On that, Mr. Chairman, I just want to end, you know, that when you hear time and time again about all these programs, you always have a lot more needs, and frankly, a lot more applications than you do funding.

Mr. Chairman, that is something that you are going to, unfortunately, get to experience firsthand really soon from the members of the subcommittee and members of the full committee and Members of Congress. That is always the case, right? There is always a lot more requests than funding.

But Madam Secretary, I want to thank you for your service. I want to thank you for appearing here today, and more importantly, well, not more importantly, equally as important, your sensitivity, obviously, to the victims of these horrible air crashes, to the issue of safety in general, and what I was going to say also is for always being accessible. Your leadership is greatly appreciated, and I want to thank you for your service to the country.

I yield back, Mr. Chairman.

Secretary CHAO. Thank you.

Mr. PRICE. Thank you.

Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Madam Secretary, this is probably out of left field, but I want to talk a little bit about the Ready Reserve Force ships. You know, just by its name, Reserves, you know, they don't really get the focus, especially when economic times are tough, and budgets are being squeezed.

You know, the last time we got new ships through MARAD for the Ready Reserve Force was, like, 1980—well, it was in the 1980s, so they are, like, 40 years old. I am really concerned about whether our Reserves, and they are there to ensure that our military has a surge lift capacity. And whether it be for domestic reasons like hurricanes, or it could be foreign for military wars, but it is a capacity that when you need it, it is absolutely critical.

And so—but I know how Reserves often don't get looked at like they should, and MARAD just took a really huge cut in their budget, and I want to make sure. Can you tell me, are you satisfied that the Ready Reserve ships have the maintenance capacity, because some of these ships—

Secretary CHAO. I don't know that the MARAD budget has been cut. MARAD had the best budget it has had in years because they have a Secretary who finally understands maritime issues.

Mr. RUTHERFORD. Okay.

Secretary CHAO. But anyway, I understand your issues. The RF is very important. When we first came in, the per ship reimbursement was, like, 3.7. We got that up to 5 million, and MARAD is basically a ship manager—

Mr. RUTHERFORD. Right. Right.

Secretary CHAO [continuing]. So this program is actually in the Navy's program.

Mr. RUTHERFORD. Yeah. The Navy reimburses you for managing, right. But what I want to make sure is you are getting your fair share to take care of that program.

Secretary CHAO. They are very important. Obviously some people would love to see the numbers grow, to have a larger Ready Reserve Force, and I think this is the steady State that I think everyone has agreed upon.

Mr. RUTHERFORD. I would just like to see a more modernized—I mean, we have some steam engines that are still out there, and there is some question about whether the Coast Guard is actually going to certify that ship.

Secretary CHAO. On March—you know, one of my first responsibilities was to visit the Ready Reserve fleet in Beaumont, Texas. It was March of 2017. Having been the Deputy Maritime Administrator, I am very sensitive—

Mr. RUTHERFORD. Okay.

Secretary CHAO [continuing]. To all these issues, and also, internal discussions about where these issues should go.

Mr. RUTHERFORD. Very good. Well, I thank you, and we will follow up on the other issues. Thank you very much.

Secretary CHAO. Thank you very much.

Mr. RUTHERFORD. I yield back.

Mr. PRICE. Thank you.

All right. Madam Secretary, we appreciate your forbearance here with the late start, and now, if you will, one final round of questions.

I want to pick up on the theme that has been present in a lot of the questioning today, including the questioning about the Max 8 tragedies, that is, automated systems. Automated systems and what it takes to understand them, and to make them safe, and what the Department's responsibility is as these technologies emerge across various transportation modes.

It includes aviation, of course, as we learned from the Max 8. It includes cars, trucks, trains, even ships. So it is a dramatic shift, and it does pose challenges, as you have said, to safety, which has always got to be the number one focus at the Department. You have got to have a workforce that can review and analyze increas-

ingly complex technologically based systems. Without this capability, you simply can't do your job.

So I want to ask you a couple of things: One, about personnel and skill sets. What do you need to assess and verify automated systems? And to what extent do you think you are on top of that challenge? And secondly, the research component. What kind of—what can you tell us about the research you are conducting now about how people interact with automated systems? How do operators know when technology is failing and requires human intervention? That is clearly a major factor, or it seems that it might likely be in these crashes.

Are you doing research? Is the FAA doing research about how technology notifies pilots that they need to take over flight operations, and how pilots react to such notifications? What does that technology need to look like in order to do what it is supposed to do?

Of course, you could ask the same about trains and cars, but you see where I am going. I really do think the challenge to the research agenda, to our understanding, and then also, the personnel challenge that goes along with this in terms of how we handle these matters, is quite acute.

Secretary CHAO. There are so many issues here that you are addressing that I share your concern about. Let me try to go through them one by one.

On the whole issue about personnel and the rapid change of—the rate of—the pace of change in technology, let me say that the FAA is an extremely professional organization. They are a proud organization of very competent professionals, and they are exempt from the personnel compensation rules that the rest of the Federal Government has to comply with.

So I do believe that they have the capability, and that if they don't, that they have the capability and the flexibility to go outside to get the people and the skill sets that they need.

On the second issue about research. The Department has about \$1 billion spent on research, and a large part of that is through the FAA. So they are studying and evaluating, always trying to improve safety for the world, literally, on all these issues that you talk about.

And then these larger global issues, the Office of the Secretary and the FAA have met non-stop ever since March 10. We meet in the morning. We meet at night. We have senior management leadership teams of both the FAA and the Office of the Secretary addressing this issue.

For the Office of the Secretary, for me personally, my responsibility is to, once again, reassure the public and restore their confidence in flying. So it is to reassure the confidence of the flying public and the safety of these aircraft.

And number two, the United States has always been the gold standard for safety, aviation safety, throughout the world, and that is why the acting FAA administrator is right now in Singapore attending a conference with other international authorities to update them, and to discuss with them on aviation safety standards.

We are very much concerned with what you have discussed and said much more eloquently than I, because I have been very con-

scious of the time that is allotted to me. But these are all the issues that we will take a look at, and that is why I have launched two investigations, because I think we do need to get answers, and we can always improve.

Mr. PRICE. Yes. And it does apply, of course, to all modes of transportation.

Secretary CHAO. Absolutely.

Mr. PRICE. I am sure you would agree, and if you want to submit any additional material, particularly on the—how this has influenced the research agenda we would appreciate seeing that.

It is quite disconcerting to hear these reports that the—one of the ways in which these new models of the 737 were not modified, or were not modified sufficiently perhaps, is in the warning system and how the warning system worked, and then how complicated it was for the pilots to take corrective action, and, you know, more complex, perhaps, than it needed to be, but based on what? Based on a desire just to not have to make major new investments? Based on any kind of research findings as to what worked and what doesn't work?

Secretary CHAO. I hope not. That would be unacceptable.

Mr. PRICE. That is the sort of thing we need to get to the bottom of. I am sure you agree. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. You know, heck, I had such great what it sounded like a closing statement in my last question, and I don't want to ruin that. But on a serious note, again, I do want to comment a little bit about what Mr. Rutherford talked about and, you know, MARAD and the Reserve ships, and I do want to thank you for your leadership, Madam Secretary. I think this subcommittee, if there is something—among the things that we can be very proud of in the last number of years is that emphasis that we have done there, and as you know, we have tried to make up for many years of, frankly, neglect, and I think we have done a great job there. And I want to thank you Madam Secretary, but, in particular, I want to thank Mr. Rutherford for his leadership.

We talked about ports already, and as I am so proud of being on this subcommittee. I love being on this subcommittee, and as I think a lot of folks saw today, these issues are a lot more complex than people think, right. When you talk about ports, you know, my legislative director and my chief of staff always like to talk about how ports are a lot more than just like some big crane there. There are complex entities, and there are so many parts—

Secretary CHAO. Engines of economic growth.

Mr. DIAZ-BALART. Absolutely, absolutely, engines of economic growth. But, Mr. Chairman, this being our last hearing, I want to verify that this is our last hearing, I do think, Mr. Chairman, that you have put together a number of really, really helpful and important hearings and meetings. I think this is going to make our jobs a lot better.

Madam Secretary, again, thank you, as I mentioned before, I think for being the last hearing, it is a very important one, a crucial one, and I think you have added a lot to this conversation. And, Mr. Chairman, again, I thank you and you have your work cut out for you, and know that this subcommittee obviously is look-

ing forward and me in particular is looking forward to working with you as you deal with, again, a lot of important challenges, but there is no more—there is no better subcommittee, there is no better committee to serve on in Congress than this one here, so thank you. I yield back, Mr. Chairman.

Mr. PRICE. Thank you. I associate myself with your remarks as we say around here. We look forward to working with you, and we also, of course, want to take on the challenges that our subcommittee poses. It is one of the best places to be in this institution and work on things that really matter to our communities.

Secretary Chao, thank you. I appreciate your being here today giving us your time, and in answering a wide array of queries. The committee staff will be in contact with your staff regarding any questions for the record. If you would return this information for the record within 30 days, that is 30 days from next Wednesday, we will be able to publish the transcript of today's hearing, and that will be helpful to us.

So I think this is the final, final comments for Mr. Diaz-Balart. Assuming that, I will thank everyone again for a good hearing under somewhat harried circumstances and call the meeting adjourned.

Secretary CHAO. Thank you.

**Department of Transportation**  
**Fiscal Year 2020 Questions for the Record**  
 Chairman David E. Price  
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies  
 House Committee on Appropriations

### Budget Execution

In the past two years this Subcommittee has provided more than \$17 billion in targeted investments in America's infrastructure. A significant portion of these resources were provided to the Department through competitive grant programs to help communities address their transportation challenges. While some agencies have made this funding available quickly, others have lagged behind.

**Question:** Please provide the status of the Notice of Funding Opportunities (NOFOs) and/or grant awards for the following programs funded in fiscal years 2017, 2018, and 2019. Please provide estimated dates for NOFOs and grant awards.

- National Infrastructure Investments/BUILD (Office of the Secretary)
  - FY19 -- \$900 million
- Federal-State Partnership for State of Good Repair (Federal Railroad Administration)
  - FY17 -- \$25 million
  - FY18 -- \$250 million
  - FY19 -- \$400 million
- Consolidated Rail Infrastructure and Safety Improvements (Federal Railroad Administration)
  - FY18 -- \$318.43 million in non-PTC funding
  - FY19 -- \$255 million
- Restoration and Enhancement (Federal Railroad Administration)
  - FY17 -- \$5 million
  - FY18 -- \$20 million
  - FY19 -- \$5 million
- Buses and Bus Facilities Competitive Grants, Section 5339(b) (Federal Transit Administration)
  - FY19 -- \$160 million
- Low or No Emission Grants, Section 5339(c) (Federal Transit Administration)
  - FY19 -- \$30 million
- Assistance to Small Shipyards (Maritime Administration)

- FY19 -- \$20 million
- Port Infrastructure Development Program (Maritime Administration)
  - FY19 -- \$292.73 million

**Answer:**

- National Infrastructure Investments/BUILD (Office of the Secretary)
  - FY19 -- \$900 million

*NOFO issued 4/16/2019 with a closing date of 7/15/2019; award announcements are anticipated this fall (statutory deadline 11/12/2019).*

- Federal-State Partnership for State of Good Repair (Federal Railroad Administration)
  - FY17 -- \$25 million
  - FY18 -- \$250 million

*FY 2017 and FY 2018 funds were combined into one NOFO issued 11/16/18 and closed 3/18/19; The Department is in the process of reviewing submitted applications.*

- FY19 -- \$400 million

*NOFO publication and awards are scheduled to occur following selection of FY 2017 and 2018 awards.*

- Consolidated Rail Infrastructure and Safety Improvements (Federal Railroad Administration)
  - FY18 -- \$318.43 million in non-PTC funding

*NOFO issued 7/17/2018 and closed 10/12/2018; The Department is in the process of reviewing submitted applications.*

- FY19 -- \$255 million

*NOFO publication and awards are scheduled to occur following selection of FY 2018 awards.*

- Restoration and Enhancement (Federal Railroad Administration)
  - FY17 -- \$5 million

*NOFO issued 2/21/2018 and closed 5/22/2018; The Department is in the process of reviewing submitted applications.*

- FY18 -- \$20 million

*NOFO publication and awards are scheduled to occur following selection of FY 2017 awards.*

- FY19 -- \$5 million

*NOFO publication and awards are scheduled to occur following selection of FY 2018 awards.*

- Buses and Bus Facilities Competitive Grants, Section 5339(b) (Federal Transit Administration)

- FY19 -- \$160 million

*NOFO issued 5/15/2019 with a closing date of 6/21/2019; awards are anticipated this fall.*

- Low or No Emission Grants, Section 5339(c) (Federal Transit Administration)

- FY19 -- \$30 million

*NOFO issued 3/18/2019 with a closing date of 5/14/2019; awards are anticipated this summer.*

- Assistance to Small Shipyards (Maritime Administration)

- FY19 -- \$20 million

*NOFO issued 3/5/2019 with a closing date of 4/16/2019; awards are anticipated this summer.*

- Port Infrastructure Development Program (Maritime Administration)

- FY19 -- \$292.73 million

*The Department is in the process of reviewing the requirements and preparing the NOFO for this new program.*

**Chairman David Price**  
**National Infrastructure Investments/BUILD**

Congress provides clear direction in law for the BUILD program, which the Department is choosing to ignore when executing the program. In fiscal year 2018, Congress permitted the use of up to \$15 million for grants to help communities with planning, preparation, and design of projects. However, DOT did not award a single planning grant. Similarly, Congress has directed the Department to “take such measures so as to ensure...the investment in a variety of transportation modes.” Despite a diverse set of eligible projects, DOT heavily favored road projects at the expense of transit, rail, and maritime projects when making awards with funding from fiscal years 2017 and 2018.

**Question:** Please provide details on the grant applications the Department received for “BUILD Transportation Planning Grants,” including the amount of funding sought by each applicant, and whether the applicant was deemed as rural or urban.

**Answer:** Please see “Attachment 1 – BUILD Planning Grant Application Summary”.

**Question:** Please explain the Department’s decision not to award any “BUILD Transportation Planning Grants” with the available fiscal year 2018 funding.

**Answer:** As a discretionary, merit-based program for surface transportation infrastructure, the Department prioritized BUILD 2018 projects that would proceed to construction within the period of obligation, as stated in the FY 2018 NOFO.

**Question:** Please explain how the Department intends to work to ensure fiscal year 2019 investments in BUILD better complement other funding provided by the Subcommittee, like the \$3.25 billion in Highway Infrastructure Programs?

**Answer:** The merit-based, competitive nature of the BUILD program allows the Department to award projects that most align with selection criteria and impact the communities in which they are located. FY 2019 BUILD investments will complement other transportation investment by supporting projects identified by local communities as those that best reflect their needs.

**Question:** Please provide details on the grant applications the Department received for transit, rail, maritime, and road projects, including the amount of funding sought by each applicant, and whether the application was deemed as rural or urban. Please provide this information for applications seeking awards with funding from fiscal years 2017 and 2018.

**Answer:** Please see “Attachment 2 – BUILD Application Summary”.

**Chairman David Price**  
**Small Business Transportation Resource Centers**

**Question:** Please explain whether the Department can continue to support the 11 existing Small Business Transportation Resource Centers at the fiscal year 2020 budget request of \$3 million for the Office of Small and Disadvantaged Business Utilization. If the fiscal year 2020 budget request cannot sustain 11 Small Business Transportation Resource Centers, please outline how the Department intends to consolidate these centers or reduce the services provided by these centers for small and minority owned businesses.

**Answer:** The Department does not plan to award cooperative agreements to maintain 11 Small Business Transportation Resource Centers (SBTRC) in fiscal year 2020 with the current budget request. However, the request for FY 2020 was not submitted with the intention of reducing service to small and minority-owned businesses. As explained below, the reduction was done to more efficiently deliver services by increasing the award amounts of cooperative agreements so fewer organizations would have overhead and associated administrative costs but serve the same population, just through fewer SBTRCs.

CONSOLIDATION

To mitigate any negative impact to the small business community, the OSDBU and the SBTRCs will incorporate increased use of technology and other innovative approaches to ensure that all small businesses have access to services.

The first chart below shows the current structure of the 11 SBTRCs:

<b>Name of Region</b>	<b>Current Funding</b>	<b>States/Territories Covered</b>
Northeast Region SBTRC	\$224,000	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont
Mid-Atlantic Region SBTRC	\$190,000	Delaware, Maryland, New Jersey, and Pennsylvania
South Atlantic Region SBTRC	\$222,500	Kentucky, North Carolina, Virginia, Washington, DC, West Virginia
Mid-South Region SBTRC	\$170,000	Georgia, South Carolina, and Tennessee
Southeast Region SBTRC	\$170,000	Alabama, Florida, Puerto Rico, and US Virgin Islands
Gulf Region SBTRC	\$190,000	Louisiana, Oklahoma, New Mexico, and Texas

<b>Name of Region</b>	<b>Current Funding</b>	<b>States/Territories Covered</b>
Central Region SBTRC	\$170,000	Arkansas, Iowa, Kansas, Missouri, Mississippi
Great Lakes Region SBTRC	\$232,000	Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin
West Central Region SBTRC	\$152,250	Colorado, Nebraska, North Dakota, South Dakota, Utah, and Wyoming
Northwest Region SBTRC	\$170,000	Alaska, Idaho, Oregon, Montana, and Washington
Southwest Region SBTRC	\$160,000	Arizona, California, Hawaii, and Nevada

The chart below is the proposed new structure of the SBTRC consolidation:

<b>Name of Region</b>	<b>Projected Funding</b>	<b>States/Territories Covered</b>
Northern Region SBTRC	\$190,000 to \$200,000	Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
Southern Region SBTRC	\$150,000 to \$160,000	Georgia, Florida, North Carolina, South Carolina, Puerto Rico, US Virgin Islands, Virginia, Washington DC, and West Virginia
Central Region SBTRC	\$120,000 to \$130,000	Alabama, Arkansas, Kentucky, Iowa, Missouri, Mississippi and Tennessee
Great Lakes Region SBTRC	\$150,000 to \$160,000	Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin
Gulf Region SBTRC	\$90,000 to \$110,000	Kansas, Louisiana, Oklahoma, New Mexico and Texas
West Central Region SBTRC	\$80,000 to \$100,000	Arizona, Colorado, Nebraska, North Dakota, South Dakota, Utah and Wyoming
Western Region SBTRC	\$140,000 to \$150,000	Alaska, California, Hawaii, Idaho, Montana, Oregon, Nevada and Washington

The proposed structure and funding amounts were determined by analyzing the level of US DOT funding from several DOT Operating Administrations (FHWA, FAA, FMSCA, and FTA) and the numbers of DBE and other certified small business (CSB) firms. OSDBU determines the value of resources per DBE and CSB based on a

calculation of this information. This resource value is multiplied by the number of DBEs and CSBs (per state) to sum up the projected funding levels and how the regions should be structured to best serve small businesses.

**Chairman David Price**  
**Positive Train Control Implementation**

Positive Train Control (PTC) remains a critical priority. While progress has been made, much work remains. This is most evident by the low number of host and tenant railroads that have achieved PTC interoperability. As of December 2018, only 16 percent of the approximately 233 host-tenant relationships have achieved interoperability.

**Question:** Please explain what steps the Department is taking now to ensure host and tenant railroads reach full PTC interoperability by the December 2020 deadline? How specifically are you working with commuter railroads?

**Answer:** One of the Department's and the Federal Railroad Administration's (FRA) highest priorities is the full implementation of FRA-certified and interoperable positive train control (PTC) systems on all required main lines as soon as possible and not later than the statutory December 31, 2020, deadline.

As noted, a key requirement of the statutory mandate is that a fully implemented PTC system must be interoperable, meaning that the controlling locomotives and/or cab cars of any host railroad and tenant railroad operating on the same main line will communicate with and respond to the PTC system, including uninterrupted movements over property boundaries.<sup>1</sup>

During FRA's June and July 2018 PTC symposia, FRA systematically provided technical assistance to railroads about the statutory and regulatory interoperability requirements, including any exceptions, and best practices for interoperability testing between host railroads and tenant railroads.<sup>2</sup> Also, in July 2018, FRA issued a revised and simplified guidance document that addresses, in relevant part, interoperability testing and the responsibilities of a host railroad and its tenant railroads with respect to a host railroad's PTC Safety Plan and FRA's certification of PTC systems.<sup>3</sup>

Consistent with FRA's active oversight of the railroad industry's progress toward full PTC system implementation, FRA also expanded its quarterly status updates on its website beginning May 2018 to include each host railroad's progress toward achieving interoperability with its tenant railroads. In addition, FRA obtained the Office of

---

<sup>1</sup> Except a railroad's controlling locomotives or cab cars that are subject to either a temporary or permanent exception under 49 U.S.C. § 20157(k) or 49 CFR § 236.1006, consistent with the applicable host railroad's PTC Implementation Plan.

<sup>2</sup> FRA's June 15, 2018, and July 16, 2018, symposia presentations are available in FRA's eLibrary at: [https://www.fra.dot.gov/eLib/Find#p1\\_z5\\_gD\\_kPTC%20Symposium%20June%202018](https://www.fra.dot.gov/eLib/Find#p1_z5_gD_kPTC%20Symposium%20June%202018) and [https://www.fra.dot.gov/eLib/details/L19578#p1\\_z5\\_gD\\_IOP\\_y2018\\_m7](https://www.fra.dot.gov/eLib/details/L19578#p1_z5_gD_IOP_y2018_m7).

<sup>3</sup> FEDERAL RAILROAD ADMINISTRATION, Revised PTC Guidance Regarding Interoperability Testing, Operations and Maintenance Manuals, and Certification Responsibilities (July 24, 2018), available at [https://www.fra.dot.gov/eLib/details/L19583#p1\\_z5\\_gD\\_IPO](https://www.fra.dot.gov/eLib/details/L19583#p1_z5_gD_IPO).

Management and Budget's approval to collect more detailed data regarding railroads' PTC system field testing and interoperability testing beginning September 2018.<sup>4</sup>

Throughout 2019 and 2020, FRA will continue to provide extensive technical assistance to all applicable railroads regarding the statutory and regulatory interoperability requirements. FRA recently completed an engagement with each of the Class I railroads and Amtrak to confirm each tenant railroad that will be required to operate with PTC. In addition, on April 23, 2019, the FRA Administrator commenced a significant interoperability initiative by sending a letter to each freight, non-Class I tenant railroad<sup>5</sup> that operates on at least one main line that is subject to the statutory PTC mandate, according to host railroads' current FRA-approved PTC Implementation Plans.

From June to August of 2019, the FRA Administrator and PTC subject matter experts plan to meet individually with each tenant railroad's executive leadership and PTC program manager to offer technical assistance and discuss any challenges the tenant railroad might currently be experiencing during PTC system implementation; the tenant railroad's progress to date; and its strategy for completing any PTC system hardware and/or software installation and testing that is necessary to achieve interoperability, in accordance with each host railroad's specific schedule and sequence for fully implementing a PTC system.

With respect to commuter railroads, among other technical assistance, FRA continues to provide significant on-site support to commuter railroads that are in the initial stages of field testing their PTC systems. For example, FRA generally meets with these commuter railroads monthly, if not more frequently, to actively address any challenges or technical issues they have encountered during initial field testing, which helps facilitate these railroads' progress toward revenue service demonstration (RSD) and other advanced stages of PTC system implementation. Furthermore, FRA's PTC specialists also directly monitor field testing, RSD, and interoperability testing across the country and provide technical assistance during the testing itself and following FRA's review of railroads' test results. In addition, FRA will host the remaining five of six PTC Collaboration Sessions in Washington, DC, over the next 20 months to further assist all railroads subject to the statutory mandate, including commuter railroads, and to convene the industry's technical experts to share best practices.

FRA will continue to perform comprehensive oversight and to work collaboratively with all applicable host railroads and tenant railroads to help ensure they fully implement FRA-certified and interoperable PTC systems on all required main lines as expeditiously and safely as possible.

---

<sup>4</sup> See Quarterly PTC Progress Report Form (Form FRA F 6180.165) and Annual PTC Progress Report Form (Form FRA F 6180.166) under OMB Control No. 2130-0553.

<sup>5</sup> This encompasses Class II, Class III, short line, switching, terminal, and regional tenant railroads that operate on PTC-mandated main lines.

**Chairman David Price**  
**National Strategy to Prevent Trespassing on Railroad Property**

In February 2019, the Federal Railroad Administration issued a report requested by this Subcommittee on the problem of trespassing on railroad property. The annual number of trespass-related pedestrian fatalities increased 18 percent between 2012 and 2017. It also identified that 14 percent of all trespass fatalities nationwide occurred in 10 counties, and that 74 percent of trespassing pedestrian casualties occur within 1,000 feet of a grade crossing. The report outlines four strategic focus areas for the National Strategy to Prevent Trespassing on Railroad Property, however, it does not include a corresponding funding strategy.

**Question:** Please outline how the fiscal year 2020 budget request fulfills the National Strategy to Prevent Trespassing on Railroad Property. Please provide details on additional funding necessary in fiscal year 2021 and beyond to support the national strategy.

**Answer:** Due to timing, the initial FY 2020 budget request was made prior to finalization and coordination of the final report. FRA intends to work through the Executive and Congressional budget cycles and the reauthorization process to request funds each year to maintain momentum in all four National Strategy strategic areas addressed in the report. For example:

- **Strategic Area 1. Data Gathering and Analysis** -Develop a Trespasser Risk Model
- **Strategic Area 4. Partnerships** Host trespasser Prevention Summits in top 10 Counties.

The FY 2020 FRA budget request, revised in November 2018 as the report was in final coordination, includes a request for \$500,000 for the development of a trespass risk model. FRA will develop and refine a model to calculate risk and to identify current and future risk of trespassing in communities across the country. This approach was proven successful by a railroad that developed a risk model to inform its decisions on trespasser mitigation strategies. In fact, based on the model, the railroad strategically installed fencing and realized an 85 percent decrease in the number of trespass incidents in those areas. The revised FY 2020 FRA budget request also contains a request for \$150,000 for 10 local trespass prevention summits in the areas with the highest number of trespasser fatalities.

**Chairman David Price**  
**Amtrak Long Distance Service Proposal**

The fiscal year 2020 budget request proposes to shift the costs and responsibilities for Amtrak's 15 long distance routes onto states, essentially creating more state supported routes.

**Question:** Please explain what safeguards the Department will put in place to ensure Amtrak upholds its Congressional mandate to operate a national system under.

**Answer:** Amtrak's Long Distance network is a relic of the corporation's creation more than 47 years ago, largely serving the same markets today as they did in 1971 when Amtrak relieved freight railroads of their common carrier obligation to provide passenger rail service. The operating and financial performance metrics for these routes illustrate a struggling business model in need of reform.

The FY 2020 President's Budget proposes to begin a collaborative process among the Department of Transportation, Amtrak, states, and local governments to restructure the current Long Distance network into a series of shorter-distance, high-performing corridors. The proposal does not consist solely of transitioning costs of the existing, antiquated Long Distance network to states. Rather, the intent is to rationalize the network to provide a modern and more relevant service to passengers, including better scheduled departures and arrivals, and new frequencies and markets served where warranted.

The existing routes currently serve many promising city pairs and markets that could flourish and result in significantly improved service if restructured. We look forward to working with local communities and states to invest in an improved network that meets their transportation needs.

**Question:** Please explain what would happen under this proposal when states and Amtrak have different plans for routes or when one or two states along a corridor do not want to participate in a route.

**Answer:** States are encouraged to apply with Amtrak for the Restoration and Enhancement grant funding in FY 2020 so they can begin to make informed decisions about their routes and the elements they value to continue operating in the future. The Restoration and Enhancement Grant funding will provide transition assistance to states as they assume control over their regional corridor services, covering 100 percent of net operating costs in FY 2020, 80 percent of net operating costs in FY 2021, 60 percent of net operating costs in FY 2022, and 40 percent of net operating costs in FY 2023.

During this time, the Department of Transportation, Amtrak, states, and affected local governments will collaborate to rationalize the Long Distance network to more efficiently serve modern market needs as a series of shorter-distance, high-performing corridor services. Through this process, affected stakeholders will work together to address implementation issues related to differing state and operator visions.

**Chairman David Price**  
**Travel by the Secretary**

**Question:** Please list all travel by the Secretary from her first day in office through the date of receipt of this question, including both official and political travel and categorizing each trip (or segments of a trip) as official or political. Please indicate the date of departure and return to Washington, D.C., for each trip; the purpose of the trip; the number of DOT staff persons accompanying the Secretary; the total cost of the trip, including all costs incurred by all persons accompanying the Secretary; the total cost for all trips by person; and whether the cost of the trip was borne by DOT, another agency, or a non-governmental entity. If the trip was paid for by DOT, indicate from which DOT account the funding was drawn. If any costs were initially borne by DOT or another federal agency for a political trip, please indicate when DOT or the other agency was reimbursed for its expenditures, by whom, and whether reimbursement in full has been received.

**Answer:** Please see “Attachment 3 – Secretarial and Staffing Support Travel”.

**Chairman David Price  
Travel by Political Appointees**

**Question:** Please provide the same travel information as in the previous question for all political appointees, by name, on the DOT roster as of the date of receipt of this question.

**Answer:** Please see "Attachment 4 – Appointee Travel".

**Chairman David Price  
Bonuses**

**Question:** Please provide a list of all bonuses and cash awards from January 21, 2017 through the date of receipt of this question given to all DOT employees, noting which were for non-career staff. Please provide the information by pay grade, by agency or staff office, by fiscal year, with totals.

**Answer:** Please see "Attachment 5 – DOT Award Summary".

**Chairman David Price  
Advisory Committees**

**Question:** Please provide a list of all advisory committees, panels, task forces, and commissions that are funded in fiscal years 2017, 2018, and 2019. Indicate those that are mandated by law and those that are discretionary, the funding level of each and the expiration date of the most recent charter. Also list each advisory committee, panel, task force, and commission that you propose to operate in fiscal year 2020, and the proposed budget for each.

**Answer:** Please see “Attachment 6 – Advisory Committee Summary”.

**Chairman David Price  
Reorganization Plans**

**Question:** Please provide an update on any plans or planning the Department has to reorganize the Department.

**Answer:** The Department continues to coordinate closely with OMB to identify operational efficiencies that may be realized through strategic reorganization and realignment.

**Chairman David Price  
Political Appointee Positions**

**Question:** Please provide a list of all political and Presidential appointees employed by the Department as of the date of receipt of this question. If the total number is less than the 125 political and Presidential appointees allowed under section 183 of the fiscal year 2019 bill, please provide the total number of political and Presidential appointees expected by September 30, 2019 based upon current hiring plans and/or pending confirmations.

**Answer:**

NAME	OA
Adam Sullivan	OST
Adriana Kania	OST
Alan "Bailey" Wood	FTA
Alan Hanson	OST
Alexander Etchen	OST
Alexander Koehlke	OST
Amanda Gray Bailey	OST
Alexander Poirot	OST
Andy Post	OST
Anne Reinke	OST
Anthony Bedell	OST
Ariel Wolf	OST
Arjun Garg	FAA
Bailey Edwards	FAA
Barry Plans	OST
Benjamin Kochman	OST
Bobby Fraser	PHMSA
Brandye Hendrickson	FHWA
Brian Barnard	NHTSA
Calvin Scovel	OIG
Cameron Morabito	OST
Caryn Moore Lund	OST
Casey Cheap	OST
Cathy Gautreaux	NHTSA
Charles James	OST
Christina Aizcorbe	NHTSA
D. Kirk Schaffer	FAA
D. Nicolas Yonkovich	OST
Dan DeBono	OST
Daniel Elwell	FAA
David Short	OST
Derek Kan	OST

Diana Furchtgott-Roth	OST
Dominic Bonaduce	OST
Doug Simon	OST
Douglas Burnett	MARAD
Douglas Graham	OST
Eileen Dombrowski	OST
Drue Pearce	PHMSA
Elaine L. Chao	OST
Geoffrey Smith	OST
George Riccardo	FRA
Gregory Cote	OST
Gregory Martin	FAA
Heidi King	NHTSA
Howard "Skip" Elliott	PHMSA
J. Todd Inman	OST
James "Jeb" Wilkinson	MARAD
James "Wiley" Deck	FMCSA
James Owens	OST
Jannine Miller	OST
Jeffrey Rosen	OST
Jessica Conrad	OST
Jim Mullen	FMCSA
Joel Szabat	OST
John Brennan	FTA
John Kramer	OST
Jonathan Furman	OST
Jonathan Morrison	NHTSA
K. Jane Williams	FTA
Kathy Vences	OST
Kyle Bonini	FMCSA
Laura Genero	OST
Loren Smith	OST
Mala Parker	FHWA
Marco Sylvester	OST
Marianne McInerney	SLSDC
Marina Tse	OST
Mark Buzby	MARAD
Mark Lillie	FHWA
Mathew Sturges	OST
Matthew Carrothers	OST
McKenzie Barbknecht	OST
Michael Curto	OST
Michael Reynard	FHWA
Michael Russo	PHMSA
Mira Lezell	OST

Monica Chinn	OST
Monica Kuo	OST
Nickolas Minock	OST
Nicole Nason	FHWA
Owen Morgan	OST
Paul Roberti	PHMSA
Peter Cipriano	FRA
Peter Murray	OST
Philip Newman	FAA
Raymond Martinez	FMCSA
Richard Balzano	MARAD
Ronald Batory	FRA
Ruth Knouse	OST
Ryan Cote	OST
Sean McMaster	OST
Sean Poole	FMCSA
Sharon Worthy	OST
Stephen Bradford	FRA
Steven Bradbury	OST
T. Finch Fulton	OST
Tamara Somerville	OST
Tim Wang	OST
Tina-Maria Henry	OST
William "Liam" McKenna	OST
Willis Morris	OST

Total Number of Noncareer Appointees: 102

Pursuant to the recent increase in the number of political appointments at the U.S. Department of Transportation authorized by the Consolidated Appropriations Act, 2019 (Public Law 116-6), we anticipate there will be an increase in the number of political appointments within the Office of the Secretary. Due to the unique nature of the appointment process and potential shifts in Departmental priorities, we are unable to provide a definitive estimate regarding how many additional political appointments will be made by the end of FY 19.

**Chairman David Price**  
**Buy America Waivers in the Congestion Mitigation and Air Quality Program**

As of April 2017, the Federal Highway Administration (FHWA) has not issued any “Buy America” waivers. At the time, the agency put out a Notice of Proposed Rulemaking which FHWA has used to pause all waivers. This issue is a concern for grantees and that need these waivers to use their CMAQ funds.

**Question:** Please provide a timeline for FHWA’s revised guidance for “Buy America” waivers and for when states and grantees can expect certainty on how they can use their CMAQ funds.

**Answer:** The Department takes Buy America very seriously and judiciously reviews each waiver requested. The Department also notes that the Buy America waiver process, established by law, requires an informal public notice/comment period. This public notice and comment period is followed by the legal requirement to publish a Federal Register Notice formalizing the waiver decision.

The Department is currently developing cross-modal guidance on Executive Order 13788 (“Buy American and Hire American”) to effectively maximize the use of U.S. produced materials, goods, and products in transportation projects. The Department plans to publish the proposed guidance in the Federal Register for public review and comment.

FHWA will continue to ensure that transportation projects comply with Executive Order 13788 by maximizing “consistent with law . . . the use of goods, products, and materials produced in the United States.”

**Chairman David Price**  
**Federal Motor Carrier Lease and Interchange Rule**

On September 20, 2018, the Federal Motor Carrier Safety Administration (FMCSA) published a Notice of Proposed Rulemaking to revise their prior 2015 final rule on the lease and interchange of passenger vehicles (Fed. Reg. Vol. 83).

**Question:** Please provide a timeframe for when FMCSA will complete this rulemaking.

**Answer:** The comment period for the NPRM ended on November 19, 2018. The Department is working on the final rule and expects the rule to be published this summer.

**Chairman David Price**  
**Capital Investment Grants**

Numerous transit agencies including BART and LA Metro which both have highly rated projects have spoken with this Subcommittee about delays and roadblocks at the Federal Transit Administration (FTA) in the approval processes as part of the Capital Investment Grant program.

**Question:** As specified in House Report 115-750, please provide a list of Full Funding Grant Agreements that DOT anticipates finalizing during fiscal year 2019.

**Answer:** Per Congressional direction, each month the Federal Transit Administration discusses with congressional staff from the authorizing and appropriations committees the status of projects seeking Capital Investment Grants (CIG) funding, including when construction grant awards are anticipated by the project sponsors. The dates discussed can, and often do, change from month to month as project sponsors work to complete the requirements in law, regulation, and guidance for receipt of CIG funds.

At this point in time, the CIG projects FTA expects to be ready for construction grant agreements before the end of calendar year 2019 are the projects that have been allocated FY 2018 CIG funding. The list is included as "Attachment 7 – Capital Investment Grants" and can be found at the following link:

<https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/about/news/132121/cig-funding-comparison-chart-4-9-19.pdf>.

**Question:** Please provide a detailed timeline of how FTA expects to obligate \$2.3 billion of funds appropriated in 2018 by December 31, 2019.

**Answer:** As of April 9, 2019, FTA has allocated \$2.28 billion in FY 2018 Capital Investment Grants (CIG) funding appropriated by Congress. The project sponsors must complete the CIG steps in law, regulation, and guidance to be eligible for a grant obligation. FTA is working with the project sponsors allocated FY 2018 funding to determine whether they can complete the requirements and meet the statutory obligation deadline.

As the schedule of information for each project is developed and finalized, it will be shared during the monthly Congressional calls FTA holds with the authorizing and appropriations committee staff.

**Question:** Please provide a timeline of the deadlines and interactions you have had with BART about their core capacity project?

**Answer:** BART has submitted three different requests to FTA that are under review. These include: 1) an Engineering approval request; 2) a request for FTA to approve a large sole source procurement to a vehicle manufacturer for roughly \$1.3 billion of the total project cost; and 3) multiple versions of a request for a Letter of No Prejudice to allow certain construction activities to begin and remain a CIG-eligible expense when performed with non-Federal funds in advance of the project potentially receiving a Full Funding Grant Agreement. FTA held a conference call with BART's General Manager Grace Crunican and congressional staff on April 11, 2019, and met again with BART in Washington D.C. to discuss the three matters on April 23, 2019. BART subsequently submitted additional information to FTA on May 2, 2019.

**Question:** Please provide a list of projects by Small Starts, New Starts, and Core Capacity that have received new full-funding grant agreements since fiscal year 2017. Please specify if projects were bus rapid transit or rail.

**Answer:** This information can be found on the FTA website and in the same attachment used to answer the first question.

<https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/about/news/132121/cig-funding-comparison-chart-4-9-19.pdf>

**Department of Transportation**  
**Fiscal Year 2020 Questions for the Record**  
**Ranking Member Mario Diaz-Balart**  
**Subcommittee on Transportation, Housing and Urban Development, and Related Agencies**  
**House Committee on Appropriations**

**Airline Policies on Transport of Animals for Medical Research**

Last year, a complaint was filed concerning policies of U.S. airlines refusing to transport animals for purposes of federally regulated medical research that is required by FDA before new drugs come to market. The complaint requests that DOT conduct an investigation of these policies to determine whether or not they are consistent with DOT regulations. The Committee is aware the public comment docket on this issue closed in December 2018 (DOT-OST-2018-0124).

**Question:** Please provide the Committee with an update on the status of the Department's review of this matter.

**Answer:** Airline policies on transport of animals for medical research is an important and complex issue with far-reaching implications for airlines, research institutions, and the public. Many airlines serving the United States have policies prohibiting the carriage of live animals destined for research institutions. In August 2018, the National Association for Biomedical Research (NABR) filed a formal complaint against one U.S. air carrier (United Airlines) and three foreign air carriers (British Airways, China Southern Airlines, and Qatar Airways) regarding their policies not to transport live animals destined for research institutions.

The NABR complaint states that airline policies regarding transporting research animals do not comply with statutory requirements for providing air transportation. NABR asks the Department to find the airlines' policies unlawful and order airlines to cease and desist from refusing to transport live animals intended for research. The airline responses dispute the complaint's legal arguments and state that airlines comply with all statutory requirements. In response to the NABR complaint and airline responses, more than 23,000 comments have been submitted to the docket, including 150 from research institutions. The comment period closed in December 2018.

The Department is currently reviewing all the relevant information. It will take time for the Department to reach a conclusion on this matter because of the thousands of comments filed that will need to be carefully reviewed and because the complaint raises novel legal and policy issues.

Department of Transportation  
**Fiscal Year 2020 Questions for the Record**  
 Congresswoman Watson Coleman  
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies  
 House Committee on Appropriations

**Amtrak – FRA Work Plan**

It is my understanding that as part of the grant agreement between the FRA and Amtrak, there is the following language restricting Amtrak’s use of funds for the North Portal Bridge and Hudson Tunnel Project Construction. “1. Prior to expenditure of any funds available within the Infrastructure and Asset Renewal Reserve for the purpose of initiating any major, physical construction of these projects, FRA must review and approve the project financial plans. Upon such approval, Amtrak and the FRA will amend this Agreement to permit such expenditures. 2. Use of these funds is subject to review/audit as directed by Amtrak’s management or Board of Directors or FRA at any time through the Amtrak Inspector General, Amtrak’s independent financial auditor, FRA’s oversight staff or contractor.”

**Question:** Has FRA indicated to Amtrak in any way that it would not approve a request from Amtrak to use its grant money on the North Portal Bridge or Hudson Tunnel Project?

**Answer:** No. In response to the inclusion of a large, unprogrammed Infrastructure and Asset Renewal Reserve line item in FY18, the language referenced above was included in the Work Plan (a grant deliverable that lists all the projects and programs for the fiscal year). Similar language appears in the FY19 grant agreement. Amtrak must obtain FRA approval prior to moving any funds out of an unprogrammed reserve.

**Question:** By what standard would the FRA “review and approve the project financial plans” for these two projects?

**Answer:** FRA will follow the terms of and process laid out in the FY19 Northeast Corridor grant agreement to review and approve the two projects. As background, FRA has implemented new requirements in Amtrak’s annual grant to improve transparency and oversight, based on lessons learned from the first year of providing Amtrak’s annual grant as advance payments in FY17.

Recent changes to the grant agreement impacting unexpended funds include changes to the provisions dealing with scope, schedule, and budget for Amtrak’s projects and programs. Most notably, in FY19, FRA added a provision that prohibits Amtrak from spending advanced funds unless Amtrak has submitted and FRA has accepted the associated Project Description or Program Description, as applicable. In other words,

Amtrak must now inform FRA of its planned uses for all advanced (and unexpended) federal funds prior to expenditures. FRA added this language to ensure all parties are aware of and have an understanding of the scope, schedule, and budget for every project and program on which Amtrak spends grant funds in advance of expenditure (known as the “programming” process).

Prior to expending funds to advance the North Portal Bridge and Hudson Tunnel projects, Amtrak must go through the “programming” process outlined above and submit a Program or Project Description for each, as appropriate, which FRA would then review

**Question:** Has the FRA imposed similar restrictions on Amtrak’s ability to spend funds on projects other than those related to the Gateway Program?

**Answer:** Please see above answer- efforts to improve transparency and oversight of federal funds apply to every project and program.

**Congresswoman Watson Coleman**  
**Hudson Tunnel Project Environmental Impact Statement**

The project sponsor for the Hudson Tunnel Project submitted the Environmental Impact Statement (EIS) in February 2018 after an expedited process. The Administration has indicated it supports a faster environmental review process, yet there has been no Record of Decision issued for the Hudson Tunnel Project.

**Question:** As of April 17, 2019, the Permitting Dashboard for Federal Infrastructure Projects states that the estimated completion date for the review of the Hudson Tunnel Project is February 22, 2019, nearly two months ago. What is the current estimate for when the Record of Decision will be finalized?

**Answer:** DOT continues to work on the Final EIS to address any outstanding issues. Coordination with the Project Sponsor will also be required. DOT must ensure that the environmental review is responsive to all agency and public comments, technically sound, and legally sufficient. FRA expects to release the Final EIS once all comments are properly addressed by the Project Sponsor and, as necessary, coordinated with appropriate stakeholders.

**Question:** What are the specific causes of the delay relative the Department of Transportation's earlier estimates for completing its review?

**Answer:** The Hudson Tunnel EIS is a complicated environmental review that involves multiple jurisdictions and requires coordination with the public and the numerous stakeholders involved, including FTA, the Port Authority of NY and NJ, NJ TRANSIT, and Amtrak.

Public comments required FRA to revise the project design and pursue further coordination with stakeholders. The substantial issue that precluded meeting the March 2018 deadline was DOT's concern about the lack of a project sponsor.

**Question:** What is the average time from submission of an Environmental Impact Statement to the Department of Transportation to the issuance of a Record of Decision under the current administration?

**Answer:** The Council on Environmental Quality (CEQ) published a white paper in December 2018 on EIS development across the Federal government. Based on CEQ's data set, FTA's average timeframe from notice of intent to record of decision is 5.13 years and FRA's average timeframe is 5.16 years.

Department of Transportation  
**Fiscal Year 2020 Questions for the Record**  
 Congressman Will Hurd  
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies  
 House Committee on Appropriations

**Highly Autonomous Vehicle / Advanced Driver Assistance Systems**

*[Background] Emphasis on Transit Technology at DOT*

Congress approved in the FY'18 THUD Appropriations Act, under the FMCSA budget account, \$60 million provided for "grants and cooperative agreements to fund demonstration projects that test the feasibility and safety of highly autonomous vehicles (HAV) and advanced driver-assistance systems (ADAS) deployments..." The Secretary was directed to include state, local, tribal governments, transit agencies, and others, among eligible applicants.

I was pleased to see the Department produced a Notice of Funding Opportunity that included transit agencies as eligible applicants.

**Question:** Do you agree that we need innovation in transit if we are to ensure our investments into transit and its associated benefits adapt and evolve with emerging technologies?

**Answer:** We agree that innovation is a powerful process that can help transit's mission when applied appropriately. The Automated Driving Systems (ADS) Demonstration Grants Notice of Funding Opportunity (NOFO) emphasized the large role transit plays in automated transportation.

The Department encourages transit agencies to continue to partner with local governments as appropriate to create and maintain an accessible environment for travelers, thereby adapting and evolving with emerging technologies while managing the potential risks associated with innovation. Continued dialogue with community residents, original equipment manufacturers (OEMs), technology developers, integrators, and industry associations will help identify the most appropriate transit bus automation technology solutions for their communities.

We also encourage transit agencies to 1) develop realistic expectations when implementing automation projects and demonstrations, 2) recognize emerging workforce needs and requirements for a high-technical environment, 3) engage local partners and review complete streets policies and practices to support automated transit programs, 4) and to ensure accessibility.

**Congressman Will Hurd  
Airport Grant Funding at DOT**

*[Background] Non Primary Airport Grant Funding*

**Question:** In the first round of airport grant funding from the additional \$1 billion provided in the FY18 Consolidated Appropriations Act, why did the FAA choose to fund terminal projects when safety-critical runway projects were submitted, but not funded?

**Answer:** The FAA awarded 37 grants worth a total of \$205 million in its first round of awards from the \$1 billion FY 2018 supplemental appropriation. Of these grants, four provide funding for terminal projects. These four grants total \$17.9 million, or about 8.7 percent of the total amount awarded in Round 1. Approximately \$182 million (about 89 percent of Round 1) funded airport runway, taxiway and apron projects.

Safety-critical runway projects are typically a very high priority for regular AIP discretionary funding. As the FAA's July 2018 Federal Register notice explained, one of the evaluation criteria for the additional \$1 billion in funding was "Ability of the project to compete for regular AIP discretionary funding—i.e., FAA may give higher consideration to projects that might not otherwise get funded or that might not otherwise get funded as soon."

Texas has 56 non-primary, non-commercial service airports eligible for funding under the FY18 parameters stipulated by appropriators – second only to Alaska's 199 eligible airports; 30 of these Texas airports have viable projects that have been submitted for funding.

**Question:** Can Texas expect to receive its fair share of the remaining \$800 million when grants are awarded for Round Two?

**Answer:** Texas airports submitted \$230 million worth of eligible funding requests, roughly 2.7 percent of the \$8.4 billion in total eligible nationwide requests.

In Round 1, the FAA awarded \$8 million for the Brownsville passenger terminal project (about 4 percent of the total amount awarded in Round 1), which the FAA combined with another \$12 million from regular AIP discretionary funding during FY 2017 and 2018. The FAA is also giving full consideration to the other requests submitted by Texas airports.

Department of Transportation  
**Fiscal Year 2020 Questions for the Record**  
Congressman Mike Quigley  
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies  
House Committee on Appropriations

### **Transportation Infrastructure Finance and Innovation Act (TIFIA) Loans**

The Department has been slow and unpredictable in closing TIFIA loans. In fact, the Department has only closed 3 loans since December 2017. The Administration has made private participation in infrastructure a centerpiece of its infrastructure proposals. However, earlier this month, in your Senate hearing, you said that the projects were complicated which made them difficult to close.

**Question:** What resources does the Department need to facilitate the timely completion of and approval of these loans?

**Answer:** The Department has sufficient resources to process TIFIA applications in a timely manner, and ensure loans are both credit-worthy and meet all applicable requirements. The Department has worked to provide technical assistance to both public and private sponsors seeking federal credit assistance. The Department has disseminated information on best practices for public private partnerships and standard credit terms and requirements for federal loans in general. Some applicants request to use non-standard terms and requirements, which can lengthen the process.

**Question:** The Administration has made private participation in infrastructure a centerpiece of its infrastructure proposals. How can we trust that you can do that if you can't get loans through the process? These loans are crucial components of large, complex infrastructure projects across the country. There remains \$1.9 billion in unobligated balances.

**Answer:** The Build America Bureau has taken many steps to make the review and approval process for the Transportation Infrastructure Finance and Innovation Act (TIFIA), Railroad Rehabilitation and Improvement Financing (RRIF) and Private Activity Bonds (PABs) programs more streamlined, transparent, and standardized in order to expedite delivery of federal financing. These efforts include identifying streamlined application processes for low risk credits, updating and combining the application documentation for the TIFIA and RRIF programs, providing term sheet and loan templates to clearly identify federal and credit requirements and revision of the approval process to have regularly scheduled weekly and monthly meetings to move projects forward more efficiently.

Since December 2017, the Department has made six TIFIA and RRIF loans totaling \$2.5 billion and six PAB allocations totaling over \$2.8 billion. If all current applications are approved, the remaining balance for PAB authority would be below \$100 million. The time necessary to process requests for federal credit assistance is largely driven by the ability and readiness of project sponsors to meet federal requirements, supply information necessary to review their applications and their ability to structure a creditworthy financing.

**Congressman Mike Quigley**  
**FAA DNL Study**

In 2015, OMB finally gave the green light to an FAA study that I had been pushing for, re-examining the Day Night Level, or DNL, metric for determining aircraft noise impacts. After years of waiting for the FAA to complete its work, we were told that the study was to be released in May of last year. Yet it is still not out and FAA has provided no explanation as to why.

There are credible rumors that the delay is due to a flaw in FAA's methodology that undermines the findings of the study. If that is true, it is disappointing to say the least, but no matter what, Congress needs to be notified.

**Question:** What do you know about the current status of the FAA's DNL study?

**Answer:** The results of the research are currently under review by the Department of Transportation. In accordance with Section 187 of the FAA Reauthorization Act of 2018, the Administration intends to submit a report to Congress with the results within two years of enactment. There will be an opportunity for the public to review the results and methodology used when the report is released.

**Question:** Can you commit to working with me, this committee, and the FAA to facilitate the release of the study as quickly as possible, or, if necessary, coming up with a plan to address any problems in the study as quickly and effectively as possible?

**Answer:** The results of the research are currently under review. In accordance with Section 187 of the FAA Reauthorization Act of 2018, the Administration intends to submit a report to Congress with the results within two years of enactment.

**Congressman Mike Quigley  
State of Good Repair Funding**

Madame Secretary, I'm glad you've finally seen the value of the discretionary grant program which used to be called TIGER and is now BUILD. After 2 years of Congress rejecting your efforts to zero out the program, you've requested \$1 billion this year.

However, I'm very concerned that you are proposing no funding for the Federal-State Partnership for State of Good Repair grant program, which Chicago area transit agencies rely upon to make crucial rolling stock upgrades, among other things.

This program is authorized at \$300 million and was funded at \$400 million last year- yet you've decided that it doesn't need a dime in FY 2020.

**Question:** Is it your opinion that all of rail systems in the United States are in a state of good repair and therefore don't need this funding?

**Answer:** The FY 2020 President's Budget requests \$330 million for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program to invest in projects within the United States to improve railroad safety, efficiency, and reliability. The requested funding will support critical rail development and safety projects – such as grade crossing enhancements, rail line relocation, and the continued implementation and improvement of positive train control systems – and assist resource-constrained short line railroads.

The CRISI program has the widest applicability and availability for freight and intercity passenger rail projects – including for state of good repair and rolling stock projects – and provides a comprehensive solution to leverage private, state and local investments to support safety enhancements and general improvements to our nation's rail infrastructure.

**Congressman Mike Quigley**  
**BUILD Grants**

In FY 17, over 64% of TIGER grant funding went to rural projects. That was the highest number in the history of the program by a huge margin.

However, in FY 18, over 69% of BUILD funding went to rural projects.

In the FY 18 appropriations bill, we directed DOT to ensure appropriate balance in addressing the needs of rural and urban areas, so I guess this Administration thinks that nearly 70% of total funding going to rural projects is the 'proper balance.'

I can't say that I agree.

**Question:** Is this part of a larger trend to favor rural states? Can you please explain the rationale behind the determination of allocation of these funds?

**Answer:** Over the life of the TIGER/BUILD program, the Department awarded to projects located in urbanized areas nearly double the amount of funding awarded to projects located in rural areas. To ensure the Department appropriately addresses rural transportation needs, the Department awarded a greater share of TIGER and BUILD funding in FY 2017 and 2018 to projects that aligned well with the selection criteria to projects in rural areas than such projects in urban areas. Per statute, the Department will award not more than 50 percent of FY 2019 BUILD funding to projects located in urban and rural areas, respectively.

**Question:** Urban areas are the economic engines of this country. How can you expect them to continue to prosper when this Administration continues to preference rural areas over cities when the vast majority of capital need is in urban areas?

**Answer:** The Department recognizes the interconnected nature of urban and rural economies. However, the Department believes that underinvestment in rural transportation systems has allowed a slow and steady decline in the transportation routes that connect rural American communities to each other and the rest of the county. New investment is necessary to grow rural economies and improve access to reliable, affordable, and safe transportation options.

**Question:** Can you explain any way in which this budget, and the actions of this DOT over the past 3 years, does not represent a concerted attack on cities?

**Answer:** Rural America is home to many of the nation's critical transportation infrastructure assets. More than 55 percent of all public road miles are locally owned roads. An estimated 19 percent of the nation's population lives in rural areas, and according to FHWA, only 30 percent of the total vehicle miles traveled in 2016 were in rural areas. However, rural areas accounted for 50 percent of all traffic fatalities in 2016. The Department is committed to addressing the underinvestment in rural transportation infrastructure and ensure rural transportation infrastructure needs are met.

**Congressman Mike Quigley  
Marijuana and Impaired Driving**

Madame Secretary, it seems like Illinois is on the path to join a number of other states in legalizing recreational use of marijuana.

We all know the legal blood alcohol limit to drive a car is .08. We need a similar standard to determine when it's safe to drive under the influence of marijuana and when it isn't.

The National Highway Traffic Safety Administration (NHTSA) has launched a public education program to raise awareness of the risks of drug-impaired driving, but to date there is neither a scientific impairment standard, nor a reliable methodology to determine impairment.

Your budget request includes two small pots of funding for NHTSA to further study highway safety and the impact of drug use on driving, but most of that money goes towards law enforcement training and public education- not much goes towards research on an impairment standard or field-testing methods.

**Question:** Do you agree that an impairment standard for marijuana is needed? Why aren't more resources being devoted to actual research to determine one?

**Answer:** Because marijuana has a different chemistry than alcohol, current research indicates that there is unlikely to be a driving-related marijuana-impairment standard similar to the Blood Alcohol Concentration (BAC) standard for alcohol impairment. Alcohol is water soluble, and alcohol impairment is closely correlated to the level of alcohol in the body. In contrast, marijuana's active ingredient is fat-soluble and metabolizes differently. The psychoactive ingredient in marijuana, delta-9-tetrahydrocannabinol (THC), does not correlate with impairment; in fact, studies show that peak impairment occurs after peak concentrations are measured. Measurable THC levels in the body drop rapidly right after smoking marijuana, while impairment can be observed for hours after smoking. Further adding complexity, marijuana is comprised of many compounds in addition to THC, and some of those compounds can change the impairing effects.

While a concentration-based impairment standard for marijuana would be useful, in fact law enforcement officers can detect and assess impairment using non-toxicological assessment measures. Tests, such as the Standardized Field Sobriety Test (SFST), provide a methodology for determining impairment. Many officers are trained in the Drug Evaluation and Classification program, providing the skills to accurately detect impairment and correctly categorize the type of impaired drug — these officers are called Drug Recognition Experts. Other officers are trained in Advanced Roadside Impaired Driving Enforcement. NHTSA is conducting research on the topic of roadside testing devices for marijuana and psychomotor, behavioral, and cognitive tests that indicate marijuana impairment to develop a Standard Field Sobriety Test (SFST) specific to

marijuana. Since all impaired driving enforcement depends upon well-trained officers, we continue to support law enforcement training on drug-impaired driving, as well as education to raise public awareness on the issue of drug-impaired driving.

The fiscal year (FY) 2020 budget requests \$5 million for the drug-impaired driving program, an increase of \$3.48 million from FY 2019 requested levels. The focus of the program is to: 1) understand the relationship between drug use and crash risk through research; and 2) employ countermeasures, such as training for law enforcement and other criminal justice professionals, and public education.

**Congressman Mike Quigley**  
**Air Travel Safety**

This committee has strongly endorsed the recommendations of the 9/11 commission. The final outstanding recommendation from that commission is mandating the use of physically-installed secondary barriers onboard large commercial passenger aircraft in order to prevent potential hijacking attempts. In last year's FAA Reauthorization, Congress directed the FAA to mandate these important security devices be installed on all newly manufactured aircraft by October 5, 2019.

**Question:** Will the FAA meet this deadline?

**Answer:** The FAA is now forming a working group to address the requirements outlined in Section 336 of the Reauthorization Act of 2018. Due to the constraints of the regulatory process, it is likely that our regulatory action will take place after the October 5, 2019 deadline set forth in the Act.

It is my understanding that some groups have begun to lobby the FAA to reinterpret the language from last year's FAA bill to mean "newly type certificated" airplanes instead of "newly manufactured". As we've all been reminded recently, the B-737 was type certificated in 1967. This interpretation would postpone the implementation of the secondary barrier mandate indefinitely and clearly goes against the plain meaning of the words passed by Congress. The original sponsors of the legislation have sent a letter to the FAA clarifying their intent as meaning all aircraft that have not yet been built, as opposed to those not yet designed.

**Question:** Will you commit to reading the language regarding secondary barriers as it was intended to be read by the bill's original sponsors?

**Answer:** Section 336 of the FAA Reauthorization Act of 2018 requires "installation of a secondary cockpit barrier on each new aircraft that is manufactured for delivery to a passenger air carrier in the United States operating under the provisions of part 121 of title 14, Code of Federal Regulations."

As a Federal agency, we are committed to accurately addressing all statutory mandates. We understand there may be differing interpretations of this provision. As we move forward with an implementation strategy, including the federal regulatory process, we welcome and will consider the views of those who have reached out to us to express their opinions—including members of Congress.

Department of Transportation Budget Hearing  
**Fiscal Year 2020 Questions for the Record**  
 Congresswoman Norma J. Torres  
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies  
 House Committee on Appropriations

### **Dig Once (Highway of things)**

Whenever possible, the federal government should leverage public funds to spur private investment. One area that I have been looking at specifically is how to combine highway construction with the laying of lines for transmission broadband and other utilities.

I call this the “highway of things.” If we are digging to create or build out highways, it doesn’t make sense for a private sector company to come in two years later and dig up that same highway to lay transmission lines.

**Question:** How can DOT better coordinate highway construction with private sector companies that need to lay transmission lines?

**Answer:** The Department has policies and procedures for accommodating utility facilities and private lines on Federal-aid highway projects to support installation practices that minimize excavation. In June 2017, the Federal Highway Administration (FHWA) distributed a memorandum that provides a refresher on utility accommodations and reminds stakeholders that the use of highway right-of-way (ROW) to accommodate utilities is in the public interest because the way that utilities cross or occupy the ROW can materially affect the highway, its safe operation, aesthetic quality, and maintenance.

Additionally, the Department encourages States to work with service providers on joint highway and utility planning and to consider the use of innovative practices and technologies that help to minimize roadway excavation.

**Question:** What lessons have been learned from previous construction projects?

**Answer:** In 2018, FHWA published a National Utility Review of the Utility Coordination Process, which identified opportunities to reduce construction delays and cost overruns due to utility conflicts. Key initiatives resulting from the review include:

- Championing the Strategic Highway Research Program (SHRP2) Utility Bundle, which helps transportation agencies better locate underground utilities, maintain reliable and accurate data on the location and depth of utilities, and more efficiently scope utility locating work. This effort helps

reduce construction delays and minimizes the costs associated with utility conflicts in transportation projects.

- Developing web-based and instructor-led training programs that cover all aspects of the utility coordination process from project inception to project construction.

**Question:** What steps has the Department taken to improve coordination with private sector companies on highway construction and laying of transmission lines?

**Answer:** The Department's efforts to improve coordination with private sector companies on highway construction and laying of transmission lines include hosting Regional Utility Summits with State DOTs to facilitate sharing of best practices and presenting to the State Broadband Leaders Network on utility accommodation in the Federal-aid right-of-way.

**Congresswoman Norma Torres  
Capital Investment Grant Program**

Another example of public private partnership is the Expedited Project Delivery Pilot Program. This is a pilot program to give expedited awards to private-public partnerships. I understand that submissions were due on November 13, 2018.

**Question:** What is the status of those grants?

**Answer:** FTA published a Federal Register notice on September 12, 2018 soliciting expressions of interest from project sponsors wishing to work with FTA on development of the Expedited Delivery Pilot Program. Responses to the notice were due to FTA on November 13, 2018. The notice was not a notice of funding opportunity and was not intended to result in the selection of projects for award of funds.

FTA received seven expressions of interest. None of the projects submitting expressions of interest are currently ready for a grant award. FTA will host a roundtable meeting with the interested parties on May 30, 2019 to seek their ideas on how the program might best be carried out efficiently and effectively.

**Congresswoman Norma Torres**  
**Railroad Trespassing Accidents**

The Federal Railroad Administration recently issued a report this Subcommittee requested on the problem of trespassing on railroad property. The annual number of trespass-related pedestrian fatalities increased 18 percent between 2012 and 2017.

It also identified that 14 percent of all trespass fatalities nationwide occurred in 10 counties, including Los Angeles and San Bernardino Counties. However, the President's FY2020 budget significantly cuts FRA's safety and research and development programs.

**Question:** Is the less than \$4 million that was included in the FY2020 budget really enough to address this problem?

**Answer:** Yes, as FRA has an existing portfolio of currently funded research projects that are focused on trespasser fatality prevention.

**Question:** How will the Department help communities in my district reduce trespassing accidents?

**Answer:** As with all the top 10 counties identified in the National Strategy to Prevent Trespassing on Railroad Property Report, FRA intends to collaborate and partner with San Bernardino and Los Angeles city and county leaders. We intend to host trespasser prevention summits in each of the top 10 counties and include local community leaders, law enforcement, railroads and the public.

FRA personnel will work with stakeholders to highlight the trespasser fatality issues, identify the trespassing hotspots, co-develop local improvement recommendations for trespass mitigation and fatality prevention, assist with trespasser prevention outreach campaigns, and provide information on the availability and process to apply for various forms of FRA grants and other funding (e.g., law enforcement and CRISI grants for trespasser mitigation projects). This funding information will be made available to community leaders during FRA focused surveys and outreach activities.

**Congresswoman Norma Torres**  
**Impaired Driving**

Driving under the influence is a threat to public safety. Unfortunately, impaired driving fatalities are on the rise, including in states like California that have legalized marijuana. The National Highway Traffic Safety Administration (NHTSA) has launched a public education program to raise awareness of the risks of drug-impaired driving. However, we do not have a scientific impairment standard, and we don't have a reliable methodology to determine impairment.

**Question:** How much NHTSA is proposing to allocate towards research of an actual impairment standard and potential field-testing methods?

**Answer:** Because marijuana has a different chemistry than alcohol, current research indicates that there is unlikely to be a driving-related marijuana-impairment standard similar to the Blood Alcohol Concentration (BAC) standard for alcohol impairment. Alcohol is water soluble, and alcohol impairment is closely correlated to the level of alcohol in the body. In contrast, marijuana's active ingredient is fat-soluble and metabolizes differently. The psychoactive ingredient in marijuana, delta-9-tetrahydrocannabinol (THC), does not correlate with impairment; in fact, studies show that peak impairment occurs after peak concentrations are measured. Measurable THC levels in the body drop rapidly right after smoking marijuana, while impairment can be observed for hours after smoking. Further adding complexity, marijuana is comprised of many compounds in addition to THC, and some of those compounds can change the impairing effects.

While a concentration-based impairment standard for marijuana would be useful, in fact law enforcement officers can detect and assess impairment using non-toxicological assessment measures. Tests, such as the Standardized Field Sobriety Test (SFST), provide a methodology for determining impairment. Many officers are trained in the Drug Evaluation and Classification program, providing the skills to accurately detect impairment and correctly categorize the type of impaired drug — these officers are called Drug Recognition Experts. Other officers are trained in Advanced Roadside Impaired Driving Enforcement. NHTSA is conducting research on the topic of roadside testing devices for marijuana and psychomotor, behavioral, and cognitive tests that indicate marijuana impairment to develop a Standard Field Sobriety Test (SFST) specific to marijuana. Since all impaired driving enforcement depends upon well-trained officers, we continue to support law enforcement training on drug-impaired driving, as well as education to raise public awareness on the issue of drug-impaired driving.

The fiscal year (FY) 2020 budget requests \$5 million for the drug-impaired driving program, an increase of \$3.48 million from FY 2019 requested levels. The focus of the program is to: 1) understand the relationship between drug use and crash risk through research; and 2) employ countermeasures, such as training for law enforcement and other criminal justice professionals, and public education.

**Congresswoman Norma Torres**  
**High-speed rail**

The Federal Railroad Administration (FRA) recently threatened to cancel or claw back \$3.5 billion in federal funding for the California High Speed Rail project. This would be unprecedented. The state responded this month with a lengthy technical analysis demonstrating their compliance with the terms of the federal grant agreement, and the state remains committed to completing the statewide system.

**Question:** When do you expect to respond to the State of California about the High-Speed Rail funding, and will you commit to working collaboratively with them to resolve any issues?

**Answer:** On May 16, 2019, the Federal Railroad Administration (FRA) issued a decision in which a cooperative agreement between the California High Speed Rail Authority (CHSRA) and FRA was terminated, and the \$928,620,000 in funding obligated to CHSRA under the agreement was de-obligated. Several days later, on May 21, the State of California and CHSRA filed an action in Federal district court challenging FRA's termination decision. The matter is now in active litigation.

**Congresswoman Norma Torres**  
**Replica Cars**

The 2015 FAST Act authorizes small auto manufacturers to produce and sell up to 325 replica cars each in the United States and 5,000 worldwide. However, it has been more than three years and NHTSA has still not issued regulations.

**Question:** When do you plan to begin the rulemaking process on this issue?

**Answer:** NHTSA is working toward publishing a notice of proposed rulemaking and looks forward to working with all interested parties to complete and implement this rulemaking.

**Question:** Can you commit to making a good-faith effort to allow companies to start production this year?

**Answer:** NHTSA is making good-faith efforts on the replica cars rulemaking. The timing of a final rule will be determined following the public comment process of the notice of proposed rulemaking.



## WITNESSES

---

	Page
Aranda, Claudia L. ....	79
Carson, Hon. Benjamin S., M.D. ....	214
Prepared statement .....	217
Chao, Hon. Elaine L. ....	253
Prepared statement .....	256
Answers to submitted questions .....	287
Cisneros, Hon. Gilbert Ray Jr., ....	196
Espallat, Hon. Adriano .....	198
Farmer, Scott .....	102
Gardner, Stephen .....	133
Haddock, Carol .....	167
Hoffman, Ellen Lurie .....	103
Jackson Lee, Hon. Sheila .....	202
Lightbody, Laura .....	162
Malinowski, Hon. Tom .....	189
Mitchell, DJ .....	135
Montgomery, Brian D. ....	4
Prepared statement .....	6
Answers to submitted questions .....	41
Moon, Franklin .....	163
Orthner, Jason .....	131
Raitt, Jennifer .....	165
Robertson, Keenya .....	81
Rose, Hon. Max .....	193
Scott, Anthony .....	105
Suoizzi, Hon. Thomas R., submitted statement .....	205
Van Drew, Hon. Jefferson .....	200
Visclosky, Hon. Peter J. ....	191
Watkins, Hon. Steven C. JR. ....	194