

**BUILDING BACK A BETTER,  
MORE EQUITABLE HOUSING  
INFRASTRUCTURE FOR AMERICA:  
OVERSIGHT OF THE DEPARTMENT  
OF HOUSING AND URBAN DEVELOPMENT**

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**HYBRID HEARING**  
BEFORE THE  
**COMMITTEE ON FINANCIAL SERVICES**  
**U.S. HOUSE OF REPRESENTATIVES**  
ONE HUNDRED SEVENTEENTH CONGRESS  
FIRST SESSION

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**Tuesday, July 20, 2021**

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FINANCIAL SERVICES,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10 a.m. in room 2128, Rayburn House Office Building, Hon. Maxine Waters [chairwoman of the committee] presiding.

Members present: Representatives Waters, Velazquez, Sherman, Meeks, Scott, Green, Cleaver, Perlmutter, Himes, Foster, Beatty, Vargas, Gottheimer, Lawson, San Nicolas, Axne, Casten, Pressley, Torres, Lynch, Adams, Tlaib, Dean, Ocasio-Cortez, Garcia of Texas, Williams of Georgia; McHenry, Lucas, Luetkemeyer, Huizenga, Wagner, Barr, Williams of Texas, Hill, Emmer, Zeldin, Loudermilk, Davidson, Budd, Kustoff, Hollingsworth, Gonzalez of Ohio, Rose, Steil, Gooden, Timmons, Taylor, and Sessions.

Chairwoman WATERS. The Financial Services Committee will come to order. Without objection, the Chair is authorized to declare a recess of the committee at any time. As a reminder to all Members, we have a hard stop at 1:30 p.m., and Members who are unable to ask their questions at today's hearing will be given priority at our next hearing with the Secretary.

Pursuant to House rules, the committee will continue to provide accommodations for Members who request to participate in hearings virtually, but I am very happy to have the vast majority of our Members and our witnesses participating in person here today. As a reminder, those who are not fully vaccinated must continue to wear a mask in the hearing room and practice social distancing, but I would also like to encourage our Members to continue wearing masks if they feel more comfortable doing so.

And so, Members, we have a little bit of a problem with our timing apparatus here this morning. We can see the timing here, when your 5 minutes are up. Our witness can see her 5 minutes, and, of course, it will be monitored by our friends on the opposite side of the aisle, so we will make sure that we are all in sync with the timing.

Let me just say that I am going to be very strict with the timing. If you take all of your 5 minutes to ask a question and then expect

the Secretary to answer for another 2 or 3 minutes, that will not happen today. After 5 minutes, you will be gavelled. So, thank you.

Today's hearing is entitled, "Building Back a Better, More Equitable Housing Infrastructure for America: Oversight of the Department of Housing and Urban Development."

I now recognize myself for 4 minutes to give an opening statement.

First of all, a happy good morning, Secretary Fudge. I am so delighted to have you with us today to discuss the work that the Biden Administration is doing to build a more fair, equitable, and accessible housing infrastructure in this country.

I want to begin by applauding you and the Biden Administration for treating our housing crisis with the urgency and seriousness it deserves. The Trump Administration made it crystal clear that it didn't appreciate the magnitude of our nation's housing crisis. By repeatedly proposing deep budget cuts to HUD programs, and taking action to undermine our fair housing laws, the Trump Administration showed a complete disregard for low- and moderate-income (LMI) families, people of color, the LGBTQ+ community, and immigrants.

It is only because of Democrats in Congress that HUD's budget was not decimated during Trump's presidency. Because elections matter, President Biden and HUD have now begun to reverse Trump's anti-fair housing rules. Democrats on this committee also remain laser-focused on ensuring that eligible families receive the housing assistance available to them through the CARES Act, the December relief package, the American Rescue Plan, and other coronavirus relief legislation.

We must remember, however, that we are not just building back our economy from the pandemic and Donald Trump's disastrous housing policies; we are building back better, and that is my focus for today's hearing. Key to building back better and more equitably is understanding that housing is infrastructure. For the first time in a generation, we have a real opportunity to fix structural problems in our housing system and reverse decades of disinvestment in low-income communities and communities of color.

Last week I, and several members of this committee introduced a legislative package of three bills to do just that. The first is the Housing is Infrastructure Act, the second is the Ending Homelessness Act, and the third is the Downpayment Toward Equity Act, which would help address the racial gap in homeownership by providing \$100 billion toward down payment and other financial assistance for first-generation home buyers.

We must make housing a top priority. These generational investments will increase homeownership, provide a permanent housing safety structure, and end homelessness in this country once and for all.

Secretary Fudge, I know you are the right person to take advantage of this moment. Thank you so much for your leadership on this absolutely critical issue. I look forward to your testimony today.

I now recognize the ranking member of the committee, the gentleman from North Carolina, Mr. McHenry, for 4 minutes.

Mr. MCHENRY. Thank you, Madam Chairwoman. Thanks for holding today's hearing.

Secretary Fudge, welcome. It's nice to see you in your first appearance before Congress. On that side of the table, it has a different perspective.

But I must begin today by asking, where is Treasury Secretary Yellen? I sent the Chair a letter last week asking for the Treasury Secretary to join us for today's hearing, but it looks like they could not make that happen. Maybe Secretary Fudge can shed some light on the most pressing issue in housing at the moment for the Federal Government, and that is in regard to the Rental Assistance Program. I know millions of renters across the country and across the income spectrum would like some answers.

Look, Madam Chairwoman, we are on a deadline. The Biden Administration's eviction moratorium ends on July 31st. The CDC has already said, no more extensions, so what are people supposed to do? What is the plan? Last December, Congress provided \$25 billion in emergency rental assistance. Democrats then added another \$21 billion this year for the exact same purpose. That is \$46 billion. This might not sound like a lot of money, considering what the Democrats are talking about in spending \$3.5 trillion on the progressive agenda with the next budget. But I assure you, for the Americans who have to decide next month whether to buy food for their family or to pay back rent, it certainly is.

This money was specifically intended to retire old rent debts and end the threat of eviction for millions who fell behind during the pandemic. So, where is that money and whom is it helping? The silence is deafening. The Washington Post reported over the weekend that little more than \$1 billion has made it out the door. And I will remind my colleagues again, that we have allocated \$46 billion to help with this rental problem.

Republicans on this committee have put forward a solution, the Renter Protection Act. This bill would end the Biden Administration's mismanagement of the emergency rental assistance and get the money out the door now.

Last week, I called for the committee to consider this bill, but the Chair has not scheduled it, or anything like it, for a markup. Okay. So, what about a hearing? We are days away from a preventable problem, and instead of figuring out how to keep families in their homes, we are going to get an update from HUD on all of the other stuff, on a forward-looking basis, that they are working on. This is government at its worst.

It is clear that Democrats would rather talk about anything but the rental assistance program and resolving old rental debts. Not to mention with this level of mismanagement and lack of transparency, I can only imagine the amount of waste, fraud, and abuse of taxpayer dollars we will have to address. But lucky for us, we have no information, so hear no evil, see no evil, I guess is the approach right now.

Fortunately, for this hearing, HUD has a statutory obligation with respect to transparency of these funds. The original Emergency Rental Assistance Law requires the Treasury Department, "in consultation with the Secretary of Housing and Urban Develop-

ment—whom we have before us today—to provide public reports on the use of the Emergency Rental Assistance Program.”

So, while I would prefer to ask these questions to Secretary Yellen, because they are supposed to be in the driver’s seat at Treasury, Madam Secretary, I will direct them to you. And my questions here regard the mismanagement of this program, and why less than 4 percent has gone to help renters, and 96 percent has been unallocated.

So, where is the Treasury Secretary? I will ask that again. I look forward to the questions.

Chairwoman WATERS. I now recognize the gentleman from Missouri, Mr. Cleaver, for 1 minute.

Mr. CLEAVER. Thank you, Madam Chairwoman, and let me begin where you began in this committee earlier, and that was with your almost holy housing obsession, particularly on affordable housing. So, thank you very much. The country, I think, is moving in that direction.

I would also like to thank my dear friend, Secretary Fudge, for not only being with us today, but for taking the time this past May to visit Kansas City to discuss the vital role that HUD has in every one of our congressional districts. Secretary Fudge is, in fact, listening. She is taking bold action, and her commitment to improving the Department and the quality of life for hard-working Americans is unquestionable.

Madam Chairwoman, we know that we do not need another study. I hope that there is no legislation designed to study housing. We do not need another news article to tell us that the wealthiest nation on Earth has streets filled with homeless folks. We do not need another report to explain the American Dream of homeownership.

Thank you very much.

Chairwoman WATERS. Thank you. I now recognize the gentleman from Arkansas, Mr. Hill, for 1 minute.

Mr. HILL. Thank you, Madam Chairwoman. I appreciate our friend and former colleague, Secretary Fudge, appearing before us today. But I have to reinforce the comments made by the ranking member about the noticeable lack of Secretary Yellen. I can’t help but mention how available Secretary Mnuchin made himself over his 4 years in office, and particularly for this committee during the pandemic, and I hope we can expect that from the Biden Administration.

It is imperative to have Secretary Yellen here to ensure accountability for the trillions of dollars the government has spent over the last year. Alarming, only 11 percent of the \$9 billion provided to HUD by the CARES Act has been spent to date, and none of the American Rescue Plan money has been used to help an actual household yet.

Even more concerning is the gross mismanagement of the Eviction Rental Assistance Program. In my home State of Arkansas, of the \$200 million allocated by Congress in December, a mere \$1.4 million, 70 basis points, has been distributed.

I look forward to discussing this more during my questions, and I yield back, Madam Chairwoman.



Chairwoman WATERS. Thank you very much. I want to welcome today's distinguished witness, and former colleague of ours, the Honorable Marcia Fudge, who is the Secretary of the U.S. Department of Housing and Urban Development. This is Secretary Fudge's first time appearing before this committee in her current capacity, and we welcome her testimony today.

You will have 5 minutes to summarize your testimony. You should be able to see a timer on the table in front of you that will indicate how much time you have left. I would ask you to be mindful of the timer, and when the red light appears, to quickly wrap up your testimony, so that we can be respectful of the committee members' time. And without objection, your written statement will be made a part of the record.

Secretary Fudge, you are now recognized for 5 minutes to present your oral testimony.

**STATEMENT OF THE HONORABLE MARCIA L. FUDGE, SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)**

Secretary FUDGE. Thank you so very much. Good morning, Chairwoman Waters, Ranking Member McHenry, and distinguished members of this committee, many of whom are my friends, and I miss you. It's good to see you. Thank you for this opportunity to discuss the transformational investments the Biden-Harris Administration has proposed to advance housing opportunity in America.

I know President Biden is committed, in his head and in his heart, to help more people find a stable, affordable, and dignified place to call home. He has made that commitment clear. The President's proposed budget for Fiscal Year 2022 requests \$68.7 billion for HUD. This represents an increase of \$9 billion, or 15 percent, from our enacted funding from the previous fiscal year.

The American people need every dollar in this budget. Today, it is harder to find an affordable home in America than at any point since the 2008 financial crisis. The high cost of housing keeps millions of families up every night. They wonder if they can afford to keep a roof over their head and still manage to keep their lights on, to pay for their prescriptions, or to put food on their tables.

The President's budget takes bold action to address our affordable housing crisis and to dramatically strengthen our social safety net for the most vulnerable among us. The President's budget requests \$3.5 billion to provide housing and supportive services to Americans experiencing homelessness, including young people and survivors of domestic violence. It contains \$30.4 billion for HUD's Housing Choice Voucher Program which, if enacted, would deliver life-changing assistance to an additional 200,000 households.

The President understands that investing in housing represents a major solution for advancing equity on behalf of underserved Americans. The President's budget requests \$723 million in Indian Housing Block Grants to create affordable housing and spark economic development on Tribal lands. It contains \$3.8 billion in Community Development Block Grants, including \$295 million in targeted funding for historically underserved areas and cities, small towns, and rural communities.

Nearly half of our public housing stock is more than 50 years old. Many properties face significant capital needs. This is not just a safety issue but an issue of racial justice, as Americans of color represent roughly 70 percent of people living in public housing. The President's budget provides \$3.2 billion in capital funds to help restore public housing and to improve the quality of life for the residents we serve.

We know people of color are especially vulnerable to the threats posed by climate change and extreme weather. We are 3 times as likely to live in areas which lack green infrastructure that helps guard against flooding. Too often, we find ourselves in the path of natural disasters and are denied the resources we need to rebuild our homes and our communities. That is why President Biden provides \$800 million to strengthen climate resilience in public housing on Tribal land and across HUD-supported communities.

The President's 2022 budget is just one part of his commitment to make generational investments into America's housing. In addition to the vital support contained in his budget, the President has called for sweeping new housing investments through his Build Back America agenda. These investments would help build or restore more than 2 million affordable homes. The Build Back Better agenda would help more families of modest means realize the dream of homeownership. It would expand our supply of affordable rental housing and help revitalize our public housing stock.

Our nation must move with urgency to enact investments contained in both the President's budget and his Build Back Better agenda. During the COVID-19 crisis, we all came to appreciate just how important it is to have a safe and stable place to call home. Today, thanks to the leadership of President Biden, our country is making great strides in rebuilding from the pandemic. Our economy is surging, more Americans continue to get vaccinated, and life is beginning to feel closer to normal.

Yet, America cannot return to the status quo of yesterday, prior to the pandemic. We must not return to an America beset by crumbling homes and buildings, to an America grappling with a crisis in affordable housing. We must build back better together.

I look forward to partnering with this committee to help make housing for all a reality in our nation and to ensure that HUD acts as a responsible steward for the funding entrusted to us.

And with that, Madam Chairwoman, I am happy to answer any questions.

[The prepared statement of Secretary Fudge can be found on page 64 of the appendix.]

Chairwoman WATERS. Thank you, Madam Secretary. I now recognize myself for 5 minutes for questions.

Since I joined this committee 3 decades ago, I have been consistently focused on homelessness, not just managing it but ending this national embarrassment for one of the richest nations in the world. As you know, homelessness is also a racial justice issue. Despite representing less than 30 percent of the total population, Black, Indigenous, and Latinx individuals make up well over two-thirds of the people experiencing homelessness in America. Once they fall into homelessness, they are also far less likely than their White

counterparts to be able to access the health and mental health services they need to obtain and maintain housing.

Just last week, a team at the Urban Institute, led by Mary Cunningham, who previously testified before this committee on my Ending Homelessness Act, conducted a study on the effectiveness of permanent supportive housing in interrupting the costly cycle of chronic homelessness.

In a randomized trial, participants in a Denver supportive housing initiative reduced their arrests and emergency room visits by 40 percent relative to the comparison group, and more effectively addressed their health needs, including doctor's office visits and prescriptions.

Secretary Fudge, you and I have talked about this endlessly, all during the time that we have served here, and I know how you feel about homelessness. And I know that we have had a conversation more than once about supportive services. And, of course, we know that with supportive services, we are able to help people become more independent, if we can help them get to the doctor, if we can help them make sure they take their prescriptions, and all of that.

And so, I think it is important for us to talk about supportive services, and what that means as we deal with this homelessness issue, because as we talk about additional affordable units and rental assistance and all of that, we know that to the degree that we are able to assist people take hold of their daily lives, with not only taking care of doctor's appointments and all of that, but being able to get up every day and maybe do everything from exercise, to read, to go to the local library, or what have you, that this would go a long way in helping them to become independent.

So, how do you feel about supportive services and what that could mean in terms of the way that we look at homelessness?

Secretary FUDGE. Thank you very much for the question. If we do not have supportive services, Madam Chairwoman, what we do is really set up people to fail. Once we get people off the streets—and you know as well as I do that on any night in America, more than 580,000 people in this country, the greatest nation in the world, have no place to sleep, so until we can start to provide those services, whether it be health services, whether it be educational services, access to work, access to transportation, and a myriad of other things, we really have not done much, because we have not given them the tools and the ability to live on their own successfully.

Chairwoman WATERS. I know we absolutely agree on that issue.

Let me just say a word about this rental assistance that the ranking member talked about. We passed the Heroes Act in June, and again in October. We also passed the standalone version of the Emergency Rental Assistance Bill in July. It was not until December that Republicans came to the table to help us pass emergency rental assistance. So, it is very interesting that Republicans are now complaining about delays in implementation. We would have been much further along in the implementation if Republicans had not dragged their feet in acknowledging the problem from the start. And they can't be more worried about it than I am. That is my issue. That is the issue that I spend the most time on. And yes,

I added additional money after we had done the CARES money, into the American Relief Plan.

We know that we have a problem all over this country. I know that Secretary Yellen and you—everybody is concerned about that. We are doing everything we can to get the States to do what they should do in putting together the programs that they need to do to get the rental assistance out.

I just wanted to say that as I end, and turn the time over to Mr. McHenry.

The gentleman from North Carolina, Mr. McHenry, who is the ranking member of the committee, is now recognized for 5 minutes.

Mr. MCHENRY. Thank you, Madam Chairwoman, and thank you for talking about the same thing that I think we all care about. We have allocated \$46 billion to rental assistance. The Emergency Rental Assistance Program was supported by both parties when the law finally got passed. And when Secretary Yellen was here in March, she pledged that she would come back before this committee to explain what was going on.

According to the documents from Treasury, less than 4 percent of the money provided by Congress has reached eligible households. So Secretary Fudge, can you tell us how much of the \$46 billion in rental assistance has ended up in the hands of renters or their landlords at this point?

Secretary FUDGE. Certainly, I cannot speak for Secretary Yellen, but I will give you the facts as I know them. I would be happy to do it.

What I do know is that Treasury has obligated 100 percent of the resources from emergency rental. It is in the hands of States, local communities, and some continuums of care. So, the resources are out. It is not a fact that Treasury did not get it out; 100 percent of the resources are out.

What we are doing now to assist—

Mr. MCHENRY. How much is in the hands of renters?

Secretary FUDGE. Sir, I have no idea, but I would say this to you—

Mr. MCHENRY. So, is the Washington Post story correct that—

Secretary FUDGE. I am not—

Mr. MCHENRY. —it is just over \$1 billion? Were you familiar with the Washington Post story I referenced, from the weekend?

Secretary FUDGE. I have not read the story, sir, so I don't know if it is accurate or not.

Mr. MCHENRY. Okay. So, you are saying the funds are allocated, but you are not sure if they have gotten in the hands of anyone?

Secretary FUDGE. I know it has gotten in the hands of some people. I don't know that number.

Mr. MCHENRY. Is that knowable from government or is it—I am not trying to play a pop quiz on you in testifying, but you are, under law, statutorily consulted by the Treasury Secretary for this program, and since she is not appearing, and this is a very pressing issue, I think we have a right to know why only 4 percent has actually gotten in the hands of eligible households. Is that a correct number?

Secretary FUDGE. As I said, sir, I don't know if it is or not.

Mr. MCHENRY. So, we don't know—

Secretary FUDGE. What I do know—

Mr. MCHENRY. —if it is \$1 billion, or less or more of the \$46 billion?

Secretary FUDGE. HUD does not track the resources, sir.

Mr. MCHENRY. We will follow up with you on that comment, because statutorily, you are required to publish the data about Emergency Rental Assistance (ERA).

Secretary FUDGE. In consultation with Treasury.

Mr. MCHENRY. Yes, but HUD is the one to publish the report, statutorily, under ERA.

Section 501(g) of Division N of Public Law 116–260, which created the original ERA program—are you familiar with it? It reads, “Reporting requirements. The Treasury Secretary, in consultation with the Secretary of Housing and Urban Development, shall provide public reports not less frequently than quarterly regarding the use of funds made available under this Act.”

The last report says only 4 percent has gotten in the hands of renters. Do you dispute that?

Secretary FUDGE. I don’t know if it is accurate or not, so no, I do not dispute it.

Mr. MCHENRY. Are you familiar with the report that your Department published?

Secretary FUDGE. Yes.

Mr. MCHENRY. And in that report, it says that less than 4 percent has gotten in the hands of renters.

Secretary FUDGE. The numbers change every day, sir.

Mr. MCHENRY. Okay. But you have no idea what those numbers are at this moment?

Secretary FUDGE. I do not.

Mr. MCHENRY. Okay. So given the statutory obligation, can you tell us what action HUD is taking to make sure that we get help into the hands of these renters faster? What are you doing to make that faster, with Secretary Yellen?

Secretary FUDGE. We are the people who are providing the technical assistance. And I would say to you—

Mr. MCHENRY. What technical assistance are you providing to get it out the door faster? Is this an urgent issue for your Department?

Secretary FUDGE. It is.

Mr. MCHENRY. What are you doing to make it faster?

Secretary FUDGE. We are talking to the communities, the people who have the least capacity to use the resources, so we are helping small and rural communities. We are helping small and rural communities to get the resources from their States and from their counties and other local governments, through the Housing Trust Funds, et cetera. Because most of them do not have the capacity. We give them money but we do not give them people. We don’t give them the capacity—

Mr. MCHENRY. You spent \$800 million on overhead for this program to distribute just over \$1 billion.

Secretary FUDGE. But they don’t go to the rural communities, sir.

Mr. MCHENRY. But understand that what has been spent by this Administration is almost the same amount of overhead that has ac-

tually gotten in the hands of renters. That is how deeply flawed this program is.

Now, this is something that requires, I think, your attention and Secretary Yellen's attention. This is an absolute—it looks like complete mismanagement at this point, when you only have less than 4 percent of the money getting in the hands of renters, for this very important program.

Secretary FUDGE. Let me just, if I may, sir, let me just first off—we did make a mistake. Treasury actually publishes the report, not HUD. We consult with them. That is number one.

Chairwoman WATERS. The gentleman's time has expired, and this program is overseen by Secretary Yellen and the Treasury. When she is before us, then these questions will be—

Mr. MCHENRY. And that is why I have raised the question, to invite Secretary Yellen, the Secretary of the Treasury, here.

Chairwoman WATERS. The gentleman from California, Mr. Sherman, is now recognized for 5 minutes.

Mr. SHERMAN. Secretary Fudge, I am honored to have you here. And I am thrilled to say the words, "Secretary Fudge." It is so appropriate that you are our sole witness here for this hearing, and I can think of no better use of the committee's time than to hear directly and solely from you in this hearing.

The first question is something I would just like you to respond to for the record. Our colleague, Salud Carbajal, has a bill, the Naomi Schwartz Safe Parking Program Act, and I want to thank the chairwoman for noticing that bill for this hearing. And it focuses on those who are sleeping in their cars, the vehicular homeless, and I hope that you would respond for the record as to whether we can do more to help people who are sleeping in their cars. It happens, especially in Southern California. And particularly, if you and your staff could take a look at the Naomi Schwartz Safe Parking Program Act.

And now, I would like to focus on Section 8, which is so important to Southern California. People get the Section 8 voucher but then they can't find a landlord in my district who will accept it. U.S. Senators Coons and Cramer have a bill, the Choice in Affordable Housing Act—but I hear the story all the time. People end up having to move 30 to 50 miles away from my district because they can't find a landlord, and I don't represent that wealthy of a district.

So, do you think that we can and should do more to incentivize landlord participation in the Section 8 Program?

Secretary FUDGE. Absolutely. And let me just say, if I may, Mr. Sherman, that the \$46 billion is needed. There has never been anyone who can say that people who are homeless or at risk of experiencing homelessness don't need the money. If there is a problem on the Federal side, that is not their problem. The resources are needed every day to get people off the street. In California, most people can't afford to live in California anymore.

The homelessness problem is so great there because even if we can find a landlord who is willing to rent to someone who is getting a Section 8 voucher, they can get so much more money from someone else. So, there is such a small supply for such a great demand.

Mr. SHERMAN. Thank you. Members of the committee know that I have been concerned with these Property Assessed Clean Energy (PACE) loans, because, first, you have a first mortgage on your home, and then the PACE loan comes in as, in effect, ahead of the first mortgage, and that can pose a threat to Federal programs like FHA that guarantee first mortgages.

But I am also concerned, because as the National Consumer Law Center says, these products are frequently expensive loans that are often pushed by aggressive contractors for projects which provide questionable savings and pose serious risks of predatory lending. That is why I want to thank the chairwoman for noticing for this hearing my bill, the Improving Federal Oversight of PACE Financing Act, and to thank the National Consumer Law Center for endorsing that bill.

Madam Secretary, would you agree that we need to take more steps to protect consumers and the Federal mortgage guarantee and assistance programs when it comes to these predatory PACE loans?

Secretary FUDGE. I don't know that I would agree to it being predatory, but I would say that I do believe—

Mr. SHERMAN. Actually, some of them are predatory, and some are not predatory. I want to make that clear.

Secretary FUDGE. I agree.

Mr. SHERMAN. There are some that are quite legitimate, but they come in above the—

Secretary FUDGE. No, I absolutely agree, we need to have more conversations, further discussions, and look at it to be sure that it truly is providing a source of affordable financing. Yes, I agree.

Mr. SHERMAN. Thank you. I yield back.

Chairwoman WATERS. Thank you. The gentlewoman from Missouri, Mrs. Wagner, is now recognized for 5 minutes.

Mrs. WAGNER. Thank you, Madam Chairwoman, and I welcome our former colleague, now Madam Secretary Fudge.

First, I think you are going to hear this from all of us, because we are just deeply, deeply disappointed and frustrated that Treasury Secretary Yellen is not testifying today. And I know you are going to take a number of questions from us based on the joint efforts between HUD and Treasury.

The Treasury Department has failed to properly administer more than \$46 billion, that's "billion" with a "B," in rental assistance to struggling families, and frankly, Madam Secretary, the taxpayers in Missouri's 2nd Congressional District deserve more accountability and transparency than what we are seeing from the Biden Administration.

Congress has appropriated this money for families facing the threat of eviction, but less than 4 percent, which you are going to hear over and over again, of the rental assistance funds have actually reached eligible households. It is unacceptable that Secretary Yellen is not appearing before this committee when time is so urgent. We have 2 weeks before expiration. She should be here today to answer for the mismanagement of the Emergency Rental Assistance Program: \$46 billion, and less than 4 percent reaching those who need it.

Secretary Fudge, outside of Treasury's Emergency Rental Assistance Programs, HUD received tens of billions of dollars in Community Development Block Grants and Homeless Assistance Grants from the CARES Act, two different programs, almost a year-and-a-half ago, and frankly, the vast majority of which remains unspent. Only 12.3 percent of the \$5 billion in the CARES Act's CDBG funds have yet been spent by grantees, while only 9.4 percent of Homeless Assistance Grants in the CARES Act have been spent.

What is this money, that is in your jurisdiction, Madam Secretary—why are these funds delayed from reaching those who need it the most?

Secretary FUDGE. Thank you for that question. I think it is a great question. HUD has actually obligated, which means we have given to grantees, more than 93 percent of all CARES money. Part of the problem with the CARES money is that as communities receive the CARES money, and then they receive the COVID money, the rescue money, what they determined was the CARES money is the money that needed more planning, that gave them a longer period of time to spend. And so, what they basically said was, "Let's spend the emergency money right away. CARES money, we want to take the time to actually plan, so that no one will accuse us of waste, fraud, and abuse," which we often do when people harshly and hastily spend Federal resources.

So, they are in the planning phase. They have almost 4 years left on CARES dollars, so those are the dollars they are using last, but they do have them.

Mrs. WAGNER. But the need is so great right now, Madam Secretary. Let me get to my second question here, which is, I think, a reflection of what we have seen with this patchwork quilt of different rental assistance programs. There has been a lot said about the ability and inability of certain jurisdictions to build two, three, or four different emergency rental assistance programs and keep track of all the money, with so many competing rules and timelines. And much of this, I think, has to do with the rules that been set out, that are so onerous that they are not being properly administered by our Federal agencies and overseen by our Federal agencies, at both HUD and Treasury. So, there are competing rules and timelines.

Given the limited experience and expertise of certain localities, wouldn't it be easier to run it if there was only one consolidated program with one rule set?

Secretary FUDGE. Well, I don't know that it would be easier. It depends on what the rules would be. But I would certainly suggest to you that most communities are accustomed to dealing with HUD. They get most of their technical assistance from HUD, even though Congress decided to send this money through Treasury. Communities are accustomed to dealing with HUD.

Mrs. WAGNER. But we have sent a lot through HUD, too, Madam Secretary.

Secretary FUDGE. I'm sorry?

Mrs. WAGNER. We have sent a lot through HUD, also.

Secretary FUDGE. And our resources are out, Mrs. Wagner.



Mrs. WAGNER. But they are not being spent at the local level. Those rules, that rule set, that oversight, that accountability comes back up through your agency. I am not sure if my time is expiring. I have not been watching. How much time do I have?

Well, I would just say that anything we can do to try and streamline this progress, to get the money to both the renters and the landlords who are suffering right now is what needs to be done, not 4 years from now, right now.

I will yield back. I am sure I have used—

Secretary FUDGE. And I would agree with you.

Mrs. WAGNER. Thank you.

Chairwoman WATERS. Thank you very much. Let me deal, just for a second, with this question about Secretary Yellen, as opposed to Secretary Fudge and HUD. No, I did not invite Secretary Yellen to intrude on the first time that Secretary Fudge would appear before us, and I don't intend to treat women that way. And so, no, Secretary Yellen is not here. She will be here when the quarterly time is due, and that is it.

Mrs. WAGNER. And I very much look forward to that, Madam Chairwoman. Thank you.

Chairwoman WATERS. The gentleman from New York, Mr. Meeks, who is also the Chair of the House Committee on Foreign Affairs, is now recognized for 5 minutes.

Mr. MEEKS. Madam Secretary, I am delighted to see you, and even more delighted with the job that you are already doing at HUD. You have made increasing production and access to affordable housing a priority for HUD's budget, and you have identified our severe shortage of affordable housing as a barrier to the home purchasing process.

As you know, since the financial crisis, private investors have focused much on real estate because of high yields. However, what I am concerned about is that the private investors can often out-compete potential first-time home buyers. Some cite cumbersome FHA paperwork as slowing down the process for traditional home buyers as well as making the rehab loan process expensive.

So my question is, can you consider or look at streamlining the FHA loan process to put first-time home buyers in a better position to compete with private firms in the home purchasing process?

Secretary FUDGE. Absolutely, and we are doing that now, by looking at a number of things. One is that HUD has not given a lot of small-dollar loans, which are what people need to rehabilitate their homes. But we are changing that. HUD has looked at credit in a way that we think has been unfair to persons of color or low- or moderate-income home buyers, because we have weighted student debt differently than we have other debt.

So, we have created an environment in which people who carry student debt, primarily Black people, Brown people, poor people, and moderate-income people, and we have decided to weight that differently to allow people to really be creditworthy at this stage. We have also, in conjunction with our Chair, looked at down payment assistance. So, we are doing a lot of the things that you are requesting, and I am just really happy that you brought it up. Thank you so much.

Mr. MEEKS. And I wanted to bring up the next one, homeownership, because it is important, in my estimation, in closing the wealth gap, which has been a priority of mine and a priority of this committee. And as you have just correctly stated, your key component of achieving that is helping individuals build up equity through homeownership. And again, because of the price of homes skyrocketing, student borrowers, especially those of color, view homeownership as unattainable. That is why I am so happy that you have already taken on how you calculate student loan debt in its underwriting process to better reflect what student borrowers actually pay monthly, which is not often the sticker price, which gives them an opportunity to become homeowners, build equity in their homes, and thereby closing the wealth gap. That is so tremendously important.

Maybe I should just ask you, can you explain a little bit more how you are implementing that policy and your forecast of how impactful that change will be for student borrowers, and especially those of color?

Secretary FUDGE. Well, think about it this way, if I can just give you a very quick example. Prior to our making the change, a person who makes about \$50,000 a year and has about \$75,000 worth of student debt could not be approved for a house that costs \$200,000, \$225,000. They can now. That is the difference.

And the other thing I think is so important is the fact that we make an assumption that if you have a lot of student debt, then for some reason you are not creditworthy. But I know when I went to school, my mother would have paid anything, every dime she had, to make sure I had a good education. And so, it is not a matter of not being able to pay. We know most people who can afford an apartment can afford a home. The good thing is that HUD actually secures more than 50 percent of all first-time home buyers' mortgages, and it is something that comes within our shop, so we can make a difference.

Mr. MEEKS. You are making a difference. I don't know how much time I have left.

Secretary FUDGE. A minute.

Mr. MEEKS. A minute? I thought it was 6 minutes.

[laughter]

Mr. MEEKS. But I will go until they stop me. Let me also ask—I am a product of public housing in New York City, and there is a big issue with the question of repairing public housing. In New York City public housing, many of the buildings there—the one that I grew up in, for example, is now 60-years-old. I recently went to visit, and saw that a number of the apartments are beyond repair

And so, I am hoping that in looking at some of these older institutions, and New York City's Housing Authority is the largest housing authority in the country, that we are looking at ways in which we can make sure that we can rehabilitate the apartments so that individuals can live in decent apartments in a timely fashion, which they can afford.

Secretary FUDGE. We are looking at it.

Chairwoman WATERS. The gentleman's time has expired. The gentleman from Michigan, Mr. Huizenga, is now recognized for 5 minutes.

Mr. HUIZENGA. Thank you, Madam Chairwoman. Madam Secretary, I do want to do one little piece of housekeeping here. There has been lots of discussion, obviously, about whether Secretary Yellen ought to be sitting with you today. Just to clear the air on that, Secretary Yellen last appeared at this committee at the invitation of the Chair, with Chair Powell. I think I called her Chair Yellen there. But former Chair Yellen, now Secretary Yellen, was invited to this committee with Chair Powell to do a joint CARES quarterly meeting. That was in March. They were supposed to be back in June. They have not been back. She has not been back. And that March meeting is when she had made some commitments about getting back to this committee.

So, there is no intention of disrespect to anyone. I am sure there was no intention of disrespect to anybody back in March, when both Secretary Yellen and Chair Powell were invited to a joint hearing on this.

Onto some of the issues that we are talking about today, and I have to tell you, I was a little taken aback when, I think in response to my colleague from California, you mentioned that—and I wrote this down—"People can't afford to live in California anymore." I think a lot of us see that, and realize that, and I think a lot of people in California are seeing that and realizing it, which is why they are moving out of California.

What is, I think, disturbing, or certainly confusing for a lot of us is, then, does that simply mean because California has made California very expensive to live in, that it is the rest of the country's responsibility to then subsidize those rents and to subsidize that cost structure that California has imposed upon its own citizens? And this could go for any State, whether it is Michigan or New York or California.

I want to talk a little bit about a program here in Michigan. You have expressed your strong support for down payment assistance as a means of increasing minority homeownership, certainly an important goal for many of us. When I was in the State legislature in Michigan, I chaired the Commerce Committee. I worked on a number of housing issues at that time, and I am happy to be on the subcommittee that is continuing to have that.

But I have to say, I was a little surprised to see that HUD announced recently that it would be pursuing rulemaking that would restrict FHA financing for loans with this type of assistance. And in my home State of Michigan, the Michigan State Housing Development Authority runs a successful program that provides Michiganders with up to \$10,000 towards the purchase of their first home.

So, could you shed some light on what HUD hopes to accomplish with this particular rule, and can you assure me that it won't negatively impact successful programs like the one operated by Michigan's Housing Finance Authority?

Secretary FUDGE. Which rule are you referring to?

Mr. HUIZENGA. There had been an announcement that HUD would be pursuing a rulemaking regarding FHA financing loans that have this assistance, down payment assistance.

Secretary FUDGE. I am thoroughly confused. Can you tell me—

Mr. HUIZENGA. My understanding is that there was an announcement by HUD that—and I can't open the link, because I actually am using paper—but the link to it being cited, that it is going to be pursuing rulemaking on this down payment assistance program.

So are you saying that there is not going to be a rulemaking?

Secretary FUDGE. Let me say this to you, since I am not sure what rule you are talking about; it is not clear to me. All of our work is to advance down payment assistance. We want homeownership. We would do nothing—

Mr. HUIZENGA. Okay. Reclaiming my time here, so you can assure me that it won't negatively impact State programs like the one that we have in Michigan?

Secretary FUDGE. Yes.

Mr. HUIZENGA. Wonderful. We will hold you to that. Staying on that issue, one of the bills we are examining today would create a new down payment assistance program that would be housed within HUD, with a price tag of \$100 billion. That program would actually be larger than your entire annual budget, which this Administration has even increased. So given that there are approximately 2,500 national, State, and local programs like the one operated by Michigan's Housing Finance Authority, that are already providing down payment assistance to first-time home buyers, I might add without using taxpayer dollars, do you think that we need to be spending limited resources duplicating these efforts for the Federal program?

Chairwoman WATERS. The gentleman's time has expired.

Mr. HUIZENGA. I will pursue that with a written question.

Chairwoman WATERS. Thank you. The gentleman from Georgia, Mr. Scott, who is also the Chair of the House Agriculture Committee, is now recognized for 5 minutes.

Mr. SCOTT. Thank you, Madam Chairwoman. I appreciate that.

Secretary Fudge, I am so proud of you. You and I served together in the House for many years, and you are doing a wonderful job as Secretary.

Now, I want to pick this up in a way and deal with two issues. I want to get to the rental one, because that has raised some issues as well. But I think it is very important, because we have the nation watching this. And while I am on that, Chairwoman Waters, you are absolutely right. It was very important. This was her first chance to come before this committee, and she deserves to have this opportunity on her own. And I respect you and thank you for doing that.

Now, I want to set the record straight. First of all, the White House's initial infrastructure proposal included a \$213 billion investment to create and retrofit over 2 million affordable housing units that were, and still are badly needed. But in the bipartisan infrastructure agreement that provision did not make the cut.

So here we are, working our way through the infrastructure situation, and I think it is fair for us to hear from you. What do you

see? What do you want? It is your job to deal with this. Tell us what we must do, how much money we need to make sure is here to get the job done.

Secretary FUDGE. Thank you very, very much. Just a couple of things to frame this for you. There is no place in America today where a person making minimum wage can afford a two-bedroom apartment. Nowhere. Not just California. Nowhere. So, we know that we need affordable housing.

And so, Mr. Scott, I would say to you that we are anticipating, and very hopeful, that in the reconciliation in the Build Back Better Plan, the resources will be there to build at least 2 million, but we need far more. There are 11 million people in this country today who are spending more than half of their money on rent. It cannot continue. It cannot support itself.

So, we know that we need more, but we are hopeful that we will at least get the resources to match what the President is asking for in the Build Back Better Plan.

Mr. SCOTT. Thank you. And now, let's go to this rental issue, because we worked hard, and we did get nearly \$47 billion there. But I want you to, and I think the nation needs to know that you can execute the program, but much of these funds go down to the States to implement. How has that been handled, and do you see difficulties in the States fulfilling their obligation, because in so much of this—I have been involved in this for quite a while. You were with us when we go all the way back to the hardest hit program, when we sent billions of dollars down to our States and Territories so that we could help homeowners stay in their homes. We are doing the same thing with the renters. We even have moratoriums going on.

But tell us how this works, and also tell us, does this money go to the renter? Does it go to the landlord? How does it work? America may need to know.

Secretary FUDGE. Let me start at the back end. The money goes to the landlords, so the landlords can be made whole, so that we can get people current with their rent. But most importantly, part of the problem has been that when we sent the money to the States, and to anything other than CDBG or a formula city or community, the money was held up because they didn't have the assistance or the capacity to get it out fast enough.

So what we have been doing—personally, I have been calling mayors and governors and others to say that we have to get the money through the system. What we are seeing today is that the numbers of resources that are getting out is increasing exponentially every month.

Mr. SCOTT. Thank you.

Chairwoman WATERS. The gentleman's time has expired. The gentleman from Kentucky, Mr. Barr, is now recognized for 5 minutes.

Mr. BARR. Thank you, Madam Chairwoman, and to our former colleague, congratulations on your appointment and confirmation.

I do want to echo the comments of the ranking member and my colleagues about the Emergency Rental Assistance (ERA) program. Perhaps it is right that you are here all by yourself in your first appearance, but it is also right that Secretary Yellen should be

here to testify, not just about the mismanagement of this program, but also her statutorily-mandated quarterly CARES oversight hearing. I don't know why she hasn't yet appeared.

But let's talk about the \$46 billion appropriated by Congress and only 4 percent of it that has actually reached renters. With vaccines distributed and available and many lockdowns ended, taxpayers, I think, are asking the question, either this is too late because people now are working again, or it is not in time, because the moratorium on evictions is about ready to expire.

I just think that this is the poster child for why hardworking taxpayers are so critical of big government, bureaucratic programs like that. I just want to ask you, Madam Secretary, given the fact that you do have an obligation under Section 501(g) of the law to make a report regarding the use of these ERA funds, what would you say to the taxpayer out there who is frustrated that only 4 percent of the \$46 billion has actually been deployed? And many of these folks are now back at work.

Secretary FUDGE. What I would say to the taxpayers is that both Treasury and HUD have done exactly what we were directed to do by this Congress. We have issued the resources. We are providing the assistance. And I would further say that we are required to make reports. There is a quarterly report coming. We don't give daily reports. But there is a quarterly report coming, and I think that it will be more reflective of where we stand.

Mr. BARR. Can you see why taxpayers would be frustrated that 96 percent of the funds that Congress appropriated, back at the height of the pandemic, have still not reached renters? Can you understand why taxpayers would be skeptical of future spending blowouts like this, going forward?

Secretary FUDGE. I can understand why taxpayers would be concerned if they are at risk of being evicted. There is no question about that. I agree with you.

Mr. BARR. Well, yes. So to my point, for many of these renters it is either too late, the money is too late getting to them, or if it is not too late, then time is of the essence to deal with the arrears.

Secretary FUDGE. I agree.

Mr. BARR. I know you are working on it. I appreciate that. Just understand, taxpayers are always going to be skeptical about big government programs, precisely because of the mismanagement we have seen here.

Housing First: I was encouraged by your exchange with Chairwoman Waters earlier, when you discussed the need for services in addition to just a roof over the head of a person struggling with housing insecurity. I remain concerned that many transitional housing facilities in my district and around the country, Madam Secretary, are barred from receiving Federal Homelessness Assistance Grant funding because they mandate wraparound services, such as addiction treatment or job training, as a condition for continued residence. In many instances, these requirements are beneficial for specific communities. Facilities like the Franklin County Women and Family Shelter in my district, in central Kentucky, are left behind, because their business model, which is demonstrably effective in our community in getting homeless women into perma-

ment housing and addiction-free lifestyles, doesn't comply with a one-size-fits-all qualification for funding availability.

For the sake of clarity, I am not proposing to end Housing First, but I am proposing that we end the government's exclusive reliance on Housing First. HUD's current policies create a situation like I just described, where providers who have an excellent record of successfully transitioning people out of homelessness are excluded from government assistance.

Secretary Fudge, are you willing to work with Congress to explore innovative options to expand the universe of successful transitional housing programs that received Federal support?

Secretary FUDGE. I am certainly willing to, and I would really love to talk to whomever you think we are being unfair to.

Mr. BARR. I would love to have you—the previous Secretary came to my district. There are a lot of faith-based organizations in my district and around the country that are not Housing First, but have an excellent track record, and they are being systematically denied Federal assistance, and discriminated against, because they do not have this one-size-fits-all model of Housing First. But they deliver results, and they don't get your help.

And I do want to invite you to the 6th District of Kentucky, and other districts around the country, in both blue and red districts, where we have non-Housing First models that deliver for the homeless population of this country.

Chairwoman WATERS. The gentleman's time has expired.

Mr. BARR. Yes, I yield back.

Chairwoman WATERS. The gentleman said that the Secretary of the Treasury should be here. The Secretary of the Treasury is not here because the Chair did not invite her to be here, because she should not be here.

With that, the gentleman from Texas, Mr. Green, who is also the Chair of our Subcommittee on Oversight and Investigations, is now recognized for 5 minutes.

Mr. GREEN. Thank you, Madam Chairwoman.

And I would add to your commentary that if we had the Secretary of the Treasury here, we would be asking for the Secretary of HUD. This is all about a major distraction. My colleagues on the other side—many of them, not all—oppose a minimum wage. Many of them fight against a living wage. They oppose subsidies for housing.

Yet, they are willing to spend billions on nuclear arms, Nimitz-class aircraft carriers, bombers. But they oppose the things that give people decent living conditions. Housing infrastructure has become a bridge in my district for many people. The infrastructure has become a tent, a lean-to, in my district.

Too many people are suffering, and Madam Chairwoman, I want you to know that I totally, completely, and absolutely support the Housing is Infrastructure Act of 2021 that you have proposed.

I support it, because nearly 50 percent of all U.S. renters are cost-burdened and pay 30 percent or more of their income in housing. Seventy-one percent of the nation's extremely low-income rental households spend more than half of their incomes on rent and utilities.

And as the Secretary has mentioned, there is no State where a full-time minimum wage worker can afford a two-bedroom unit. As a result of the lack of investment into affordable housing infrastructure, many families pay unaffordable rents or live in substandard conditions.

Madam Secretary, do we need to proclaim housing as infrastructure?

Secretary FUDGE. Yes, absolutely. I think that the best way to describe it, if I may, Mr. Green—when COVID began, the first thing they said to us was to stay home. What happened if you didn't have a home?

They said, don't send your children to school. Teach them virtually. What happened if you didn't have a home and you didn't have high-speed internet or broadband?

They said if you get sick, stay home. What do you do without a home?

Mr. GREEN. Thank you, Madam Chairwoman, and I will yield back the balance of my time.

Chairwoman WATERS. Thank you.

The gentleman from Oklahoma, Mr. Lucas, is now recognized for 5 minutes.

Mr. LUCAS. Thank you, Madam Chairwoman, and it is wonderful to see my old friend, Secretary Fudge, here.

And before we begin much more discussion, I would just note that I think some of the concern—the Secretary knows the way my mind works—some of the concern on my side of the room is that when the eviction moratorium ends on July 31st, if we don't have those resources flowing, there are going to be a bunch of folks who are going to be in a terrible jam at sunrise on August 1st.

So, it is a legitimate concern that I think is shared by both sides. How do we make sure that doesn't happen on the first day of August?

That said, thank you for being here. For those of you who have not served on another committee that the Secretary and I served on for a long time, you wouldn't know that we worked together on a variety of conservation-related issues and rural development, and from the Secretary, I learned more about algae bloom in the Great Lakes than I might have otherwise ever have known. So, I appreciate that relationship that we have had.

And you are in a unique position. Typically—not always, but typically—House Members don't become Cabinet Secretaries and step up to that level of responsibility in the Executive Branch. So, you have a vantage point, a view that most of us will never have.

If you don't mind sharing for just a moment or two the things that have caused you frustration but, by the same token, the things that have been a positive surprise to you in your new role, things you would not have had knowledge of sitting on this side of the dais.

Secretary FUDGE. Thank you. It is good to see you, my friend, as well.

The thing that I think has probably disappointed me the most is that I find that as I come here or to other places, there is an assumption that we don't work hard to do the work to serve the American people. We do. I inherited an agency that is overworked,



understaffed, and yet they still do everything they can to take care of the people we serve. I think sometimes we forget about the people. That has disappointed me.

I think the thing that has encouraged me the most is that whenever I travel around the country and talk to people, they know we care enough to fight to make it right. That is what has encouraged me. People have hope that we are going to make it right, and I feel really good about that.

Mr. LUCAS. In our time working together on the Agriculture Committee, I think we were old-time legislators and we worked to achieve consensus.

In your role as CBC Chair, you were critically important in helping put the 2014 Farm Bill together, a comprehensive document that addresses everything from producing food to people's ability to have enough to eat.

That seems to be out of style these days and has been for some time. I hope, in your role as the Secretary, that you will continue that spirit as you work with us.

And as I allude for a moment back to the concern about July 31st, there are some real challenges that are coming up that face real people back home.

Sometimes, we all get a little excited and we pump a lot of adrenaline here on both sides of the room and on both sides of the building. But the bottom line is that we are here to represent those citizens back home, to make sure they all have the ability to put that foot on the first rung of the ladder to carry themselves on up, and that we make things happen.

So as you address this issue about what happens after July 31st, understand that it is a sincere concern by many people that we don't come up on what will be another catastrophe for good folks.

And along with that, if you don't mind, I am a big proponent of bringing the COVID-19 pandemic to an end, and that is using science and technology to its very best. We now have a variety of vaccines that are making a real difference out there. Can you discuss in your final moments how HUD has worked to leverage the available resources to make sure that there is access to those COVID-19 vaccines?

Secretary FUDGE. Yes, two things. Let me just say I am concerned as well. There is no way that I want to see people put on the street or evicted from their apartments or removed from their homes. I am also concerned, and so we are doing everything we can to prevent it. We have a short timeframe, but we know that every single month, we are getting to more and more people and that additional 30 days is going to make a significant difference.

As it relates to making sure that people are vaccinated, we are at a point now where we have to take extraordinary steps. We are already doing vaccination clinics in public housing facilities. We are already doing them in almost any pop-up situation we can find, working along with HHS.

Mr. LUCAS. Thank you, my friend. I yield back.

And thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you. The gentleman's time has expired.

The gentleman from Missouri, Mr. Cleaver, who is also the Chair of our Subcommittee on Housing, Community Development, and Insurance, is now recognized for 5 minutes.

Mr. CLEAVER. Thank you, Madam Chairwoman.

Secretary FUDGE, I want to know a couple of things that I think my colleague just raised, and that is the whole issue of the vaccine. As you may know, Missouri has been on fire with COVID for the last week or so, leading the nation in new cases and hospitalizations.

I don't know how many individuals who are living in public housing or some form of HUD housing are involved in this crisis. But is there a plan that is being implemented in HUD housing that is in some way trying to guide residents into accessing the COVID vaccine?

Secretary FUDGE. There are a couple of things happening. First, we are working with HHS to be sure that the vaccine is in the places where we believe it is needed most. There still are some minor access issues.

But the bigger issue is the educational portion of it. Because you talk about Missouri on—it is on fire, but it is a fire that is caused by unvaccinated people, most of whom choose to be unvaccinated, and there is really not a whole lot we can do about that other than to continue to tell them why they should be vaccinated and to continue to make available the vaccine.

It is in every single pharmacy. We have pharmacies that are staying open now every Friday, 24 hours a day, to be sure that people don't have a problem with getting off work. Twenty-four hours every single Friday, every single week.

If you want to drop your kids off at daycare, we have a place that will do that for you. Everything that we can think of to do, we are doing, to make sure the vaccine is available.

Mr. CLEAVER. Thank you.

The other issue, and I am sure you are getting a lot of inquiries about this, is manufactured housing and tiny housing.

Like many other places, we are having difficulty finding places in our community, in the urban part of my district, and so we are struggling. Some areas are rejecting tiny homes, and some are rejecting manufactured housing. Almost all of them rejected—no matter what the housing is, if it is related to housing those who are without any shelter.

There is nothing HUD can do to remove this, "Not in My Backyard (NIMBY)" philosophy. But are there any success stories in the tiny home process or manufactured homes?

Secretary FUDGE. Manufactured homes is something, of course, we interact with all the time. You can build a manufactured home for something very reasonable, someplace in the \$100,000 range. They are fast to put up. They are easily installed, and they are an alternative, I believe.

But the problem we have, and you know yourself as a former mayor, is that zoning and planning create lots of problems for us. And so, what we are trying to do now is engage communities to talk about the zoning such that it increases the cost of housing, it keeps people out, and that is even in addition to NIMBY. So, there are issues that we are working on, and we do believe that until we

start to address it, we are going to continue to always perpetually be in this kind of a situation.

Mr. CLEAVER. You hit on something, I think, that I want to address with the U.S. Conference of Mayors, and that is—and maybe we need a conference with the mayors to talk about this whole issue of zoning.

I was on a call with people involved in housing from around the country last week and everybody was talking about the same issue that you just raised, and that is zoning, and I think we need to have a revolution in how we do zoning, because we are zoning poverty, and it needs to change.

At some point, I think maybe HUD should consider some kind of program with mayors to just get mayors to understand the problem that is going to continue until we begin to address the issue of zoning.

Secretary FUDGE. And let me just say, I was in Denver last week, and in Denver, the average price of a home is \$700,000. In Boulder, it is over \$800,000.

The thing that they were complaining about was not necessarily more housing, but that they can't get workers, and why? Because workers can't afford to live there. They can't live close enough to be there. So not only do they have a housing crisis, they have a worker shortage.

And these are things we have to address.

Mr. CLEAVER. Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you very much.

The gentleman from Texas, Mr. Williams, is now recognized.

Mr. HUIZENGA. Madam Chairwoman, a point of order?

Chairwoman WATERS. Yes. The gentleman is recognized.

Mr. HUIZENGA. Thank you. I would like to request unanimous consent—during my questioning about the rulemaking with the Secretary, we either miscommunicated, or Secretary Fudge is unaware of a rule that was proposed in the spring of 2021. It is titled, “Mortgage Insurance for Mortgage Transactions Involving Downpayment Assistance Programs.” Alissa Saunders is the contact. This is through OMB, the website, [reginfo.gov](http://reginfo.gov). And I ask unanimous consent to submit it for the record.

Chairwoman WATERS. Without objection, it is so ordered.

Mr. HUIZENGA. Thank you very much.

Chairwoman WATERS. The gentleman from Texas, Mr. Williams, is now recognized for 5 minutes.

Mr. WILLIAMS OF TEXAS. Thank you, Madam Chairwoman.

And I want to join my colleagues in expressing my disappointment also with how emergency rental assistance aid is still sitting idle while renters and landlords are waiting for help.

Secretary Fudge, it's good to have you here today. As you are aware, bank participation in the FHA program has dropped dramatically in the last several years, and in speaking with some of my friends back home in Texas, the Texas bankers, they say this is because of two main factors: first, the high cost of servicing FHA loans; and second, enforcement actions taken under the False Claims Act.

Several major FHA lenders were hit with unreasonable fines for what amounted to nonmaterial underwriting errors under this Act,

which has caused many to simply stop participating in the program rather than run the risk of being fined for minor errors.

And in response, the FHA made some changes to the quality control process, and the Department of Justice put in place a memorandum of understanding (MOU) to try to create some more certainty within the industry.

I am sure that we all agree that banks need to be held accountable for major violations of this Act if they were intentionally trying to defraud the government.

However, I also don't think we should expose lenders to high penalties for minor violations, and the housing market might be stronger if we had more competition, which I am a big supporter of, and competing banks participated in this program.

So my question is, can you provide us with some assurances that the Department of Justice MOU will remain in place, and then go into detail, any detail you want, on additional steps that the FHA is taking to attract more banks back to the FHA lending program?

Secretary FUDGE. Certainly. We are always willing to take a look at things. But I would suggest to you that FHA is probably in a better position than it has been in a very, very long time.

And I think that as it relates to the false claims, I know that is being worked on, and so I am happy to have a conversation with anybody on your staff about it.

Mr. WILLIAMS OF TEXAS. Okay.

My last question is about the FHA, again, its multifamily department. I have been told there are massive wait times for some apartment deals to go through with people having to wait between 6 months to a year before even being assigned an underwriter.

And I have seen this a lot. These delays are making it less attractive for private developers to come in and invest their money to increase the supply of affordable housing that we need across the country. And I saw that the FHA contracted out some of the underwriting work to the private sector, but so far it has not had any impact on reducing these wait times.

So, Secretary Fudge, what are you doing to work through this backlog of multifamily deals so we can increase our housing supply and ensure developers are able to deploy capital in a timely manner and get people in homes?

Secretary FUDGE. You are absolutely right. In the past, that has been what has happened. We are on top of it. We are changing the process. We are streamlining the process. I think, going forward, they will see a much shorter period of time.

Mr. WILLIAMS OF TEXAS. Well, in the end, it helps those looking for homes to live in.

Secretary FUDGE. Absolutely.

Mr. WILLIAMS OF TEXAS. Thank you for being here.

I yield back.

Chairwoman WATERS. The gentlewoman from Ohio, Mrs. Beatty, who is also the Chair of our Subcommittee on Diversity and Inclusion, is now recognized for 5 minutes.

Mrs. BEATTY. Thank you, Madam Chairwoman, and thank you to Secretary Fudge.

Let me start by simply saying the title of this hearing is, "Oversight on HUD." I will just cut it short. "HUD." It is not, "Oversight of HUD and the United States Treasury."

And for the record, Madam Chairwoman, I wanted to note that I do not expect Secretary Fudge to be accountable for Secretary Yellen. I do not expect her to answer or speak for her, nor did I expect Secretary Carson to speak for Secretary Mnuchin. And I know he couldn't. He could barely defend why he took 16.4 percent of HUD's budget before he got started.

I would like to remind my colleagues that Secretary Fudge has only been in this position for about 6 months. So, let me educate my colleagues and those listening. She has crisscrossed the United States for housing. She came to the State of Ohio and met with a bipartisan team of housing experts.

Let me also say, to allocate 100 percent of the rental housing funds to State and local governments, we should be saying, thank you.

In my district alone, having them receive the money—that part, my colleagues got correct. We should be applauding her for getting all the dollars there for rental assistance.

Now, it went to the State and local governments to do that. Let me share with you and paraphrase what she said to State and local governments in the capital city of Ohio with—including our mayor sitting there.

She said, "Allocate the funds and help these individuals who are in need."

Thank you for the investments in the nation's housing infrastructure as part of the Biden Build Back Better plan, rolling back actions of the Trump Administration which set us back and undermined the Fair Housing Act. So, thank you.

Now, I do have a question, if I have enough time, but I want to say thank you to your entire team. They have been amazing in responding and reaching out earlier this year.

I have a bill, the Housing Financial Literacy Act, that passed the House with overwhelming bipartisan support. This bill would give FHA borrowers a 0.25 basis point discount upfront on their mortgage insurance for first-time home buyers in exchange for taking a HUD-approved prepurchase housing course.

And this bill lowered the down payment rate for first-time home buyers by more than \$500 on average, and likely lowered the default rate within the FHA's portfolio.

Under the current law, the FHA has the authority to implement this program, which it did between 1996 and 2000. So would you consider asking your team to reimplement this discount program for first-time home buyers?

Secretary FUDGE. Yes, we are really pushing that towards the front of the line. We are having discussions about it.

Mrs. BEATTY. Thank you. And in my last minute, that I would be honored to yield to you, is there anything you would like to say to this committee?

Secretary FUDGE. Thank you so much.

I would say to this committee that I have not been gone from here that long, so I understand your concerns. I am doing every-

thing that I possibly can do to make sure that we are good stewards of the resources we have been given.

Just give me time to make it happen. I have been there for 4 months. When I was sitting on your side of the table, I would probably have been asking the same questions. So, I am good with that.

But know that I know how to do it, we have the people to do it, and we will do it.

Mrs. BEATTY. Madam Chairwoman, I yield back.

Chairwoman WATERS. Thank you very much.

The gentleman from Arkansas, Mr. Hill, is now recognized for 5 minutes.

Mr. HILL. Thank you, Madam Chairwoman.

And once again, Secretary Fudge, it's great to have you before the committee and, again, let me add to all of my colleagues' congratulations for your service to our country as our HUD Secretary.

I listened to the chairwoman talk what might have been last summer in terms of getting the rental assistance money started sooner. But last summer, the Congress was faced with sort of an all-or-nothing play.

We were going to pass the HEROES Act or have no discretion to target money that we really felt, on a bipartisan basis, needed to be targeted, and so we went for days and days without starting the Paycheck Protection Program back up.

It expired on August 5th last year, and we could have gotten a targeted bipartisan relief on rental assistance, but we didn't. So, it passed in December, and \$25 billion of that money in the Appropriations bill has been 100-percent allocated to the States.

And of the \$21 billion that was in the American Rescue package, only 50 percent of that money has been allocated. So, it hasn't all been allocated. I wanted to correct the record that, in fact, it has not been all allocated. I think that is an important point.

And the ranking member noted the Washington Post story by Rachel Siegel, "Five-Alarm Fire: Slow Trickle of Rental Aid Heightens Concern About Evictions Crisis."

Madam Chairwoman, I ask unanimous consent to submit this article for the record.

Chairwoman WATERS. Without objection, it is so ordered.

Mr. HILL. Thank you, Madam Chairwoman.

And in this article, there is a quote from Diane Yentel, president and CEO of the National Low Income Housing Coalition.

She says, "Setting up rental assistance programs from scratch is a major and time-consuming undertaking, true. But by now—repeat by now—that is no excuse for the abysmally slow pace of spending in some communities."

I think that lays the stage, and so I ask you, Madam Secretary, who should be held accountable for getting this money out? Just within the Administration, who is the point person, in your view, to get this money out to our tenants and our landlords who need it?

Secretary FUDGE. The people who now have it, which is the cities and the States. Diane Yentel is absolutely right. It took some time to stand up the new program. The resources are there.

That is why I am constantly calling mayors and governors and other people to say, "You are the cog in this. Get it out." They know

they have the resources. They will say to me, especially smaller communities, "Well, we didn't have the people to do it. We don't know how to do it."

So, we provide that assistance to them. But it is their responsibility because they have the resources. It is no different than if it is CDBG money or any other kind of formula money or competitive money.

Once they receive it, they are responsible for it. We are responsible for the oversight, but they are responsible for the program.

Mr. HILL. But it is a challenge when some of these States have never done that before, and that was the decision by Congress.

I think the Treasury Secretary and you have, really, the disproportionate responsibility to try to set those parameters and get that out, because the money was distributed in January, and it is almost the 1st of August, and as I said in my opening comments, a tiny portion, just seven tenths of 1 percent of that money in Arkansas has been spent, and just 4 percent, overall.

Let me switch subjects, if I may. You referenced 50-year-old housing unit stock and made that a point, and HUD, over the years, starting with the Obama Administration, has had the Rental Assistance Demonstration (RAD) program, which was started in 2011 to preserve and maintain affordable housing by allowing public housing authorities to convert public housing units into Section 8 Project-Based Rental Assistance.

HUD Secretary for President Obama, Shaun Donovan, created that program and he said, "The administration created RAD as a comprehensive and innovative strategy that offers long-term solution to preserve and enhance the country's vital affordable housing stock by finding ways to get private capital off the sidelines and back into communities."

Donovan goes on to say, "RAD is a model of smart government."

So my question to you is, do you agree with Secretary Donovan that RAD is smart government?

Secretary FUDGE. I think it is a great program, because the thing about it is it still is maintained as public housing. They don't own it. The private industries don't own it. They have leveraged the resources.

But it is a problem we are looking at, because the one thing we have to be very, very careful about, and I know that Members of Congress are, is that we don't start to go down a road of privatizing public housing.

Mr. HILL. Okay. Let me ask you one follow-up quickly. Do you support lifting the statutory cap that currently limits RAD participation to a maximum of 455,000 units?

Secretary FUDGE. I don't know that I—we are still looking at it. But I would suggest to you that I think that we should consider raising it, yes.

Mr. HILL. Thank you. I yield back, Madam Chairwoman.

Chairwoman WATERS. The gentleman yields back.

The gentlewoman from Pennsylvania, Ms. Dean, is now recognized for 5 minutes.

Ms. DEAN. Thank you, Madam Chairwoman.

Secretary Fudge, welcome. Welcome back. It is a delight to be here with you and we are delighted that you are here alone speak-

ing about homelessness, affordable housing, repairs to our housing stock, and increases to our housing stock.

When you talk about how we were all told to stay home when COVID hit, it is very poignant that hundreds of thousands of people in this country had no place to call home, and that continues to this day.

I represent suburban Philadelphia, Montgomery County and Berks County. We have the Montgomery County public housing authority, which serves a large portion of Montgomery County, Pennsylvania.

It has a portfolio of 625 units and a waiting list of over 20,000 applicants. Simply put, and you have said it over and over, there is not enough affordable housing for those who need it.

Could you tell us from the American Jobs Plan with some specificity how that proposal, this transformational American jobs plan, will make an impact on that tremendous need that is in my district, and, I imagine, is mirrored throughout this country?

Secretary FUDGE. Thank you very much for the question.

As a nation, we have not at any time in recent history, for decades, invested in public housing or new moderate- and low-income housing. We just have not done it.

And so, time has finally caught up with us. That is where we find ourselves today. So, the President, in the American Jobs Plan, recognized the fact that millions and millions of people need housing.

In that plan originally, if you recall, there was \$300 billion set aside just to do housing. There is a new housing tax credit to incentivize persons to build new housing. That is in addition to the low-income housing tax credits.

The plan right now looks like it is about \$200 billion, but neither the amount of money—it is the housing, 2 million new units, and up to 500,000 renovated and rehabilitated units, units that are energy-efficient, units that are resilient, and units that will keep the costs down for the people who live in them.

It is the most significant piece of housing legislation in my lifetime.

Ms. DEAN. It is very exciting, and I do hope we will get it across the finish line with really broad bipartisan support.

You referenced another problem in my district, which is that many of our housing units are 40 years or more old. We have had the opportunity through some investment to renovate some and reconstruct others.

But, really, the capital needs are very, very great. Just outside my district in Philadelphia, more than 60 percent of the housing stock was built more than 50 years ago.

Do you believe that the American Jobs Plan funds will be able to cover the full scope of what is needed? If you had a magic wand, what would be needed to make the repairs so that these are decent, as you say, energy-efficient, safe, warm, dry places?

Secretary FUDGE. Forty billion dollars is really a down payment. We know that we need so much more. It is estimated anywhere between \$70 billion and \$100 billion or more. But what we do know is that \$40 billion is a great down payment to start to make the change we need to make.



And it is a commitment that I believe that housing authorities and others are welcoming because they know we have never, ever given them these kinds of resources.

Do I think it is enough? No.

Do I think it is a great start? Yes.

Ms. DEAN. Terrific. Thank you.

I want to switch now to something else I care passionately about, which is ensuring proper housing for those who suffer from the disease of substance use disorder, addiction, or those with mental health ailments.

We know, oftentimes, these people are unable to find affordable proper housing when that is precisely what they need to stabilize their lives, receive treatment, and begin to heal.

What efforts is HUD leading for these populations of people who either are struggling with the disease of addiction or mental health issues? What is HUD doing about housing for them?

Secretary FUDGE. There is a carve-out in the Jobs Plan that asks for billions of dollars for housing for the disabled, which would include the population that you are referencing.

Ms. DEAN. Thank you very much, and I hope we make sure it is a robust carve-out for those. And offline, because I see my time is up, we did signal over to your team that we want to talk about the problem of the definition of group homes for those who are in recovery, and unlicensed group homes that are sometimes taking great advantage of people who are in the greatest of need.

Thank you, Madam Chairwoman. I yield back.

Chairwoman WATERS. Thank you very much.

The gentleman from Tennessee, Mr. Kustoff, is now recognized for 5 minutes.

Mr. KUSTOFF. Thank you, Madam Chairwoman, and thank you, Madam Secretary, for appearing today. Let us see if you would welcome the opportunity to talk about something other than what we have talked about here before, and that is Opportunity Zones, if I could.

We know that the Opportunity Zones were created in the Tax Cuts and Jobs Act of 2017. In my State of Tennessee, at last count I saw we had 176 Opportunity Zones, 32 in Shelby County, which is the Memphis area, an area that I represent with Congressman Steve Cohen.

And in 2019, I had the opportunity to tour one of those zones, an area called Union Row. It is now called the Walk. That is actually in Congressman Steve Cohen's district. I toured that with your predecessor, Secretary Carson.

Madam Secretary, could you talk about the Biden Administration's position right now? Is the Biden Administration, in fact, open to expanding Opportunity Zones?

Secretary FUDGE. I don't think they have taken a position at all at this point. But certainly, we are going to be talking about it, because not only have Senate Members mentioned it as well, but it is something that some people feel very, very good about. So, we will be having further conversations.

Mr. KUSTOFF. And to that point, Madam Secretary, can you talk about what specific changes, if any, or reforms that the Adminis-

tration would look at to the existing Opportunity Zones or to further Opportunity Zones, if you would, please?

Secretary FUDGE. I don't know, because we have not had the discussions.

Mr. KUSTOFF. Thank you. Could you also, Madam Secretary, talk about where the Biden Administration stands right now as to the Biden appraisal task force that HUD was guarded with the leadership of?

Secretary FUDGE. Yes. As a matter of fact, I am the Chair of the task force, and what we are talking about is what we know to be true, that we have throughout this nation's history looked at property in certain communities, primarily those that are Black and Brown, and undervalued those homes.

I live in an all-Black community by choice. My home is undervalued compared to the community right next door to me, literally within walking distance. But my home is valued as much as \$20,000 less than a comparable home in another community.

We want to level the playing field.

Mr. KUSTOFF. I hear from a number of FHA borrowers that they say they can't compete in today's market, that sellers are refusing to entertain offers using FHA financing due to concerns with certain minimum property requirements, maybe with appraisal issues, or concerns over the quality of the loan itself.

Can you talk about what FHA is doing to combat the narrative and, hopefully, try to address these issues?

Secretary FUDGE. The first thing is they can't be using appraisals at this point. We just started the committee. So if they have been having problems in the past, it certainly wasn't that.

And I don't think that there is anything that I see, no basis—if they are concerned, they need to raise what those exact concerns are. But there is nothing that has been changed to this point that would create a problem for them.

Mr. KUSTOFF. If I could, one last area, and I appreciate you allowing me to jump to different issues.

This involves the Community Development Block Grant program, and I think we can all agree that it has served a vital role.

My question is about Formula B, which uses a pre-1940 housing units variable in determining grant sizes. My position would be that that essentially allows cities which had large populations 80 or 90 years ago to receive larger grants today.

And I will use, again, my City of Memphis as an example. In the year 2020, the City of Baltimore received 3 times as much funding as Memphis, despite Baltimore having a lower population and poverty rate than Memphis in current times.

Can you address, if you can address, whether you think that CDBG, whether the formula is outdated and in fact does need to be modernized?

Secretary FUDGE. I certainly think we need to take a look at it just like we do so many other formulas in HUD. We are in the process of evaluating where we stand. Absolutely, I think we should look at it.

Mr. KUSTOFF. And I do appreciate that answer. I would appreciate it if your staff could follow up with my staff on any thoughts and any proposals, and maybe we could share ideas.

Secretary FUDGE. I would be happy to.

Mr. KUSTOFF. Thank you, Madam Secretary.

With that, Madam Chairwoman, I yield back.

Chairwoman WATERS. Thank you. The gentleman's time has expired.

The gentlewoman from Texas, Ms. Garcia, is now recognized for 5 minutes.

Ms. GARCIA OF TEXAS. Thank you, Madam Chairwoman, and thank you so much for this very important hearing, and for our invitation to Secretary Fudge.

And, Madam Secretary, it just sounds so great to say that. In fact, I am going to say it again. "Madam Secretary."

Welcome to your first hearing before the Financial Services Committee. I know many of us join you and stand with you in your success, and if there is anything that I or my office can do, please do not hesitate to call.

I want to focus on housing, of course, particularly access to housing. Research shows that access to housing equals a healthy productive society. Access to housing means access to building generational wealth. It also means closing the racial wealth gap.

It is estimated that between 2020 and 2040, 70 percent of new homeowners will be Latino. And Freddie Mac found that in 2019, there were 8.3 million mortgage-ready Latinos aged 45 and under.

The National Association of Hispanic Real Estate Professionals found that the top-producing real estate firms are the ones that offer bilingual services throughout all stages of the home-buying process.

In light of this, it is important that we think about how we can use language access to expand access to housing. It is great to see that HUD's housing counseling agencies provide multilingual services, and as you said about the homeless, if we don't provide services, we set them up for failure, and we want our home buyers to succeed.

This is a critical service. It is important to home buyers struggling to navigate such a cumbersome financial decision. The American Rescue Plan provided \$100 million for housing counseling to help struggling families stay in their homes. But housing counselors do not always have the ability to assist homeowners with legal help when they need it.

Is HUD reviewing how they can connect housing counseling with legal aid services in the future? And if so, how is HUD working with counseling agencies and legal aid services to ensure access for homeowners who do not primarily speak English?

Secretary FUDGE. Yes. We right now have about \$20 million from, actually, funds that were allocated by Congress to assist with legal issues, especially.

It was designed, of course, for those who are facing eviction, but it can be used for other things. So, we do have \$20 million now that came from the Rescue Plan.

In addition to which, we do know as well that the wealth gap or the gap between homeownership for Black and White Americans is as wide today as it was in 1968, and so we understand very clearly the need to be sure that we can bring in Black and Brown people in a way that is comfortable to them.

So, we do have resources and we are working on it daily to make sure that we do—

Ms. GARCIA OF TEXAS. And they will also address services for those who cannot speak English or have language barriers?

Secretary FUDGE. Absolutely. Language, yes.

Ms. GARCIA OF TEXAS. Well, thank you so much. And there is much being said about how many dollars have actually been spent, and I think it is clear that you have said that 100 percent of the dollars have been obligated that were received.

And we all know, as you have also stated, that the problem becomes, you send it to the States, and then the States do not put it out there quickly enough, or sometimes they sort of play with the money and don't do quite what we asked them to do.

And as you know, you and I have visited about the situation with the CDBG dollars for disaster mitigation in Houston and as they were handled in Texas. We had a hearing about that last week.

And it is just another example of how the dollars are sent but the governors—sometimes, governors from the other side of the aisle, in our case, just decide to either delay or do their own formulas, or do whatever they want to with the dollars.

What can we do as lawmakers to prevent those situations from happening? What other guardrails, what other procedures can we do?

And is it possible that some of these dollars go directly to cities like Houston who can probably handle the dollars and have the resources and staff to quickly get those dollars out the door?

Secretary FUDGE. The good thing is that cities like Houston do get it directly because they are entitlement cities, which is anything over 50,000 people.

But I would say that I was in this body long enough to have heard many, many times that States have their rights. They should be able to do what they want to do. And cities have their rights, and they should be able to do what they want to do.

Now, they want me to control it. There is only so much we can do based upon the way that the law is written, but but we are enforcing it as best we can.

Ms. GARCIA OF TEXAS. Thank you. I yield back.

Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you.

The gentleman from Georgia, Mr. Loudermilk, is now recognized for 5 minutes.

Mr. LOUDERMILK. Thank you, Madam Chairwoman.

Madam Secretary, it is good to see you again, and congratulations on your new role.

As you know, the primary funding source for many housing authorities is this monthly drawdown from HUD. However, guidance from the Office of the Chief Financial Officer states that HUD auditors do not recognize interim directors. Only permanent officials can obtain drawdowns. What that means is when a housing authority has an interim director as a transition period, it may not be able to access HUD funds.

Interim directors were able to do drawdowns in the past. I am not sure why the policy changed. But this is becoming a problem and it is a problem with small cities, especially with small staffs.

It recently happened in my district. The City of Canton had an interim director, and they were unable to draw down the money that they needed. They were able to come to a one-time resolution with HUD.

But there are thousands of State and local housing authorities in the country that frequently have executive directors leave their position and an interim director is appointed.

I understand the intent of the policy is to potentially prevent fraud, but there needs to be some kind of process for interim directors to access the downloads.

So my question would be, is this something that you can look into and find a permanent solution, so that housing authorities, especially during this time period we are in right now, don't have to go through so many hoops to—if they have an interim director in the middle of the change to where they can actually access the funds for their folks?

Secretary FUDGE. Absolutely, because if that is the case, we do need to look into it. That should not be an impediment to a draw-down.

Mr. LOUDERMILK. I appreciate that, and like I said, with the City of Canton, Georgia, recently they had to go through this.

They were able to work through a one-time solution. But if they don't have an executive director by the time the next month comes in, they are going to have to go through that again.

On another issue, I would like to echo some of the concerns that have been raised regarding mismanagement of emergency rental assistance funds.

The bipartisan December Omnibus provided a structure for a \$25 billion rental assistance program, but instead of continuing with that program, Democrats established an entirely new partisan program from scratch. This has created two different sets of rules for State and local governments to follow, and has resulted in less than 4 percent of the funds being distributed so far.

This has created some of, potentially, the worst legislating that I have seen, with two different programs, with two different sets of rules, that cities and States are trying to work through.

So the question is, if Congress consolidated the two programs into one, would that help get the funds out to renters more quickly?

Secretary FUDGE. I think that Congress should do what they believe is best. I can't make a decision adjustment based on what Congress will do. But I would say that the more streamlined, the better. What HUD does is follow the rules. When Congress tells us how to do something, that is what we do.

Mr. LOUDERMILK. Well, I understand that, but with two sets of rules for two different types of programs that want to accomplish the same thing, it gets very convoluted, and State and local governments already have enough trouble dealing with the Federal Government.

But with only 4 percent of the funds making it down there, it seems to me that if we could get a functioning rental assistance program into place, would there be a need for an eviction moratorium?

Secretary FUDGE. Well, I think that the one thing that we don't talk about is that the fact that these funds were put in place because of an emergency situation.

I think coming out of COVID—either way, we would have needed it because of COVID. I don't know that as a general rule we would, but certainly because of COVID, I would say yes.

Mr. LOUDERMILK. Okay. But even with COVID, only 4 percent being distributed—it seems to me that if we could just get the money to the people who need it, we wouldn't have to have the eviction moratorium.

With that, Madam Chairwoman, I yield back.

Chairwoman WATERS. Thank you.

The gentlewoman from Iowa, Mrs. Axne, is now recognized for 5 minutes.

Mrs. AXNE. Thank you, Madam Chairwoman, and thank you, Secretary Fudge, for being here. It is great to have you here today.

I want to start with a question on rental assistance. I know this has been run out of the Treasury. But I also know that HUD has been helping State and local groups trying to run those programs.

Iowa's State program has not done well in getting this aid out. I believe at the end of June, they had given out just about 2 percent of the funding they had received.

However, I don't quite understand why my Republican colleagues here on the other side of the aisle are so hung up on the Treasury here.

I have a local program in Polk County that has now given out more than two-thirds of the funding. It is the largest, most populated county in the State. So, we can get it out there and to the folks who need it, but, apparently, our State Government can't.

Clearly, this is not a question of the rules preventing it. It is about, really, communities who have the will and the knowledge to get the funding out and support the people properly.

Secretary Fudge, my question is, can you share some of what HUD sees as best practices here so we can encourage our States to adopt those?

Secretary FUDGE. The easiest thing is for communities, whether it be the State or the county or whomever, to work with people who do this every day.

Most people who are at risk of eviction either have worked with social workers or we know who their landlords are. We need to do the work. They need to do the work. They want it to be easy.

But they have to start to talk with people on the ground who are doing this every day. It is not hard to find out who they are and to get them the resources. But we also have made it somewhat cumbersome for the renters.

We assume a certain amount of sophistication for renters to get the resources because we are putting the onus on renters, really, to come and ask for the resources. So, we have to find another way to reach those renters and to get them the kind of information they need to get those resources out.

Mrs. AXNE. I look forward to continuing to work with you on those opportunities, and I will make sure to talk with the State about that.

They sound like good ideas and I, certainly, know that as you mentioned, in Polk County, they actually are working with those local groups. So, you are right, it works.

I did want to also point out another thing I am wondering about. Our governor decided not to give people the 3 months of forward rent that they could, and to me, it seems like a pretty clear way to provide help to people without making the same person apply every single month, and it is also going to make administering of this easier as well.

Is that something that you have seen elsewhere and do you agree that this would raise costs if people have to apply repeatedly?

Secretary FUDGE. There is no question, and one of the complaints we get is that it is too much paperwork. So, why create additional paperwork?

Mrs. AXNE. Okay. So it would be a good thing for us to continue to move forward with that? It would ease up the pressures on the application process?

Secretary FUDGE. Absolutely.

Mrs. AXNE. Thank you. I do hope that our State Government can put this in place as it reconsiders passing up the opportunity to help more renters in the second round.

I would like to move on now to something that I think could help with affordable housing across this country, and that is manufactured housing, which I think can be part of our solution to helping get a good solid roof over folks' heads.

However, for those who own the home itself but rent the land, they don't get that benefit if the rent gets jacked up to levels that they can't afford, or if the landlord kicks them out for no reason, forcing them to sell their home, sometimes at a major loss.

I actually had a constituent who had to sell their home for a 40-percent loss of what she paid for it just 3 years earlier, because of these predatory tactics.

Secretary Fudge, do you think there is more that we can do to make manufactured housing communities work as affordable housing that truly prioritizes the tenants rather than solely focusing on extracting profit?

Secretary FUDGE. Yes, we can, and I have spoken with the manufactured housing group. I have also spoken with tenants of not just public housing, but manufactured housing as well.

And we are trying to work through some issues that we think are going to be helpful. But they know that there is a problem, and we know that there is a problem, so I do believe it can work.

Mrs. AXNE. And are you pulling together best practices from some of those landlords who are doing the right thing?

Secretary FUDGE. Oh, absolutely.

Mrs. AXNE. Okay. I would love to see some of those if we get a chance. Thank you so much for doing that.

It is why I introduced a couple of bills to get these protections in place so things like this don't happen. Just so you know, I have the Manufactured Housing Tenant's Bill of Rights that would increase protections for renters in federally-backed properties, and the Manufactured Housing Community Preservation Act that provides grants to resident-owned groups and others who might want

to step up and own the places themselves and give those benefits to the residents.

So, I hope we can work together on those to get people more protected and safe in their homes that they currently live in, and also give other folks more opportunity for affordable housing.

Thank you so much, Madam Secretary, for all that you are doing, and thank you for helping us move this agenda forward with the American people.

I yield back.

Chairwoman WATERS. Thank you.

The gentleman from Ohio, Mr. Gonzalez, is now recognized for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Madam Chairwoman, and welcome, Secretary Fudge, my friend. It is good to see you. We miss you in Cleveland, but Cleveland is so very proud of you and we are grateful for your continued service to the country.

I want to start off by talking about something we have spoken about in private, which is veterans' homelessness. That is something that is a big issue in our country, and it's certainly a big priority of mine here in Congress.

In your written statement, you noted that HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.

As you know, this certainly means ensuring that our veterans have access to affordable housing after serving our country. I believe no veteran should have to worry about having a roof over his or her head. Currently, throughout the United States, there are still far too many veterans who are homeless, and countless more who are at risk of losing their homes.

What more do you think we can be doing through HUD in collaboration with the VA and those who serve our veterans to extend more housing opportunities?

Secretary FUDGE. That is a really great question, and I tell you, it is something that I wrestle with every day, and I have had the opportunity to speak with Secretary McDonough.

There is no reason, first off, in this nation that anyone should be homeless, but especially those people who have served their nation with such distinction.

And so, we are trying to find more ways. We have right now in our system, unused at HUD, more than 20,000 vouchers for veterans. We have in this budget, the President's budget, when we reauthorize them, almost 100,000 vouchers. We are just trying to make sure that we can find a way to get them to the veterans who are homeless, and we are doing better, certainly.

But it takes a concerted effort, because the one thing about veterans is that they are resilient. So, when they get into these communities they become in charge of these communities. It becomes a culture.

We are breaking down the barriers every day.

Mr. GONZALEZ OF OHIO. That is great, and I look forward to working with your office more on figuring out how we can get those unused vouchers out. If we already have them out there, let us make sure our veterans are using them and they are getting into their hands.



As far as the emergency rental assistance dollars, I know that reports are being produced and that has been a big topic of conversation. In those reports, will there be special—not special call outs, but will we be reporting on the status of veteran homelessness in there or will that be in separate reports?

Secretary FUDGE. It is really separate. They will come through the VA, but I will make sure that we get you that information so that you can have it.

Mr. GONZALEZ OF OHIO. Fantastic. Thank you.

And then another issue I know you care passionately about, and that impacts northeast Ohio disproportionately compared to the rest of the country, is the issue of lead paint in older housing.

Ohio has the third-most Housing Choice Voucher units in the country which were built prior to 1978, only behind California and New York. This can have serious impacts on the health and development of children, as we know, who are exposed, and it is something I believe we need to address head on.

What more can we do on the preventative side to identify housing that has lead-based paint and make sure that northeast Ohio families are kept safe?

Secretary FUDGE. It is a passion of mine, and it almost brings me to tears to talk about it. In Cuyahoga County alone, 1,000 children annually—annually—are poisoned to the extent that they cannot function in the county I live in. Just about all of the children in the public schools have elevated levels of lead. We must find a way to do something with lead paint in public housing.

The resources have been requested in the President's budget, and I just need for people like you, Mr. Gonzalez, to help me fight for it.

Mr. GONZALEZ OF OHIO. Well, I will continue to do just that, and I look forward to working with you on the lead paint issue, veterans' homelessness, and the priorities of this committee.

And with that, I yield back.

Chairwoman WATERS. The gentlewoman from Massachusetts, Ms. Pressley, is now recognized for 5 minutes.

Ms. PRESSLEY. Thank you, Chairwoman Waters, for convening this important hearing, and thank you to Secretary Fudge for being here today. What a welcome change. I am overjoyed to see that we have someone dedicated to exacting housing justice back at the helm of the Department of Housing and Urban Development.

In May 2019, former Secretary Carson came before this committee and refused to answer any of my questions. I asked if he thought safe housing was a social determinant of health. He refused to answer. I asked if he thought substandard housing conditions posed a threat, a risk to tenants' health. He refused to answer. I asked if my constituents deserved to live in housing filled with life-threatening mold. He refused to answer. And then, to no one's surprise, he repeatedly tried to cut funding for long-overdue repairs.

Unlike the prior Administration, Secretary Fudge, which simply avoided the problem and slashed much-needed resources, President Biden, as you alluded to in your opening statement, has proposed a budget and a Build Back Better Plan which increases such efforts and includes billions in funding to address the public housing re-

pair backlog and millions to remove lead-based paint and other health hazards.

Here in Congress, we are working urgently to make good on those proposals, and I appreciate having good partners in this fight. But there is also work that HUD can do on its own, without Congress, to improve inspections and repairs to HUD-subsidized units, work that your Administration undoubtedly has inherited but now has an opportunity to address, once and for all.

With HUD Real Estate Assessment Center (REAC) inspections cautiously resuming following the unprecedented pause during the pandemic, we have a responsibility not just to return, again as you alluded to in your opening statement, to an unjust status quo normal, but to build a new normal, one which ensures that everyone has a safe, clean, and healthy place to call home.

Secretary Fudge, how long, on average, does it take for a property that failed its REAC inspection to make the repairs and then to receive a passing score? Is this data that is currently tracked?

Secretary FUDGE. I don't know that we track the exact length because every situation is a little different in terms of the agreements that they have. What they try to do is make an agreement with the landlord, if it is Section 8 or some other. But let me just say this. The reason that I demanded that we start inspections again, to the concern of many people, is because I believe in the dignity of people who live in these places. And so, we are trying to speed up the process.

What I have asked them to do is give me a list of the worst properties in their areas, and when they are going to get in them and look at them. I don't want to hear about concerns they may have. People are depending on us. And so, I have asked for the list of the top 10 worst properties in every single community we serve, and it is my expectation that within a 30-day period, they will look at every single one.

Ms. PRESSLEY. Thank you, Madam Secretary. Certainly, that transparency is so critical. I am a believer that that which gets measured, gets done, so that transparency is very important.

Would you be open to working with our office to perhaps explore ways that this data could be collected and reported in order to ensure that HUD is meeting those oversight responsibilities?

Secretary FUDGE. I would be happy to, because we should have already been collecting that data.

Ms. PRESSLEY. Thank you. I certainly, throughout my district, the Massachusetts 7th, continue to hear complaints from constituents that some housing providers take years to make those improvements, after having a failing REAC score. Some have shared, in fact, that in past year they have been skeptical about whether HUD followed up promptly after the provider claim to make repairs. So again, I appreciate your due diligence on this front.

Just a couple more questions in that vein. When properties fail inspections are there any strategies currently under HUD to bring properties back into compliance quickly and efficiently? Is there a prompt?

Secretary FUDGE. There are procedures in place. I just think that for so long, we have been somewhat lax in following up. I think also we go overboard because we know that people need the hous-

ing. I think that prior Administrations have been more lenient than I would be. If they are not going to let people live decently, I don't want them to have taxpayer dollars, period.

Ms. PRESSLEY. Agreed. Simply because someone could not afford more doesn't mean they don't deserve better. So, I thank you for your partnership and your commitment to ensure that the time between a failing REAC score and a completed repair is as short as possible.

Chairwoman WATERS. The gentlewoman's time has expired. The gentleman from Texas, Mr. Taylor, is now recognized for 5 minutes.

Mr. TAYLOR. Thank you, Madam Chairwoman. Madam Secretary, thank you for being here. I was gratified in your opening comments that you said the United States of America is the greatest nation on Earth. I just wanted to give you a chance to say why you thought that. And yes, that is a slow pitch.

Secretary FUDGE. I think one of the things that makes us a great nation is that we, as a people, have always been able to see our problems and to repair our faults. We want to be the leaders of the world. We are the people who lead the world in so many things.

Are we a perfect nation? No. Are we a great nation? Yes. We are a great nation because our people are good people.

Mr. TAYLOR. Thank you. That was a great answer and I appreciate that.

In the vein of trying to correct faults, I am sure you are aware, under current law, 18 USC §1001 that it is a crime to knowingly make material, false, fictitious, or fraudulent statements or representations to the Federal Government. So in the vein of finding fraud, what are your thoughts on using new technology or artificial intelligence to find fraud, to stop, whether it is a real estate developer, like what Ms. Pressley was talking about earlier, that is not coming through the way they should, or whether it is a pretend tenant who is taking advantage of our programs? I know you have finite resources. Have you thought about artificial intelligence as a way to find fraud?

Secretary FUDGE. I really haven't, because it has not been proven to work all the time. And so, I would rather err on the side of a person who needs help than not.

Mr. TAYLOR. What would you think about looking at different programs—I will let you think about this—to use artificial intelligence (AI) on a test basis, on a pilot basis, to try. Because as we know, many financial institutions are using AI in underwriting, to eliminate fraud and to be more effective in the way that they allocate credit. And so if we think about that, reapplying it in this case, trying to make sure that we are giving help to where help is needed.

Secretary FUDGE. I am certainly willing to give it some thought. It is not something that I have given any thought to prior to your question. But we are always trying to make sure that people are treated better, that the Federal Government operates better. I am certainly willing to think about it.

Mr. TAYLOR. Sure. And obviously, I think we can both agree that your resources are limited and your needs are great. So, I think we can agree we want to focus resources where they are indeed needed.

And in that vein, what are the limits of helping people at HUD, the financial limits? You can perhaps educate me on what those limits are. And do you think they are perhaps too high?

Secretary FUDGE. Which limits? I am not sure.

Mr. TAYLOR. Income limits.

Secretary FUDGE. Oh. No, I don't think so. I don't think that the income limits are too high at all. I think that as we look at where this nation is evolving as it relates to housing, as it relates to what a dollar can buy you, as it relates to what it costs to buy food or to build housing, I don't think we are too high at all.

Mr. TAYLOR. Is there a point where you would say that person is making too much money—hey, you're at 700 percent—

Secretary FUDGE. Yes. We have rules, of course. We have guidelines. We don't just say any person making any amount of money can be serviced by HUD. We obviously have guidelines. And most of those are generally 80 percent of the average median income, or less.

Mr. TAYLOR. Okay. So, 80 percent is the general standard that HUD uses to determine when someone can no longer receive aid?

Secretary FUDGE. Correct.

Mr. TAYLOR. Okay.

Secretary FUDGE. Of the average median income, because every community is different, so the dollar amount is different in every community.

Mr. TAYLOR. Sure. And I just—

Chairwoman WATERS. The gentleman's time has expired. No, there are another few seconds.

Mr. TAYLOR. Thank you, Madam Chairwoman. I was really glad to hear your comments on zoning. I think that zoning can make housing extremely expensive, and in some places unlivable. And I just want to say that I appreciated your comments. I identify with those. I think zoning can be very hurtful to people in terms of making housing very expensive, by putting requirements on housing that just isn't practical. And certainly, I happen to live in a place in Plano, Texas, where we are pretty good about zoning, I think, and so we have relatively affordable housing. It is causing a lot of demand for people coming from other parts of the country, which is driving up our housing prices.

I yield back.

Chairwoman WATERS. Thank you very much. The gentlewoman from Michigan, Ms. Tlaib, is now recognized for 5 minutes.

Ms. TLAIB. Thank you, Madam Chairwoman. And thank you, Madam Secretary. It is so incredibly good to see you, and thank you for being accessible right from the beginning, and meeting with me and Congresswoman Kaptur.

As many of the folks on your team know firsthand, the Great Recession devastated many places like Wayne County, and many of these communities have yet to fully recover. In my district, we faced a tax foreclosure crisis that is still ongoing. So, I just want to thank you so much for including the Restoring Communities Left Behind Act that Congresswoman Kaptur and I are championing in addressing tax foreclosure but also home improvement in neighborhoods, true grassroots neighborhood revitalization. And again, thank you for that partnership.

As you probably know, since 2011, the Wayne County Treasurer has foreclosed on more than 100,000 families for delinquent property taxes, and that is nearly 1 in 4 properties in the entire county. Madam Secretary, in Wayne County, we used to have one of the highest Black homeownership rates in the country. People would envy us, and wonder what we were doing. And it was something that we always bragged about. And in 2000, it went from 53 percent to now close to 40 percent in Black homeownership.

So again, I applaud you for including tax foreclosure relief in the implementation of the Homeowner Assistance Fund, and I can't thank you enough for including the Restoring Communities Left Behind Act.

I also know, in the City of Detroit specifically, that more than 92 percent of our homes were overtaxed. And if I may, Madam Chairwoman, I would like to insert into the record an article from The Detroit News entitled, "Detroit homeowners overtaxed \$600 million." I think it is important to know that is nearly 96,000 homes that were taxed twice as much as they should have been, and I think that continues to contribute so much to some of the tax foreclosure issues that we continue to see.

Chairwoman WATERS. Without objection, it is so ordered.

Ms. TLAIB. Thank you, Madam Chairwoman. I know that we don't want you to take on this role about telling localities what to do. However, to advise or at least make a statement that this is really something that could be violating the Fair Housing Act.

Is there anything that HUD can do to end this? Can HUD consider withholding CDBG funds to localities that over-assess property tax at such a high rate, in violation of the Fair Housing Act?

Secretary FUDGE. I think there are a couple of things that can be done. First, we follow the law, so if there is a Fair Housing violation, we want to know about it, we will investigate it, and we will do whatever is necessary to make sure we get it correct. So, the first thing I would hope that you would do is to contact our office, or just tell me, and I will make sure that our Fair Housing people take a look at it. And there are conversations we can have about resources coming to communities.

Ms. TLAIB. Yes, I will be more than willing to make sure—there was a study by the University of Chicago and many others which shows that the overassessment continues.

Again, one of the things that I know the Department can take steps, and I enjoyed the fact that you say, "follow the law," because one of the things is to codify, really identify which localities are over-assessing homeowners right now and how that is contributing to the tax foreclosure. Have there been any discussions, in the previous Administration or now, about some sort of database or recording of over-assessment around the country, that you might know of?

Secretary FUDGE. Not that I am aware of, but I will check.

Ms. TLAIB. Okay. Wayne County property taxes account for 60 percent of the County's general fund revenue, and you know what means. That is why I am hoping to have your partnership and leadership, Madam Secretary, at the Federal level, at least to call out when it is wrong to do it, to at least show some sort of alignment with property owners, and many of them, again, are Black

property owners, that this crisis needs to be addressed and that HUD will definitely be able to, or in some way show that this is wrong and that we need to do something about it and push back against many of those efforts.

Secretary FUDGE. I just want to say, just rest assured, I was the mayor of a small city that was predominantly Black, and I am a lawyer by training. So we are going to follow the law, and we are going to do what we can to make sure it is done properly.

Ms. TLAIB. I appreciate that, Madam Secretary. I am also extremely grateful, Madam Secretary, for the conversation earlier this year on our bill, and I am so incredibly happy to see Chairwoman Water's \$10 billion towards the program, the Housing is Infrastructure Act. Does the Administration support this funding? I know you talked a little bit about it, but can you talk about next steps and maybe, again, you have this committee, many of us are very much in support of that, of any actions by the Administration in pushing that forward?

Secretary FUDGE. At this point—

Chairwoman WATERS. The gentlewoman's time has expired. The gentleman from Tennessee, Mr. Rose, is now recognized for 5 minutes.

Mr. ROSE. Thank you, Chairwoman Waters and Ranking Member McHenry, for convening the hearing today, and welcome, Secretary Fudge, back to the House and to your first time before our committee. I am a recovering lawyer as well, so I feel like I have some appreciation for your plight.

I think this hearing is long overdue. HUD was tasked with a significant role in response to COVID-19, but in my opinion, unfortunately, it has failed to live up to the responsibilities. Specifically, I have been extremely disappointed with the slow rollout of the rental assistance programs as well as HUD's development and implementation of confusing guidelines. Congress appropriated \$46 billion in rental assistance, and as we have heard repeatedly today, almost 7 months after that initial funding, data shows that less than 4 percent of that money has actually been used to help eligible households. This is putting millions of families at risk of eviction and severely hurting landlords across the country.

Under the previous Administration, Treasury issued binding Emergency Rental Assistance (ERA) program rules and FAQ guidance to accompany those funds on January 19th. The Biden Administration then opted to rescind that guidance and publish new ERA rules in February. It then revised rules again in March, then added new rules in May, and then revised and added new rules again in June.

Secretary Fudge, how has this constant revision of rules and added red tape slowed ERA funds from helping eligible families and households who are in need?

Secretary FUDGE. Well, it really hasn't slowed it, because you remember that the money actually came out of Treasury, and it went immediately. The rulemaking, I agree, has probably been somewhat cumbersome. I don't disagree with you on that. But it has not been the problem with getting the resources out.

Mr. ROSE. I am concerned that housing policies coming out of the White House and HUD are simply throwing money at old, outdated

programs that will not build or incentivize the creation of new housing units. Several modern, innovative programs do exist, and they are working well in States like mine. My friend from Arkansas, Mr. Hill, emphasized how the RAD program is a proven solution that allows residents greater choices and flexibility.

Secretary FUDGE, could you expand on some of the benefits that the RAD program has created for public housing authorities and residents of public housing?

Secretary FUDGE. Well, obviously, the advantage is that they leverage the resources that the public housing authorities already have, and it gives them the opportunity to do more things, especially as it relates to capital improvements, than they could have just through the resources that this Congress, in its wisdom, gives them.

Mr. ROSE. Since the Biden Administration's prior proposals included putting tens of billions into retrofitting public housing, is that a step away from successful programs like the Rental Assistance Demonstration (RAD) program?

Secretary FUDGE. Oh, absolutely not.

Mr. ROSE. What do you think the Administration should do to seize the opportunity that RAD creates?

Secretary FUDGE. RAD is expanding all over the country. No one is trying to do away with RAD. I don't know if that is what you are thinking. But what we want to do is to take care of the people in public housing. We want to be sure that they live in safe, decent housing. We want to be sure that we can fix leaking roofs and take mold off of walls. We want to be sure that we don't have rodent infestation. We want to be sure that they are living in a decent environment. And if RAD helps to do that, that is great. We are all for whatever it is that we can do within, obviously, our responsibilities and our authority to make sure that people live in decent housing.

Mr. ROSE. Thank you. In Tennessee's 6th Congressional District, which I represent, 12.9 percent of total occupied housing units are manufactured homes. Manufactured housing is the most affordable homeownership option available nationwide for minorities, underserved, and low-income borrowers. According to U.S. Census data, 90 percent of new homes under \$75,000 are manufactured housing, yet increasingly, we are seeing scenarios where localities use zoning ordinances to exclude affordable manufactured homes in their communities. HUD has the authority to prevent localities from excluding manufactured homes, yet they have not utilized it.

How can HUD encourage communities to expand their affordable housing options like manufactured homes?

Secretary FUDGE. I would disagree that HUD has the ability to change local zoning. We do not.

Mr. ROSE. So, you don't see a way that HUD can help to encourage communities?

Secretary FUDGE. We are working on it, but we do not have the authority to change local zoning.

Mr. ROSE. Okay. Thank you, Madam Chairwoman, and I yield back the balance of my time.

Mr. GREEN. [presiding]. The gentleman's time has expired. The Chair now recognizes the gentlewoman from Georgia, Ms. Williams, for 5 minutes.

Ms. WILLIAMS OF GEORGIA. Thank you, Mr. Chairman, and thank you, Secretary Fudge, for joining us today. Today's hearing builds an important foundation for our shared work to ensure that low-income families and those most marginalized are well-served by HUD's programs.

As we move forward with this work, we need to focus on breaking down barriers that folks face getting a decent home, but we also need to be thinking about how we can maximize opportunity and minimize disparity through the housing system. I have legislation, the Voters on the Move Registration Act, included as a part of this hearing today, and it helps ensure that as we get individuals housed, we also break down any barriers they face in getting registered to vote at their new residence.

My bill would task the Consumer Financial Protection Bureau (CFPB) to work with the Election Assistance Commission to issue information on how individuals who are moving can register to vote and what their voting rights are under the law. This will ensure that public housing agencies and owners of federally-assisted housing can provide this information and make moving a little bit easier for their tenant. This bill is based on a simple idea: It shouldn't matter how often you have to move or what ZIP code you are moving to. People should have the tools they need to exercise their voice in our representative government.

Secretary Fudge, how can empowering tenants in HUD's programs with more information as they move, whether it is about their rights or services that they can access, help to reduce socioeconomic disparities for the populations that those programs serve?

Secretary FUDGE. Well, I would say that people underestimate people who live in public housing. Most people who live in public housing do want to know what their rights are. They do want to understand how they can become more involved in their communities. That is why we have more and more tenants' associations. That is why they are asking for more information. They want computers in their community rooms. They want to be able to be a contributing member of society like everybody else. And I think that it is great.

Ms. WILLIAMS OF GEORGIA. Thank you so much, and I have no additional questions. I am looking forward to working with you on implementing this program and getting everyone the access and information that they need to continue to voice their concerns and be a part of our representative government.

And, Mr. Chairman, I yield back the balance of my time.

Mr. GREEN. The gentlelady yields back. The gentleman from Missouri, Mr. Luetkemeyer, is now recognized for 5 minutes.

Mr. LUETKEMEYER. Thank you, Mr. Chairman. Congressional Democrats are falling woefully short on their responsibility to conduct oversight of the Biden Administration, and the American people need to know about it. Currently at the CFPB, we have an acting Director who has not been confirmed by the Senate, making major policy decisions. He has taken nine enforcement actions, rescinded Administration guidelines on CFPB's policy for combatting



abusive industry practices that delay the implementation of the debt collection rule, and is moving full speed ahead on a rule to implement Section 1071 of Dodd-Frank.

Furthermore, there have been reports that the CFPB has used incentive packages and started investigations into senior career staff in order to remove them from the Bureau due to their political affiliation. This could potentially violate the Civil Service Reform Act.

And while the acting Director has been busy leaving his mark at the CFPB, the chairwoman can't find the time to have him testify before this committee. In fact, at the end of this month it will have been a full year since someone from the CFPB testified in this committee. Conversely, when Director Kraninger was the head of the CFPB, and Chairwoman Waters took over the chairmanship of this committee, it took only 2 months for her to call up the former Director.

As far as this committee hearing goes today, the single-most pressing housing issue that this country is facing is the eviction moratorium, which is set to expire July 31st. While multiple courts have ruled the eviction moratorium is unconstitutional, Congress responded to the crisis facing renters by passing \$46 billion in renter assistance.

The idea is simple. If Congress provides you the money, you pay your rent, you pay your back rent, and you will not be evicted. However, to date, Treasury has reported only \$1.5 billion of the \$46 billion given to the program has actually reached renters.

Why the ineptitude by Treasury? Could it be that the Treasury Secretary has completely abandoned any sense of ownership or oversight of these programs or refuses to appear in front of Congress to discuss them? Secretary Yellen is statutorily required to appear in front of this Financial Services Committee on a quarterly basis to discuss the pandemic and the economic recovery. It was agreed to, on a bipartisan basis, in the CARES Act, and was even maintained in the partisan Democratic bill passed this March.

But where was the Secretary last quarter? The answer is, absolutely nowhere near this committee. Unless she plans on appearing in September, it will mark two consecutive quarters where she has broken the law by failing to appear before us.

I also serve as ranking member of the House Small Business Committee. Secretary Yellen was statutorily required to testify in front of the Small Business Committee before April 26th of this year on the Paycheck Protection Program (PPP), but to no one's surprise, she has yet to appear there. I am aware of her schedule, and she has attended at least two political events and made an overseas trip. Now, I am not complaining about her doing those things, but I am making the point that if she has time for that, she has time to do her statutory duty, which is to appear here.

What's worse is that I think our colleagues across the aisle don't seem to want to hold Biden appointees accountable, and I think it is this woeful neglect of the law that is at the expense of the American people's view of it that is going to take its toll.

With that, let me begin my questioning. Secretary Fudge, welcome, by the way. One of the largest drivers of housing affordability is the lack of affordable housing. Specifically, during the

pandemic, we have seen the impact of low housing stock on home prices. According to the National Association of Home Builders, and the National Multifamily Housing Council, regulations imposed by all levels of government account for an average of 32 percent of multifamily development costs. In fact, on a quarterly basis, that number is at least 42 percent.

What is HUD doing to eliminate or minimize these kinds of costs to multifamily developments?

Secretary FUDGE. I have had an opportunity to meet with the Home Buyers, and certainly, HUD is not responsible for the cost of lumber or plastic or anything else. But what we are trying to do is to assist Commerce and other agencies who look at the supply chain.

My colleagues, for many, many years when I was here, talked about the free market. It is a free market. That is what we are dealing with. And so, there is nothing that HUD specifically can do to bring down the cost of housing—

Mr. LUETKEMEYER. Is there something—

Secretary FUDGE. —other than through the programs you all have approved to get funding, whether it be the Housing Trust Fund, whether it be CDBG, whether it be HOME—

Mr. LUETKEMEYER. Okay. My time is running short here. I apologize. My question is, 32 percent of the multifamily housing costs are development costs, and 42 percent in other cases. So, the number is huge on rules and regulations. Is there something that you think you can do to help minimize that?

Secretary FUDGE. Well, that is what I was saying. We are trying to provide gap financing. Let's just say that a cost of a home now is \$32,000 more than it was a year ago. Through things like HOME, things that Congress has approved—HOME, through low-income housing tax credits, through all of the other things, the tools you have given us, we can at least bring down the cost for the end user. We can't bring down the cost of the unit itself.

Mr. LUETKEMEYER. Well, that is problem. The building costs—

Mr. GREEN. The gentleman's time has expired.

Mr. LUETKEMEYER. —on the front end are where the costs are, and we have to minimize that somehow—

Mr. GREEN. The Chair—

Mr. LUETKEMEYER. —and we should—

Mr. GREEN. —will now recognize the gentleman from Massachusetts, Mr. Auchincloss, for 5 minutes.

Mr. AUCHINCLOSS. Thank you, Mr. Chairman, and welcome, Madam Secretary. I did not have the pleasure of working with you in Congress, but I am looking forward to working with you in your new position, especially as housing is probably the single-biggest issue in the district I represent, the Massachusetts 4th. I represent a socioeconomically-diverse district where, in the inner suburbs of Boston, housing prices can be well above \$1 million, and in the southeastern part of Massachusetts, less than a fifth of that. But north and south of the district, housing is always at the top of people's minds, and we have seen double-digit increases in the price of housing over the last several years.

And I am pleased that Massachusetts has started to step up in this area. Late last year, the State legislature passed the Housing

Choice Bill, which reduced from a supermajority to a simple majority the vote count required for zoning boards to approve special permits, to make it easier to build housing at the local level. It is not exhaustive but it is a good first step to alleviate the pressure in the housing market, especially in the parts of the district where demand greatly outpaces supply and zoning has become really exclusionary.

Understanding that HUD cannot directly change zoning laws, are there other steps that you would like to see Massachusetts and the other States of the union, in your experience working on housing for so long, do to encourage more housing through statutory changes?

Secretary FUDGE. Yes. We know we can't change it but we are having discussions. We are trying to find ways to even just bring to their attention some of the ordinances that they may have that are detrimental. As a mayor, I didn't go back and look at things we did 30, 40, or 50 years ago. But when someone brings to my attention, "You know what? If you just change this one small thing, that may bring down the cost of housing." So, we are having those discussions.

But we are also trying to say to them that we have, through Congress, increased funding in our Housing Trust Fund, which is designed to assist with building or providing housing for low- and moderate-income people. Use those resources to help you make that housing affordable.

We have CDBG and HOME money—HOME money is very, very flexible—that can provide some resources to assist the end user. Let's say that it costs them—and I am using a small number, obviously—\$50,000 to build a home, but the average person, the low- or moderate-income person, can only afford \$40,000. We can make up that \$10,000 difference.

So, there are tools that Congress has given us that we can use. It is just that we need the local communities to help us do it.

Mr. AUCHINCLOSS. And Madam Secretary, can we work with your office on that, as we explore housing issues?

Secretary FUDGE. Absolutely.

Mr. AUCHINCLOSS. Thank you. Now in the southern part of my district, the City of Fall River is registering abandoned housing and working with the State to bring that housing up to code. And there are many communities that are working hard to return these kinds of abandoned properties to clean and habitable places to live. Are there programs that HUD is pursuing that make it easier for cities like Fall River to upgrade abandoned properties and turn them into habitable places to live?

Secretary FUDGE. Yes, we have all kinds of low-income housing, if that is what you are asking me. And if you just call our office, we can give you all the information that you need, because a lot of times, small communities don't even know what is available. We would be happy to do it.

Mr. AUCHINCLOSS. I appreciate that, Madam Secretary. And then the final question I want to build off of is what the gentlewoman from Michigan was asking before her time expired, that the chairwoman has proposed a transformative series of bills, including Housing as Infrastructure, and I want to give you the opportunity,

Madam Secretary, to just tell this committee what you think this funding and this policy put forward by the chairwoman could do for housing stability and housing access in the country?

Secretary FUDGE. Well, if you would allow me, I won't discuss the various parts of the legislation, but I will say to you that housing is probably the number-one crisis in this country today. And whatever it takes for us to start to address it, I don't know if it is that piece or a lot of pieces of legislation. But if we do not address this crisis now, it is just going to continue to get worse.

Housing was a crisis before COVID; all COVID did was to lay bare how big of a crisis it was. And if we do not take this opportunity to invest in housing, as we have not done in generations, we will never be able to catch up.

Mr. AUCHINCLOSS. Thank you, Madam Secretary, and I yield back the balance of my time, Mr. Chairman.

Mr. GREEN. The gentleman yields back. The gentleman from South Carolina, Mr. Timmons, is recognized for 5 minutes.

Mr. TIMMONS. Thank you, Mr. Chairman. Secretary Fudge, congratulations on your new position, and thank you for being with us today.

I want to begin by associating myself with my colleague, Representative Beatty, when she said that you are not accountable for the actions of Secretary Yellen. She is right. You are not directly responsible for the administration of the emergency rental assistance dollars. But I think we can all agree that this is a critically important issue, and since Secretary Yellen is not here and will not appear before this committee before the eviction moratorium expires at the end of the month, it is our responsibility to do whatever we can to push this issue to the forefront.

I also think that we can all agree that there remains a great need to get these dollars not just in the hands of State and local governments, but actually to the intended targets: renters and their landlords. We can all surely agree that is the goal.

Mr. Hill said earlier that the legislation was drafted in a way that does really put the onus on State and local governments to run this program, and we can see that they are just not doing a very good job. You also said earlier that our job is to provide oversight, and we are trying to do that but it is just not working. The dollars are not getting where they need to go. And obviously, we know time is running out.

You also said earlier that you don't even know how much money has actually made its way to the tenants who are in need, and you have only been on the job for a few months so that is not your fault. But we need to find out, and we need to get this done quickly.

So my question is, can you help us find out just how much of the \$40-plus billion we appropriated has reached its intended target, and can you please help get these resources where they need to go?

Secretary FUDGE. Yes, I will do everything I can to make sure you have it. I will get in touch with Treasury to see if I can get those numbers for you, as well as yes, we are continuing to talk. We do have oversight but we just can't demand.

Mr. TIMMONS. I have only been here for 2½ years. You have spent more time in this body than I have. So, what else can we do that we are not doing?

Secretary FUDGE. One of the things that I did when I was a Member of Congress was, I would go and talk to my State and local people, and tell them what needed to be done. I was proactive in making sure that they knew what was happening, so I didn't sit back. I really went and took the initiative to say to them, "If you don't do this, you are failing your own constituents." As Members of Congress, you all have constituents. I have them too. They are people who live in housing that we support. And so, we do the best we can to make sure we can be helpful.

Mr. TIMMONS. Maybe if there are any resources that you could provide to give us best practices on how to actually achieve these objectives, I would really appreciate that. And I just want to say thank you for your help in achieving this very important objective.

I want to switch gears to vaccine hesitancy. During your exchange with Mr. Cleaver, you ran through the Biden Administration's efforts to vaccinate Americans living in public housing against COVID-19, and I appreciate those efforts. I have been telling everyone in my district who wants to get a vaccine, that they need to get one, because we have to get back to work and we have to get on with our lives.

So, I want to go to some of the words that we heard during the election. I guess Vice President Harris, then candidate Harris, said, "If past is prologue, the scientists and health officials will not be able to weigh in on the efficacy of the vaccine. They will be muzzled. They will be suppressed. They will be sidelined."

So when we look at the vaccine hesitancy amongst demographic groups, we see that rates, particularly in African-American communities, are not where they should be. My question is, what can we do to help fix this problem? What can we do to help repair the trust in government?

Secretary FUDGE. Well, there are a couple of things. One, obviously, is there is a justified distrust by African Americans of the government, because even today, more Black women die in childbirth than any other color. More doctors ignore problems that Black people have than ever before. And so, there is a justified distrust, especially in medicine.

But I think that what we have to do is go to the people, which is something that we historically do not do. It does not bother me to go into a public housing facility and talk with them about getting the shot. Because I think that when people they trust talk with them, whether it be their pastor, the college coach, the high school coach, people like me, people like you, I think that they have a different outcome. And so, I am hopeful that all of us will realize how important it is to have one-on-one conversations. I think that can turn the tide.

Mr. TIMMONS. Well, I hope that everyone who wants a vaccine can get one as quickly as possible, because we do need to get back to work. That is the only thing that is going to help get our economy back on track. So thank you, Madam Secretary, and Mr. Chairman, I yield back.

Mr. GREEN. The gentleman yields back. The gentlewoman from North Carolina, Ms. Adams, is now recognized for 5 minutes.

Ms. ADAMS. Thank you, Mr. Chairman. "Madam Secretary," what a wonderful sound that is. First of all, I want to say what a pleasure it is to have you here today. I was honored to serve with you in this body, and I am grateful for your excellent leadership at HUD, and I thank you for showing up in my district when we asked you to speak.

Secretary FUDGE, you touched on Section 8 vouchers and source-of-income discrimination. Currently, in my district, there is an 11-year waitlist to receive a voucher, and what's worse, 21 percent of the families in my district who received the voucher were unable to find housing by the time the voucher expired, which is 180 days.

Can you describe why it is so important that we move swiftly to end source-of-income discrimination nationwide, and what is the possibility of expanding that 180 days and also issuing more vouchers?

Secretary FUDGE. Well, three things, and thank you so much. It is nice to see you as well.

Source-of-income discrimination has been around a long time, even just Social Security. We have people who—and it has always been a little crazy to me because they know they are going to get a check every month, so I have never been able to understand why there were these issues.

But what we are finding more and more is that because of the lack of supply, people are not accepting these vouchers, because they know they can make so much more. So, we need to expand the base of rental properties. You can have thousands and thousands of vouchers, but if there is no place for them to use them, because people are upset because they get Social Security or they get some kind of disability check or some other kind, we do need to find a way to legally prevent source-of-income discrimination. We have been talking about it within Fair Housing. We are trying to find a way to do it. And as we get further in our discussions, I would be happy to talk to you about where we are.

Ms. ADAMS. Okay. Great. Your 2020 budget calls for \$100 million to support public housing conversions to a Section 8 platform under the rental assistance. So, can you explain a little bit how HUD, under your stewardship, will administer the rental assistance in such a way that long-term affordability and public oversight is maintained and the residents are not at risk of losing stable housing that they can afford?

Secretary FUDGE. There is no circumstance by which RAD or any other program would be totally privately-controlled. Generally, it is a 40/60 split, for the most part. There is a RAD project right here in Maryland that I would love for you to take a look at, at some point, and we will get you the information. But trust me very, very clearly on this, I will never, ever allow the privatization of public housing.

Ms. ADAMS. Thank you, ma'am. I would also like to take this time to say that my bill, the Promoting Resident Opportunities and Self-Sufficiency Act would help ensure that residents who live in housing units that are converted by RAD would still receive critical congregant housing services.

As you know, Black borrowers rely on and obtain FHA and VA mortgage loans at much higher rates than conventional loans guaranteed by Fannie Mae and Freddie Mac. In 2019, about 37 percent of Black home buyers bought homes using the FHA mortgage insurance program. Despite the fact that FHA is overwhelmingly serving Black borrowers, the overall homeownership gap is still wider than it was in 1968. So, do you think that the conventional market, including Fannie Mae and Freddie Mac, could do a better job of serving more borrowers of color, to help narrow that overall gap, and do you have any ideas on how that might be done and what role HUD could play?

Secretary FUDGE. We absolutely can do a better job, and we will do a better job. We are right now looking at how FHA determines creditworthiness. We are looking at how FHA determines which mortgages they want to do. We are looking at small-dollar loans. We are taking every single thing out of the box, because HUD has been as much a problem through FHA and GSEs as anyone.

Ms. ADAMS. Great. Thank you, Madam Secretary, for being here, and Chairwoman Waters, I want to thank you for inviting the Secretary to come and address this body. And certainly, if there is anything my office can do to assist you, please reach out to us.

Madam Chairwoman, I yield back.

Chairwoman WATERS. Thank you very much. The gentleman from North Carolina, Mr. Budd, is now recognized for 5 minutes.

Mr. BUDD. I thank the Chair, and Madam Secretary, congratulations on your new role.

Secretary Fudge, this is a bit of a follow-up from a prior colleague. It seems like funds that are spent on infrastructure development would go a lot further if they were paired with regulatory reforms that reduced the cost of construction. Fair enough.

Secretary FUDGE. Fair enough.

Mr. BUDD. According to the National Association of Home Builders, and also the National Multifamily Housing Council, up to 30 percent of the cost of new construction, so the cost of development of housing, is due to regulations at the Federal, State, and local levels.

When you weighed in earlier, it is my understanding that you said that HUD can't really help with State and local regulations.

Secretary FUDGE. Zoning.

Mr. BUDD. HUD cannot, right?

Secretary FUDGE. I said, zoning.

Mr. BUDD. It was zoning. Okay. Just a small part of the regulations.

Here is what is going on in my district, and I imagine in many of our districts. People are having a hard time affording housing. There is no ability to help. You are sending money for bike paths, and pools, and tree planting. Now in some world, that is actually a fine idea, but not now.

I am concerned that you have a tremendous ability to make housing more affordable. You could make funding conditional on lower regulations at a State and local level. But is there anything you can do to reduce a single regulatory hurdle that would lower the cost of housing for regular Americans?

Secretary FUDGE. Let me just first say that I don't send out money to pools. Communities do that. Secondly, I would say to you that, as I have said earlier, we do not control States. We control what we control based on the law. We are always going to follow the law. But tomorrow, somebody will be asking me why we are trying to control what their States do. What we do is what you have authorized us to do. That is what—

Mr. BUDD. Thank you. I am going to reclaim my time. And what I see is that we have a tremendous influence here in how the Federal Government works with States. Of course, we want to preserve the rights of States and the strength of States and regulations, but we want to make sure to properly steer people to properly use Federal taxpayer dollars. I think we all could agree with that. Thank you. And we certainly want to lower the cost of housing for average, every day, sometimes they feel like they are the forgotten Americans out there.

Well, I want to continue on. It is no secret that America has a housing supply shortage. President Biden's plan is to build, preserve, and retrofit more than 2 million homes and commercial buildings to address the affordable housing crisis. However, that initiative attempts to merge the building of new units with existing units, sort of an upfit. Preserving or retrofitting a unit might be good for its current occupant, but that is no substitute for creating a new housing unit that meets an unmet need.

And this is an easy math question here: How many new units of housing are created when an existing home or housing is retrofitted?

Secretary FUDGE. Well, obviously none, but that is not what the President did. The President asked for 2 million new units and retrofitting 500,000.

Mr. BUDD. So, we are spending a lot of that \$213 billion on retrofitting, thus not creating new units, or creating less than otherwise could have been. So of the \$213 billion the Biden infrastructure proposal wants to spend, what sort of percentage should be devoted exclusively to the building of new housing units? You can give that to me in a dollar sign or a percentage, either one, of the \$213 billion.

Secretary FUDGE. It is not broken down at all. It is just a top-line number, which I think all of us know.

Mr. BUDD. So do you think that some should be devoted exclusively to the building of new housing units?

Secretary FUDGE. Absolutely.

Mr. BUDD. Thank you. Slightly different question before I yield back, and just getting details on this and still awaiting more information, I understand that three HUD nominees are on the record supporting Defund the Police efforts. Is that something that you would support nominees to support, defunding the police?

Secretary FUDGE. First off, I don't know if that is accurate, because I don't know.

Mr. BUDD. And we are still getting details on that. But if that were to come up and they were on the record for supporting Defund the Police, is that something that you would support?

Secretary FUDGE. That is not my decision, sir. That is the decision of the U.S. Senate.



Mr. BUDD. So you would not weigh in on that, if that was something they were supporting?

Secretary FUDGE. I would not weigh in.

Mr. BUDD. Okay. Thank you. I yield back to the Chair.

Chairwoman WATERS. The gentlewoman from New York, Ms. Ocasio-Cortez, is now recognized for 5 minutes.

Ms. OCASIO-CORTEZ. Thank you so much, Chairwoman Waters, for convening this important hearing, and thank you, Secretary Fudge, for coming before us today and sharing your expertise and knowledge.

And I think hearing a lot of these question lines from the other side of the aisle, it kind of feels like Groundhog Day, right? The same two or three things that we are hearing over and over and over again. And I think that there is some confusion, or perhaps some of this information that you are trying to communicate isn't quite getting across.

So, I want us to talk about the Emergency Rental Assistance Program. For folks who are just tuning in at home, this was developed in response to the crisis that we had due to the pandemic. We had massive spikes in unemployment due to shutdowns, and people were at risk of losing their homes and being evicted. So, Congress authorized a total, in two sums, of about \$46 billion in emergency rental assistance to get to tenants and landlords to help cover the rent during this time.

The issue that we have is that the CDC's eviction moratorium is set to expire in 11 days, and out of this \$46 billion that we have authorized, and that has been provided in emergency rental assistance, very little of that has gone out. Now again, as you have communicated throughout this hearing, this is not under the domain and not due to any bottlenecks at HUD, but you would say that this is due to State and local municipal governments, correct?

Secretary FUDGE. Correct.

Ms. OCASIO-CORTEZ. The checks have gone out. That money has been disbursed. And the reason for the holdup is because governors, mayors, municipal governments are not getting it out to people, correct?

Secretary FUDGE. Correct.

Ms. OCASIO-CORTEZ. So all of this hubbub about wanting to talk to the Treasury Secretary, and you being right before us with your expertise, I think they are trying to address the wrong folks in this bottleneck. Would that be a fair assessment to make?

Secretary FUDGE. Yes.

Ms. OCASIO-CORTEZ. Thank you. And so, respectfully, if my colleagues are concerned about these bottlenecks, they need to get their governors on the phone, they need to get their mayors on the phone. Would you say that is correct?

Secretary FUDGE. Yes.

Ms. OCASIO-CORTEZ. And I would beseech my colleagues, if they represent a State where their governor is of their same party, to be unafraid to hold your own party governors accountable. I say this as a person who does that within my own party.

Now, what I will say, that I would like to engage with you on today, is that I am concerned about some of the communications happening with the Biden Administration regarding the eviction

moratorium date. The eviction moratorium is set to expire within 11 days, and whether it is in Federal control or not, the money to help people has not gone out.

So my question to you is, in your view, should this eviction moratorium be extended?

Secretary FUDGE. If I may say this, Congresswoman, I think you are going to see significantly higher numbers of usage by the end of this month. I can't speak for the CDC, and the only reason it is being extended is because the CDC has said that there is a health crisis. So, I don't know that really it is something that can be done, if, in fact, we believe that we are coming out of COVID.

So I would just suggest that, as you said, all hands on deck.

Ms. OCASIO-CORTEZ. Okay. Thank you. And while I know that this isn't quite under HUD, we do know, and this has come up during the course of this hearing, that housing is a profound social indicator of health, correct?

Secretary FUDGE. Yes.

Ms. OCASIO-CORTEZ. And would it be fair to say that if, for whatever reasons due to the emergency rental assistance not coming out in time, if this resulted in a large population of people being evicted due to this mismatch in timing and fund distribution, could that precipitate almost a secondary public health crisis and concern due to displacement and homelessness?

Secretary FUDGE. Certainly, it could.

Ms. OCASIO-CORTEZ. And do you believe that the CDC should potentially consider housing status as an indicator in health and public health?

Secretary FUDGE. No, I think that every single person in America should be trying to figure out how we keep people in their homes. Those are discussions that I know will come up with the CDC, but I am certainly hopeful that we will not have to face that.

Ms. OCASIO-CORTEZ. Of course. Thank you very much.

Chairwoman WATERS. Thank you. The gentleman from Wisconsin, Mr. Steil, is now recognized for 5 minutes.

Mr. STEIL. Secretary Fudge, thank you for being here with us today. I think it is important to note that one thing was left off in our most recent conversation, and that is that the CDC's moratorium on evictions has been found to be unconstitutional by two courts. So we are heading down the railroad tracks here, and the bridge is out. And my concern is that by saying that HUD has done its job but the States have been slow, that is not a lot of solace to an individual in Racine, Wisconsin, in my district, or in a city across the United States who finds themselves out of their home because the funds haven't made it all the way from HUD through the States to that individual or to their respective landlord.

And one of my real concerns is that the Biden Administration has rewritten the guidance and the rules on this 4 times. They rewrote it in February, they rewrote it in March, they rewrote it in May, and they rewrote it in June. And so, I have real concerns that we are heading down this railroad track with the bridge out, the moratorium has been ruled unconstitutional. And although HUD has, as you, I think, correctly noted, made those funds available to the States, the States haven't acted. I would note that the rewrit-

ing of that guidance by the Biden Administration gives me great pause for concern.

But let me shift gears and dive into an issue that I have great concern with, which is the impact of rising costs on American families. It is hard to ignore the fact that prices have continued to increase, and they are increasing at a rate faster than we have really seen since 2008. I think we know why this is happening. Washington has dramatically increased spending, and the Fed continues to push an aggressive monetary policy. And as a result of these misguided government schemes, like paying people not to work, supply chain and labor force problems are taking even longer to resolve.

And as I discussed with Fed Chairman Powell last week, this might lead to a reset of our inflation expectations, creating a self-fulfilling prophecy driving higher inflation, which means more uncertainty and higher prices for American families. And these price increases flow directly into housing costs. Rising material costs have added \$36,000 to the price of a new home. Nationwide, home prices are up 14 percent in the past year. And it is not just economists they are talking about. The American public is feeling it. I talk to people on a regular basis who stop me in the grocery store and talk to me about the impact of the rising cost of groceries, but also the rising costs for them to live their lives.

And so, as I read your testimony today, the word, “climate,” appears in your testimony 5 times, “equity” appears twice, but I find it a little bit interesting as I read that you failed to mention the word, “inflation” once out of 1,300 words in your written opening statement. And I worry about this Administration’s misplaced priorities, which I think are out of step with American families.

To be direct for a question here, have you or HUD done analysis on the impact of rising costs on working-class Americans and their ability to purchase a home?

Secretary FUDGE. Let me first say that every reputable economist in this country has said that inflation will be temporary only, and that it is not something to be concerned about. And secondly, let me say that two courts have found the CDC’s moratorium unconstitutional, but two have found it constitutional, and the Supreme Court of the United States let it proceed.

Now as it relates to the cost, yes, we are looking at the cost. That is what we do.

Mr. STEIL. What is that showing? As costs have gone up—for a new home, it has increased \$36,000. What have your studies said about that?

Secretary FUDGE. The Home Builders told me it was going up because of the cost of goods and services. I believe them.

Mr. STEIL. Let me then shift gears into how the policies of demand-side subsidies, I think, will also increase prices. I think one is the Biden Administration’s policies and the aggressive spending we are seeing in D.C. is increasing the prices. It is showing up—the economists that you are speaking with—it is making homes more difficult and more out of reach for the average American.

But also, as we look at the policies being put in place, increasing demand-side prices—you mentioned in your testimony your support for more vouchers and other subsidies to challenge renters. I know

Chairwoman Waters has also proposed expanding the voucher program to make it an entitlement. And I am concerned that broad demand side subsidies fail to address one of the underlying problems in our housing market, which could be the fact of a lack of supply. And it seems like we should be working to encourage developers to build more homes.

What is, in your opinion, is getting in the way of increasing the supply?

Secretary FUDGE. There are so many it would take me an hour to have that conversation with you. And I think, sir, just to be honest, that your assessment is really very unfair. You know that there are many issues as to the cost of housing as well.

Chairwoman WATERS. The gentleman's time has expired. The gentleman from Illinois, Mr. Casten, is now recognized for 5 minutes.

Mr. CASTEN. Thank you, Madam Chairwoman. Secretary Fudge, so nice to see you here. Congratulations. We are fortunate to have you at the helm of HUD.

This won't surprise you: I would like to talk about climate change, and specifically that the 2022 budget proposes \$800 million for targeted investments in energy efficiency and resiliency in the housing sector. And this is through the Biden whole-of-government approach to climate. And I am so excited to finally have a White House that is taking a whole-of-government approach. It is maddening to me that we subsidize energy extraction in this country and we also subsidize energy conservation. It is amazing that we get anything done when we are driving in the same direction.

My first question, and this could be very long but I want to get to two more questions, so if you could just—I am just curious if you are satisfied that within the silos within HUD, you are coordinating and rowing in the same direction, and across the other various government agencies? Because we have never really had a whole-of-government approach to climate change before. And are you satisfied that you have the tools you need to coordinate and make sure that we are rowing in the same direction? Is there anything we can do to help, if not?

Secretary FUDGE. We just hired one person whose sole responsibility is climate and working across agencies. So, I am feeling good about the fact that we recognize that we have elevated it and are giving that person the staff that they need, to make sure that we can do this right.

Mr. CASTEN. Terrific. Well, let us know if we can help.

Second question. When I was with the President when he was out in Illinois 2 weeks ago, we had a brief conversation about the fact that there is that which is necessary, scientifically, for us to leave a better planet to our children than the one we inherited, and there is that which is politically possible. And over the course of my lifetime and my brief tenure in this job, I think we have twisted our arm an awful lot congratulating ourselves for doing what is politically possible. And if you are comfortable answering the question, I am curious whether \$800 million of investment in our housing stock for resiliency and efficiency meets all of your needs, or is that just the limit of what is possible?

Secretary FUDGE. It certainly doesn't meet all of the needs. I don't think that any of us believe that it does. But what we do know is that it is a great place to begin. It is more than we have ever put in it. It is more than we have ever done as a nation, especially when we have Members of this Congress who don't even believe in climate change.

So we are doing the very best we can to really make a mark, and to set the example for what we can do if we put the kind of resources in it that it really needs.

Mr. CASTEN. Okay. My last question ties into a number of issues. My colleagues have heard me say before that the CFTC, in the Trump White House, issued this report managing climate change in the financial sector, which pointed out, among other things, that there is a huge concentration of exposure in the collateralized mortgage-backed securities market. I think it is something like 25 percent of all of that portfolio is in Houston, New York, and Miami, that are exposed to massive losses, and how should we be thinking about that.

Now, that is obviously a bit outside of your agency, but as the frequency of these natural disasters increases, the CDBG Disaster Recovery Program has become an increasingly important portion. In 2017, natural disasters caused \$306 billion, with a "B," in damages in the United States. But as I don't need to tell you, that program has never been authorized. So you have to come back for a Federal Register notice for each one-off appropriation.

How would permanent authorization of that program better help you do your job and better help communities recover after a disaster?

Secretary FUDGE. It would help significantly. It would allow us to move quicker. It would allow us to assess faster. Because right now, we do have to come back for authorization. It would be tremendous.

Mr. CASTEN. Thank you. I have no further questions. I appreciate your time, and I yield back.

Chairwoman WATERS. Thank you. The gentleman from Texas, Mr. Gooden, is now recognized for 5 minutes.

Mr. GOODEN. Thank you, Madam Chairwoman, and welcome, Madam Secretary.

An overwhelming amount of HUD funding to address homelessness goes to continuum of care boards, and those boards are responsible, as you know, for providing a holistic approach to end homelessness, including housing, soup kitchens, mental health, job placement, et cetera.

It is my belief, based on conversations I have had with some in my local area, that many of them—not all, but many—operate as homeless cartels, if you will, with little oversight. The White House and HUD requested roughly \$3.12 billion for continuum of care programs next fiscal year, and as an example of what I just stated, recently a grand jury in Fresno, California, criticized the COC model because it lacks transparency and is rife with conflicts of interest. Additionally, a report from the California State Auditor confirmed the lack of oversight and effectiveness of continuum of care boards. The grand jury also mentioned the same people who control

these board funding allocations are the same people in charge of the organizations receiving the funding.

Do you feel, Madam Secretary, that there are adequate measures in place to provide effective oversight of these boards and prevent waste, fraud, and abuse?

Secretary FUDGE. I do, but I also do believe, as well, that we could do better.

Mr. GOODEN. Does HUD have any plans to improve these? Is there a plan of action in place? I would also ask, would you agree that allocating funding by some of these board members who may also sit on the boards of a nonprofit could be a conflict of interest?

Secretary FUDGE. If there are conflicts of interests, of course it would not be appropriate.

Mr. GOODEN. Wonderful. Would you commit to perhaps working with my staff on this?

Secretary FUDGE. Absolutely. I would be happy to do it.

Mr. GOODEN. That would be great, and I appreciate that.

Moving on, one I constantly hear from local leaders in the rural parts of my district is they often feel left out or forgotten when working with Federal agents to address housing issues, and by some estimates, writing a single Federal grant application takes a nonprofit an average of between 80 and 200 hours, and many jurisdictions do not have the staff or resources to even apply, let alone compete. Would you care to comment, or would you comment specifically on plans that your organization may have to reduce that burden and make it easier for small, rural localities, like those in my district, to receive grants?

Secretary FUDGE. That is a major problem. That is also one of the reasons we don't have the emergency rental money out as fast either, because smaller communities don't even know how to get it. They don't have the capacity, once they receive it, to figure out how to quickly move it through the system.

So we are working with rural and small communities, particularly through technical assistance. I even met yesterday with the League of Cities. We are doing all we can to be sure that we get to those communities, because they get left out. I agree with you, 100 percent.

Mr. GOODEN. Thank you. And before I close, I would like to congratulate you and welcome you. My friend, Congresswoman Jahana Hayes, was sitting behind you, supporting you, so I think you are missed by many of your colleagues. Welcome. Thank you.

Secretary FUDGE. Thank you.

Mr. GOODEN. I yield back.

Chairwoman WATERS. Thank you. The gentleman from New York, Mr. Torres, is now recognized for 5 minutes.

Mr. TORRES. Thank you, Madam Chairwoman. And it is always a pleasure to see you, Madam Secretary. I hope that your nephew, who cares as deeply about the New York City Housing Authority (NYCHA) as I do, is doing well.

As you know, the state of public housing has been plagued by decades of disinvestment at the hands of the Federal Government. I would characterize the state of public housing in New York City as demolition by neglect. And the fate of the New York City Housing Authority, the fate of America's largest public housing stock in

America's largest city will depend on what we do collectively in the upcoming reconciliation bill.

NYCHA needs enough funding not only to address a capital need of \$40 billion, and counting, but also to transition to clean energy building systems.

A central figure in the future of NYCHA is the HUD Regional Administrator, a position that remains vacant. What is the timeline for appointing a new HUD Regional Administrator specifically for Region 2?

Secretary FUDGE. I know that it is in the process that is done by the White House Personnel Office, but I don't know the timeframe.

Mr. TORRES. Fair enough. On January 1, 2022, a new mayor of New York City will assume office. The mayor historically has been in charge of the New York City Housing Authority, by virtue of appointing both the CEO and the COO, the chair and the general manager. But as you might know, the relationship between the mayor and the Housing Authority was fundamentally altered by the administrative agreement among HUD, the U.S. Attorney for the Southern District, and the City of New York.

Given the certainty of a new mayor in January of 2022, does HUD have any plans to restore mayoral control of the New York City Housing Authority?

Secretary FUDGE. I would really need to look into it. I do know that there is Federal oversight. I do know, as well, in my conversations with the Tenants Association there that they have some concerns as well that we need to take into consideration. I don't have a problem with it personally, but I need to know if we can do it legally.

Mr. TORRES. Fair enough. The President has proposed over \$200 billion for affordable housing. When the subject of affordable housing is brought up, the question that often comes to mind is affordable for whom? And a concern that I have expressed is that if we expand housing supply without expanding housing subsidy then we run the risk of creating housing that is unaffordable to the lowest-income Americans. In my view, the best path to affordability for all Americans is the Ending Homelessness Act, which would universalize Section 8 vouchers.

Of the \$200 billion that the President has proposed for affordable housing, how much do you envision going towards Section 8?

Secretary FUDGE. None of that, but there are set-asides, and he is requesting 200,000 vouchers, in addition to the \$200 billion for new housing.

Mr. TORRES. So, that is in addition?

Secretary FUDGE. Correct.

Mr. TORRES. The Fair Housing Act—we often speak about systemic racism, and I would argue nowhere is systemic racism more manifest than in the area of housing, segregated housing, segregated schools. Do you think that exclusionary zoning laws are arguably a violation of the Fair Housing Act?

Secretary FUDGE. I am not sure, but I would suggest this: It is a violation of everything we stand for.

Mr. TORRES. The Administration recommends grants incentives for States to adopt land use reforms. Are you concerned that incen-

tives can only take us so far, and that there might need to be enforcement of the Fair Housing Act?

Secretary FUDGE. I would say, as a former mayor, I know how touchy that subject is with local communities, because they don't believe that the Federal Government should come and tell them how they should zone. But I really do believe, Mr. Torres, that it is a problem, and we have to address it. And I am going to look at it from the law, and see if there is something that we could do with Fair Housing. I think that it is a good way to approach it. We will take a look.

Mr. TORRES. No, I know that there is resistance, but keep in mind that historically, there has been resistance to Federal intervention when it comes to voting rights. States and localities would prefer to enact voting laws without any accountability to the Federal Government. But the reason for a Federal role is to crack down on the complicity of States and localities in systemic racism. So, I hope that is something you would explore in greater detail.

Secretary FUDGE. We are looking at systemic racism all throughout HUD. Historically, systemic racism is in every single agency of the Federal Government, and we are no different. So, we are trying to address it.

Mr. TORRES. And obviously, public housing has been chronically underfunded. Have you thought about how to bring greater accountability to the operation and management of public housing? Is that a subject you have thought about?

Secretary FUDGE. Well, I have given it great thought, because of what I have found in my own travels, in talking with tenants, and I talk to tenants every place I go. So absolutely, I have given it a lot of thought.

Mr. TORRES. And what are your thoughts on the New York City Housing Authority?

Secretary FUDGE. Well, one thing that I think that we have to do is to be honest, to be transparent, and to do our part. We can't change it all, but certainly there are some things we can change, and we should.

Mr. TORRES. I see my time is about to expire, but it's always a pleasure.

Secretary FUDGE. My pleasure, indeed.

Chairwoman WATERS. Thank you very much. The gentleman from Florida, Mr. Lawson, is now recognized for 5 minutes.

Mr. LAWSON. Thank you, Madam Chairwoman. And Madam Secretary, welcome to the committee. It certainly is a pleasure to see you. I want to thank you, first of all, for the immediate action that you were able to take on some of the housing problems that I have in my district.

My question will probably come at the end, but what I want to say is that during my tenure as a coach at Florida State University, I spent a lot of time—because that is where the athletes were located—in New York, in Chicago, in Ohio, in Atlanta, and in many of those areas where they came out of major housing complexes. And there have been very little changes in some of the things that I noticed then.

I am more concerned about—and I know that we face a housing shortage here, but I am more concerned about the safety and the



problems that I have been experiencing with some of the management companies. And those management companies, I know, are getting Federal dollars to keep up the upkeep and everything else.

Could you elaborate on what condition—because I did with the last HUD Secretary and nothing much happened—what is a way that we can improve the relationship with management companies so they help keep up the properties, as so many, especially women, have to depend on with a kid, to be in very safe conditions?

Secretary FUDGE. Let me just say, first off, it is nice to see you, Mr. Lawson. That is our responsibility. We have 64 offices across this country. We have a staff of about 7,000 people, not nearly enough to do the work we do, but a big enough staff to do the work that we should do. We have to do our part. We have to make sure that our inspectors are doing their jobs, that our local people are doing their jobs, and we are doing our jobs.

And we also have to hold these management companies and landlords accountable, and let them know that we are not playing about this. We are going to make them keep up their end of the bargain, and we are going to keep up ours. It is all about leadership, and it is all about demanding that we do the work that the people are paying us to do, that we do the work that we have been charged to do by this Congress.

Mr. LAWSON. That is very good to hear. And I know this might have been addressed earlier, but I guess the key question in my last 2 minutes is, and I know you have elaborated on it some, what can we do in Congress? I have heard a lot of the other Members say that we need this, or we need that. And I know you are more familiar with what has happened in Congress over the years. But what can we do now, in Congress, to alleviate a lot of problems that would help you all do your jobs better?

Secretary FUDGE. I didn't hear the last part, Mr. Lawson.

Mr. LAWSON. To help you all, what can we do in Congress—

Secretary FUDGE. Oh, what can you do to help us? One thing is, of course, to give us the flexibility to do our jobs. I think it is important for people to understand, they don't like the word, "flexibility," but if you allow us to do the work we know needs to be done—we talk about regulations and restrictions, but some of those are on us too. So, we need the flexibility to do the work that we know that we should do. That is what we need you to do, is just be supportive.

The other thing, I think, the biggest thing to do is to fund us properly. At one point, HUD made up 7 percent of the entire discretionary Federal budget. Today, it is less than 1 percent, and the problem is just as great.

Mr. LAWSON. I think one of the things that happened, before my time runs out, that I noticed in the 4½ years that I have been in Congress, is that these issues come up about HUD, and there has been a reluctance to provide the resources it really needs. But when Members, myself and everybody, go back to their districts, they see the hardships. But at the same time, they don't realize that a lot of that has to do with what we do here, and why we are in Congress.

And with that, Madam Chairwoman, I yield back.

Chairwoman WATERS. Thank you very much, Mr. Lawson.

I would like to now thank our distinguished witness, Secretary Fudge, for her testimony today.

The Chair notes that some Members may have additional questions for this witness, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to this witness and to place her responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

And with that, I want to thank you so very much again, Secretary Fudge, and the hearing is now adjourned. Thank you.

[Whereupon, at 1:19 p.m., the hearing was adjourned.]

# **A P P E N D I X**

July 20, 2021

**STATEMENT OF  
THE HONORABLE MARCIA L. FUDGE  
SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
BEFORE THE  
COMMITTEE ON FINANCIAL SERVICES  
U.S. HOUSE OF REPRESENTATIVES  
PRESIDENT BIDEN'S FISCAL YEAR 2022 BUDGET**

**July 20, 2021**

Chairwoman Waters, Ranking Member McHenry, and distinguished Members of the Committee. Thank you for the opportunity to testify today in support of President Biden's 2022 Budget for the Department of Housing and Urban Development (HUD). The support of this Committee is critical to ensuring that every American has a roof over their head and can live in communities that are strong and resilient.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the COVID-19 pandemic public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. This Budget makes historic investments that will help our Nation build back better and lay the foundation for shared growth and prosperity for decades to come. Our request greatly expands assistance to low-income families currently served by HUD programs, increases assistance to targeted vulnerable populations—including persons experiencing homelessness and Native Americans—and revitalizes neighborhoods with distressed HUD-assisted housing and concentrated poverty. HUD's work is critical to the Administration's efforts to improve the quality of life of the American people.

**COVID-19 Pandemic**

The COVID-19 pandemic has created enormous challenges and difficulties for our Department and the people we serve. In the face of adversity and hardship, HUD staff in every region of the country continued to carry out the vital work of meeting the diverse needs of America's communities. HUD staff worked tirelessly to assist grantees and recipients of HUD assistance in their responses to the pandemic. While our nation is starting to turn the corner on COVID-19, we still have important work to do. In the months ahead, HUD will continue to play a critical role in the Administration's coordinated federal response to the pandemic—a response focused on protecting the health and well-being of the American people.

Many of the people living in federally-assisted housing have risk factors that make them particularly vulnerable to COVID. These factors include underlying medical conditions, race, and low incomes, along with racial and ethnic disparities in access to response, care, and treatment.

We are making sure that Federal, state, and local efforts reach those most at-risk of COVID and we are linking those efforts to people living in housing that HUD supports. The American

Rescue Plan is critical to our success in these efforts. Some of you may know that my last vote as a Member of Congress was for the American Rescue Plan Act of 2021. I was proud to vote for this historic legislation to get help to the American people during this moment of great challenge.

To meet this moment, we need to invest in our communities and our people. I believe that a budget is more than just a list of numbers; it reflects values and priorities. The 2022 President's Budget demonstrates the Administration's commitment to helping low-income families, seniors, and communities through the commitment of their federal government. For too long, housing needs have not been recognized as a national priority, resulting in a severe shortage of affordable housing and too many Americans unable to find a safe place to call home. This Budget begins to reverse that trend, investing in our housing infrastructure to meet urgent demand. I am proud to support President Biden's 2022 Budget and I look forward to working with you to meet urgent housing needs in all our communities.

### **President Biden's 2022 Budget**

The 2022 President's Budget requests \$68.7 billion for HUD, approximately \$9.0 billion more than the enacted level for 2021. The Budget outlines an ambitious agenda to address challenges our Nation faces, ranging from climate change to housing discrimination to ending homelessness. This funding further builds on the substantial resources provided in the American Rescue Plan (ARP). The priorities in the HUD Budget include:

- \$30.4 billion for the Housing Choice Voucher Program, which accommodates 200,000 new vouchers, prioritizing those fleeing from domestic violence and households experiencing homelessness;
- \$3.5 billion to provide housing and services to individuals and families experiencing homelessness, including a focus on survivors of domestic violence and youth experiencing homelessness;
- \$400 million to remove dangerous health hazards from homes, including lead, carbon monoxide, and radon;
- \$800 million in targeted climate resilience and energy efficiency improvements in public, tribal, and other assisted housing;
- \$85 million for Fair Housing programs, and increased HUD staff capacity to redress discriminatory housing practices; and
- \$2 billion for Management and Administration expenses, or about three percent of the proposed Budget, investing in critical staffing and information technology needs to strengthen HUD's capacity to deliver on its mission.

In summary, HUD's proposed Budget allocates budget authority across programs and for staffing and other management and administrative expenses. Most of the budget authority funds programs to help vulnerable, low-income households—many elderly or disabled—pay their rent. The Office of Public and Indian Housing (PIH), the Office of Housing, and the Office of Community Planning and Development (CPD) administer these programs.

This request dovetails with funds provided by the CARES Act of 2020 and the American Rescue Plan Act of 2021, which appropriated \$12.4 billion and \$10.8 billion, respectively, across

multiple HUD programs for urgently needed housing and services due to the COVID-19 pandemic. The 2022 President's Budget extends this comprehensive approach to address these challenges and invigorates the Nation's response through targeted funding increases and policy interventions, strengthening the Federal housing safety net, advancing equity, increasing access to affordable housing, addressing the climate crisis, and building HUD's capacity overall.

At HUD, we understand that our homes represent more than four walls and a roof. A good home can serve as a platform to spark economic opportunity and create healthier, more sustainable, and more inclusive communities. To further HUD's mission through this Budget, I have outlined five priorities:

- Strengthen and Broaden the Federal Housing Safety Net for People in Need
- Advance Housing Equity as a Means to Improve Housing Choices and Provide Greater Economic Opportunity
- Increase the Production of and Access to Affordable Housing
- Promote Climate Resilience, Environmental Justice, and Energy Efficiency Across the Housing Sector
- Strengthen HUD's Internal Capacity to Deliver on Mission

HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is actively strengthening the housing market to bolster the economy and protect consumers. We are helping meet the need for quality affordable rental homes through our programs. We work to improve our citizens' quality of life through housing as a platform. And we are building inclusive and sustainable communities free from discrimination, while transforming the way HUD does business. The Budget delivers on these promises, and I am pleased to share this request with the Committee.

### **The Path Ahead**

Under the President's leadership, America is getting back on track. We are turning the corner on the pandemic. Our economy is surging. More Americans continue to get vaccinated. Life in the United States is beginning to feel closer to normal.

For all the progress we have already made, we cannot simply return to the way things were before the pandemic and economic downturn. We must seize this moment to reimagine and rebuild a new American economy that invests in the promise and potential of every American and makes it easier for families to break into and stay in the middle class. We must build back better.

I know the President is committed—in his head and in his heart—to helping more people find a secure and dignified place to call home. In addition to the vital funding contained in his 2022 Budget, the President has called for historic new investments into our nation's housing sector. All told, his Build Back Better agenda would help build or restore more than 2 million affordable homes. I am honored to help champion his vision for the future of our country.

Chairwoman Waters, Ranking Member McHenry, and distinguished Members of the Committee, I look forward to working with you. Thank you for the opportunity to appear before you today to discuss my priorities for the Department and how the President's 2022 Budget and Build Back Better agenda will serve our most vulnerable citizens, increase the resilience of our communities, and forge a more prosperous America for generations to come.

###

WP

**Rent prices are soaring as Americans flock back to cities**

*33 percent rent increases and bidding wars on rentals are the new norm in some parts of America as reopening comes with big price hikes*

By Heather Long

July 10, 2021 | Updated July 10, 2021 at 7:36 p.m. EDT

Lauren Campos opened the door to her Phoenix apartment last week to find a note stuck in the door frame. Her rent was going up nearly \$400 a month, the note said, a 33 percent increase.

Campos and her fiancée read the letter in shock. The property management company gave them four days to decide whether to commit to stay or leave by the end of July. They spent the rest of the day poring over apartment listings online, only to realize they would either have to move or downsize from their two-bedroom place to a one-bedroom.

“It almost feels like there is nowhere to go. It’s just insane everywhere,” said Campos, 28, a lifelong Phoenix resident who has noticed a growing number of California license plates in her complex’s parking lot. “It feels like I’m being chased out of my own home, and it’s the worst feeling in the world.”

Rents are starting to surge in many parts of the country as the economy reopens and young people return rapidly to cities. On top of the influx of millennials and Gen Z renters coming back after staying with family or friends, people who can work from anywhere are still relocating to lower-cost cities, and the hot home sale market has caused some baby boomers to sell their family homes and rent again now that their kids are grown.

Nationwide, rent prices are up 7.5 percent so far this year, three times higher than normal, according to data from Apartments.com. Analysts expect rent prices to keep climbing for the foreseeable future, a major burden for renters and a warning sign that higher inflation could linger far longer than the White House and Federal Reserve keep predicting.

“I think we’re going to see increases for the next 12 to 18 months,” said Robert Pinnegar, president of the National Apartment Association. “We’ve never had three generations in the rental housing space, at least not in the numbers we’re seeing now.”

Demand for two particular types of rentals is especially high: single-family homes and apartments in smaller cities that have less inventory. Rents for single-family homes are growing at the fastest pace in 15 years, according to data firm CoreLogic. Parts of the country that used to be considered affordable are suddenly experiencing the kind of rent frenzy with bidding wars and surging prices that had previously been exclusive to mega cities like San Francisco and New York City.



“I tell my buyers: It’s a terrible time to buy, but it’s an even worse time to rent,” said Chey Tor, a Realtor at Re/Max Ascend Realty in Scottsdale, Ariz.

Phoenix is among more than a dozen cities that have seen over a 10 percent spike in rents in the past year, according to Zillow, a real estate website for sales and rentals. The top cities for soaring rents include Boise, Idaho, Riverside, Calif., Spokane, Wash., Tucson, Stockton, Calif., and Las Vegas — what Realtors have dubbed the “Inland West.” Realtors in these places say they have been inundated with calls from young people and families who want to relocate from pricier parts of California and Washington state.

San Francisco and New York City are among only a handful of cities where the typical rent price is still below pre-pandemic levels, according to Zillow, though there are signs of a rebound there, too. So-called “rent concessions” where landlords offer a month or two of free rent or waive the deposit have dropped sharply in recent weeks. In November, 60 percent of downtown urban listings on Apartments.com offered concessions. In June, just 35 percent did.

Jason Geroux, owner of 4:10 Real Estate in Phoenix, said he has managed rentals for nearly 15 years and never seen anything like this. His rental listings are often getting more than a dozen applications. People call him and offer to pay more than the asking price for the rental, effectively creating bidding wars on rental properties. On two recent listings, so many people offered to pay more money that he had all the applicants write down their best offer.

“Potential renters are saying, ‘Hey, what if I offer \$500 more a month?’ It’s just crazy stuff,” Geroux said. “For past 12 months we’ve seen supply going down and demand going up. It’s just caused things we haven’t seen before.”

Landlords in many of these inland cities are realizing the power they suddenly have. One of Geroux’s clients recently asked for a 50 percent rent increase. Geroux, an advocate for affordable housing, tried to talk the client to a lower amount, but he was not successful. Many cities outside the coasts do not have caps on how much rent prices can go up because they have never seen this kind of surge before.

If a renter is not willing to pay the higher rate, landlords are confident they can find someone else — or sell the property.

Nick Kasoff, a landlord of 15 properties in Ferguson, Mo., gets at least a call a day from investors asking if he is willing to sell one of his rental homes. So far, he has said no.

“I can’t even answer my phone anymore,” Kasoff said. “As soon as they ask for Nicholas, I know exactly what it is. No one calls me Nicholas unless they look me up on property tax records.”

For years, the United States has not had enough rental properties, especially affordable ones in urban areas. The problem is even more acute now as some building projects were put on hold during the pandemic and some rental homes were sold off this spring during the housing market boom.

Michael Kobold has been renting in Boise since he lost his home in the financial crisis of 2008-2009. A year ago, he was paying \$750 to rent a house with a big garage for his art studio. The rent jumped to \$1,450 this month. Kobold felt he had no choice but to pay it. He brought in another roommate to help split costs, but even with three of them now, money is tighter than it was before.

“If you leave, then you’ll end up out on the street,” said Kobold, who is 69. “The problem is all these people from California moving in here. They are paying for a house sight unseen.”

The trend of small and midsize cities seeing surging rents is different from in the past. According to Zillow, the last time rent increases nationwide were jumping this much was 2015 when San Francisco and San Jose topped the list of highest rent increases along with Denver, Honolulu and Portland, Ore. So far in 2021, none of those cities appear in the top 80 for rent increases, according to Zillow data through May.

The pandemic caused Americans to put a greater emphasis on wanting more space and a more reasonable cost of living. But as prices rise in smaller cities, especially in the Inland West and Sun Belt, economists and Realtors warn there will be unforeseen consequences, and it could take years before enough housing is built in these areas to alleviate price pressures.

“It’s hard to keep up with the demand shift in the housing market because building homes is slow and encumbered by a lot of red tape and geographic challenges,” Zillow chief economist Jeff Tucker said.

Wall Street is also starting to notice the high demand and low supply in the rental market and the potential profits that could be made. Private equity firm Blackstone recently purchased Home Partners of America, which manages about 17,000 rental homes, for \$6 billion. And J.P. Morgan Asset Management and American Homes 4 Rent announced a deal last year to build more rental homes, targeting the West and Southeast.

It is not clear yet what all of these trends will mean, but most economists and investors predict high demand for rentals for months to come. That is likely to push up inflation since rent makes up about 40 percent of the consumer price index that the U.S. government calculates each month.

The latest inflation data from May showed a modest 1.8 percent increase in rents for main residences, but experts think that could rise this summer and fall, especially given what they are seeing from sites like Apartments.com and Zillow. The fact that wages are rising at one of the fastest paces since the early 1980s also gives landlords confidence to hike rents.

“Core inflation could stick over 2 percent faster and longer in this expansion because shelter inflation should pick up,” said Logan Mohtashami, a former mortgage broker who is now lead analyst for HousingWire. “If we do really see wage growth at the bottom end, landlords will ask for more rent.”

In many parts of the country that have not seen this kind of rent pressure before, it is hitting especially hard — and making people worry that prices will keep climbing. The United States also has a growing number of people living on fixed incomes as they retire, making them especially hard hit by rent increases.

Pamela Porter, 68, lives in a one-bedroom apartment in a retirement community in Fort Worth. She just received notice her rent is rising by \$40 a month to \$780 — a 5 percent hike.

“I’ve noticed food prices going up. And gasoline. Oh my. That shot through the roof,” Porter said. She said \$40 may not sound like a lot, but “that increase could definitely impact my ability to buy groceries and buy my medicine. I’m not going to even mention car repairs. Life shouldn’t be this hard.”

7/20/2021

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HUD/IOH

RIN: 2502-AJ50

Publication ID: Spring 2021

Title: Mortgage Insurance for Mortgage Transactions Involving Downpayment Assistance Programs (FR-6150)

Abstract:

The Housing and Economic Recovery Act of 2008 (HERA) amended the National Housing Act to add a prohibited source clause, under section 203(b)(9)(C). This requirement prohibits any portion of a borrower's the minimum cash investment, as required by section 203(b)(5)(A) from being provided by: (i) the seller or any other person or entity that financially benefits from the transaction, or (ii) any third party or entity that is reimbursed, directly or indirectly, by any of the parties described in clause (i). While section 203(b)(9) prohibits assistance from a seller involved in the transaction, FHA continues to receive questions regarding the prohibition on persons or entities that may financially benefit from the transaction. In particular, FHA has received questions regarding whether down payment assistance programs operated by governmental entities are being operated in a fashion that would render such assistance prohibited. This rule would establish through rulemaking the circumstances in which governmental entities are deriving a prohibited financial benefit.

Agency: Department of Housing and Urban Development(HUD)

RIN Status: Previously published in the Unified Agenda

Major: No

CFR Citation: [24 CFR 203](#)Legal Authority: [12 U.S.C. 1702](#) [42 U.S.C. 3535\(a\)](#)

Legal Deadline: None

Timetable:

Action

08/03/2021

Date

FR Cite

NPRM

Regulatory Flexibility Analysis Required: No

Small Entities Affected: No

Included in the Regulatory Plan: No

RIN Data Printed in the FR: No

Agency Contact:

Eissa Saunders

Director, Office of Single Family Program Development

Department of Housing and Urban Development

Office of Housing

451 Seventh Street SW,

Washington, DC 20410

Phone: 202 708-2121

Priority: Other Significant

Agenda Stage of Rulemaking: Proposed Rule Stage

Unfunded Mandates: No

Government Levels Affected: Local, State

Federalism: No

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7/20/2021

Detroit homeowners overtaxed \$600 million

# The Detroit News

Tlaib  
7.20.2021

## HOUSING

### Detroit homeowners overtaxed \$600 million

**Christine MacDonald / The Detroit News** Mark Betancourt / Special to The Detroit News

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Detroit overtaxed homeowners by at least \$600 million after it failed to accurately bring down property values in the years following the Great Recession, according to an investigation by The Detroit News.

City Hall completed a state-ordered reappraisal of every residential property in 2017 to correct the problem, but the pain of its past mistakes remains with thousands who today face foreclosure over back taxes.

Of the more than 63,000 Detroit homes with delinquent debt as of last fall, more than 90% were overtaxed—by an average of at least \$3,700—between 2010 and 2016, according to calculations by The News. The debt owed on about 40,000 of those homes is less than the properties were overtaxed over those seven years.

The inflated bills have been an added burden to homeowners in the poorest big city in the nation, and call into question a tax system that has foreclosed on a third of city properties since 2008.

► **INTERACTIVE: How much did Detroit overtax your home between 2010 and 2016? Search our online database to see an estimate**

Detroiter Anna Bolden knew something was wrong with her tax bill after she said she bought her west side brick bungalow in a tax foreclosure auction for \$4,800 in 2011. That year her bill was \$2,600, with the city taxing her as if the house was worth \$57,000.

"My taxes shouldn't be this high," the 55-year-old first-time homeowner remembers thinking when getting her bills, "My house was only \$5,000, why am I paying this money?"

A year later assessors valued it at \$52,000, followed by \$45,500 and \$36,000 before the city finally lowered it to about \$28,000 in 2017, after the reappraisal.

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Meanwhile, according to the property data company ATTOM, the median home sale prices in Bolden's ZIP code were rising during the same time period, indicating the city's reductions likely were the correction of an inflated value.

"I went down (to city and county offices) to ask questions, but it's like everybody is giving you the runaround," she said. "It makes you feel like they are cheating you ... but what can you do?"

The News analysis, which was completed with help from Reveal from The Center for Investigative Reporting, is the first to estimate how much Detroit homeowners were overbilled. It indicates that Bolden's house was overtaxed by at least \$4,100 between 2010 and 2016. She owes the Wayne County Treasurer about \$4,600 in back taxes and worries she could lose it to foreclosure.

The News recalculated seven years of tax bills by substituting the home values the city put in place after its 2017 property-by-property reappraisal. That state-required review hadn't been done by Detroit officials in decades.

### **Among the The News' findings:**

- ◆ Of 173,000 Detroit homes reviewed, more than 92% were over-assessed between 2010 and 2016, and overtaxed by an average total of \$3,800. Nearly 96,000 of those properties were taxed twice as much as they should have been in at least one of those years.
- ◆ Of the over-assessed homes, city records show about 79,000 properties have had the same owner since 2010, meaning those homeowners bore the full brunt of the overtaxation. More are likely to have felt the impact because buyers often purchase homes with prior years of unpaid taxes they must pay.
- ◆ At least 59,000 homes that were overtaxed still have back taxes today—a total of \$153 million, which includes interest and fees. Those same homes were overtaxed by at least \$221 million over the seven years, according to the analysis.

#### **► MORE: How we reached our conclusions**

State law mandates that assessments reflect the home's market value. Taxpayers can appeal, but housing advocates say the process is difficult to navigate for most owners, and many are not aware they have the option.

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City officials have acknowledged their predecessors failed to fix the over-assessment problem quickly enough, but Mayor Mike Duggan said he can't correct those past mistakes, in part because current law doesn't allow it and the post-bankrupt city can't afford it.

"I think the rates should have come down sooner. But I dealt with what we had and moved as quickly as we could," Duggan said.

"Folks had a process by which they could appeal it. Those years are closed. I don't know any lawful way to go back and say to all the taxpayers of the city who did follow the process, 'We're going to raise your taxes to pay the taxes for people who didn't.'"

Thousands of homeowners are struggling with property tax debt despite low-interest repayment plans designed to help in Detroit.

Many who got inflated bills were unable to pay them, and now that debt is gathering interest. Others have fallen behind on recent taxes to pay past bills and avoid foreclosure. Wayne County forecloses after taxes go unpaid for three years.

About 28,000 of the overtaxed homes The News identified have been foreclosed since 2013, the first year those inflated tax bills could have contributed to foreclosures.

For most owners, the home is their main financial asset. Tax foreclosure, which transfers a property's deed to the county for sale at auction, results in a total loss of that equity.

Duggan, first elected in 2014, and other leaders are pushing state legislation that could bring relief for low-income homeowners who qualify by wiping away large portions of their debt. And this week they announced they would raise the qualifying income limits to include more people.

But many, like homeowner Breck Stevenson, think the city should do more to help. His east side bungalow was overtaxed by at least \$5,300—more than the \$4,200 he owes in back taxes. He says his family's disability income would be too high to qualify them for the relief, even under the expanded eligibility rules.

"It's (the city's) responsibility," Stevenson said. "It was their mistake. It's their responsibility to take care of it and make things whole with the citizens."

### **'Legitimate way' to measure a past problem**

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The News' analysis was developed with input from former officials at the city, county and state levels and uses city data obtained through the Freedom of Information Act.

It also was only possible after staff at Reveal wrote code that scraped delinquent tax amounts from the county's website, data for which Wayne County Treasurer Eric Sabree wanted to charge The News \$235,000.

The 173,000 properties The News analyzed did not include properties with Neighborhood Enterprise Zone tax breaks. For those properties, the city taxes the land and structures separately. Properties now owned by the government, including the Detroit Land Bank Authority, were also excluded. The goal was to capture all currently viable homes that get tax bills.

Detroit's current City Assessor Alvin Horhn and Chief Financial Officer Dave Massaron told The News that they couldn't verify the \$600 million overtax figure, but didn't dispute it.

Median sales of single-family homes citywide and in most ZIP codes were rising between 2010 and 2017, according to ATTOM data. Given that upward trend, the analysis presumes that when the city lowered an assessment in 2017, it was because the city's value was too high and not because the property's worth had decreased.

Massaron cautioned that Detroit's housing market varies by neighborhood, and some areas may have seen genuine losses in value over the time period analyzed by The News. Properties in those areas could appear in the analysis to have been overtaxed more than they were.

Officials acknowledged they don't have sufficient records to identify those properties.

Gary Evanko, Detroit's chief assessor from 2013 to 2016, called The News analysis a "legitimate way" to measure the past problem.

And Michigan State University professor Mark Skidmore, who was one of the researchers to first identify Detroit's over-assessment problem, believes the opposite trends of declining taxable values and rising sale prices likely means The News' method underestimates the problem.

"It is a useful, conservative estimate of over taxation," Skidmore said.

### **'Sad state of affairs'**

Evanko was not surprised by The News' findings.



"Obviously, it was a sad state of affairs," he said. "In my guts, I knew that a lot of people were paying more than they should have in the past."

Prior to the city's bankruptcy, Detroit's Office of the Assessor was plagued by a shortage of qualified staff and poor record keeping. After a Detroit News investigation drew attention to the problem in 2013, the State Tax Commission took oversight of the assessors office and ordered the reappraisal, which took more than two years and cost \$5.85 million.

Evanko, whom the city hired to oversee the reappraisal, called the state of the city's data when he started in 2013 "deplorable."

Median home sale prices in Detroit had plummeted 87% by 2009, only a few years after the housing crash began, according to ATTOM. But city assessments didn't begin to reflect the market until nearly a decade later. The assessors made annual reductions during that time but applied them across large areas, and the reductions were too small. Duggan continued those broad reductions until the 2017 reappraisal was completed.

The ACLU of Michigan and the NAACP Legal Defense and Education Fund sued the Wayne County Treasurer to stop the tax auction in 2016, claiming the foreclosures were based on the city's "unlawfully" inflated tax assessments. State law requires that assessments not exceed 50% of a property's market value. The claims against the county were thrown out when a judge ruled the Michigan Tax Tribunal had oversight, not the court.

Property owners had the right to appeal their assessments, both at the city level and through the state Tribunal if necessary, but few did.

Evanko said Detroit couldn't have handled the volume of appeals if all of the Detroiters whose homes were over-assessed had challenged their assessments.

"There's just no way that this skeleton staff (could have), even on their best efforts, accommodate(d) the number of appeals that would be derived during that period of time," he said.

The former Chair of the State Tax Commission Doug Roberts said state and Wayne County officials knew there were problems with Detroit's numbers "but didn't know how bad" they were prior to 2013.

"No one paid as much attention as we should have," Roberts said. "We should have (intervened) sooner."

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Once the scale of the problem was clear, the commission worked with the city and county to make sure the reappraisal was done, he said.

The News' analysis makes a "compelling case" and there should be an effort "to resolve the issues as equitably as possible."

"That's what government exists for," Roberts said.

### **'It should not be this hard'**

Bolden never knew she could challenge her bill.

She borrowed money from her 89-year-old mother to avoid foreclosure and is now on a payment plan for the remaining \$4,600.

Bolden said she and her husband's brick home on Asbury Park was the "worst house on the block" when they moved in and kicked out squatters in 2011. The inside was painted bright construction-cone orange, a hill of soiled diapers had collected in the backyard and a dead pit bull was in the garage.

Neighbors celebrated when they moved in.

But the string of foreclosure notices and the stress of trying to find help has often brought her "to tears," said Bolden, who is on disability and suffers from seizures.

"It should not be this hard," Bolden said. "That would hurt. Our first house, we lose it? What would we do then? ... There's nothing like having your own."

The tax foreclosure crisis helped drop the percentage of blacks who own their own homes in Michigan more than any other state, down to 40% in 2016 from just over half in 2000, according to a national report. Experts say Detroit once had one of the highest rates of black homeownership in the nation.

Bolden found out in December for the first time that she qualifies for the city's Poverty Tax Exemption, which waives property tax bills for those whose incomes qualify. She won't have to pay most of 2019's \$1,500 tax bill. But even though she likely qualified in past years, the law doesn't allow the break to be applied retroactively.

Few homeowners have been aware of the tax break. More than 39,000 Detroit homeowners on average could qualify, based on U.S. Census data between 2012 through 2016, according

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to University of Michigan researchers. Last year, about 7,600 were granted the exemption, an increase of 30% from the previous year through improved outreach efforts.

► **GRAPHIC:** Home sales across the city dropped from their peak in 2006 to the low point in 2009, and they have slowly recovered since. Even as sale prices rose again, the city's assessors were lowering their estimated values in order to calculate tax bills more accurately.

### **Detroit 'wronged a lot of people'**

Duggan said the new "Pay As You Stay" legislation proposed in October is the government's best chance to reduce the impact of over-assessment on delinquent homeowners. The plan would waive interest and fees for those who qualify, and cap their total debt at no more than 10% of their home's taxable value.

Legislation to create the program passed easily in the Michigan House in December, and is in a Senate committee. Only homeowners who get the yearly Poverty Tax Exemption would be eligible for the program, which has waived either all or 50% of their taxes for each year they get it.

This week the city announced they have expanded the exemption program, which would also allow more families to qualify for "Pay As You Stay."

Now a family of four making \$31,930 can get a 25% tax break on their current taxes and qualify for the debt relief, if the legislation is enacted.

Some housing activists have wanted more, including at least halting the tax auction until outstanding debt can be recalculated to reflect past home values. But city and county officials have dismissed that possibility.

"The city of Detroit, going into bankruptcy, did a lot of things wrong and wronged a lot of people," said Massaron, the city's CFO. In addition to homeowners being overtaxed, retirees lost benefits, and city services, from emergency response to streetlights, were lacking, he said.

And forgiving overtaxed residents who still have debt would be unfair to homeowners who paid their bills, city and county officials have argued.

"At the end of the day, a number of residents over the last decade have paid their taxes," Massaron said. "Over-assessed or not, they paid their taxes. And we need to be sensitive to the fact that those residents paid into the continued city operations."

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"The bankruptcy was designed to be a reset so that the city could provide services at a particular level, and there is nothing in the plan of adjustment that provides for the repayment of any claim that was prior to that bankruptcy."

But Stevenson said he and others who were overtaxed should not be held responsible for the city's mistakes, either.

"If you were allowed to wipe it clean via the bankruptcy, then you should wipe it clean from the homeowners," he said.

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### **How to apply for a Poverty Tax Exemption**

The city of Detroit is taking new applications for the 2020 Poverty Tax Exemption. Click [here](#) for the application. For more information, call 313-224-3560 or email [assessors@detroitmi.gov](mailto:assessors@detroitmi.gov).

### **Appeal your tax bill**

Taxpayers can appeal their assessments during the February Assessors Review, Feb. 1-22. For more information, call 313-224-3035.

### **Hear a radio story**

Listen to a radio story about Detroit's tax debt crisis from Reveal from The Center for Investigative Reporting and PRX. The story, as well as the full Duggan interview with Reveal host Al Letson, was produced in collaboration with The Detroit News.

Listen online [here](#). Or listen at 8 p.m. Sunday on Michigan Radio WUOM 91.7 FM, or at 2 a.m., 11 a.m. or 11 p.m. Tuesday on WDET 101.9 FM.

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 Capital One

**Written Testimony to the U.S. House of Representatives Committee on Financial Services**

**"Building Back A Better, More Equitable Housing Infrastructure for America: Oversight of the Department of Housing and Urban Development"**

**July 20, 2021**

Thank you for the opportunity to submit testimony before the House Financial Services Committee's hearing entitled, "Building Back A Better, More Equitable Housing Infrastructure for America: Oversight of the Department of Housing and Urban Development (HUD)."

I am Desiree Francis, Managing Vice President of Community Finance at Capital One. Capital One was founded in 1988 by our current Chairman and CEO, Rich Fairbank. The company went public in 1994. From the beginning, we've challenged the status quo. Through a commitment to great products, great talent, and great technology, Capital One was able to revolutionize banking and democratize credit, bringing innovative products to consumers across the credit spectrum. Since our founding, we have diversified our business, enhanced our technology and analytics, and delivered breakthrough products for customers and clients in the U.S., United Kingdom, and Canada. Over 50,000 associates serve millions of customers every day. We are a Fortune 100 leader, a nationally-recognized brand, and a digital innovator on a journey to become a leading information-based technology company.

My team and I focus on the company's lending to and investing in affordable and low income housing. We focus on Low Income Housing Tax Credit (LIHTC) financed affordable housing developments. Community Finance originates over \$1 billion annually in debt and LIHTC equity. Through our Social Purpose program, the team also invests in resident services that support resident and community well-being. As the Committee considers additional support for housing programs and investment opportunities for HUD, Capital One is grateful for the opportunity to share information on just a few of our programs focused on Digital Access and Equity, Pre-Development Support, and Onsite Resident Services.

**Digital Access and Equity in Affordable Rental Housing**

The coronavirus pandemic has placed the broadband digital divide — and its consequences — into clear view. With broadband Internet access, those sheltering in place had a series of meaningful advantages. They were able to work from home, participate in distance/online learning, and order groceries for delivery, among other important activities. Certainly, life with fast, reliable high-speed Internet access was hectic and isolating, but not as isolating as it was for those with more limited options.

In 2020 we conducted a Digital Access Survey focused on low income residents in urban areas who were eligible for subsidized housing. Annual household income is an eligibility requirement for subsidized housing (most commonly funded by LIHTCs). The bank surveyed 1,050 residents in twenty-one cities around the U.S. who lived in buildings with more than 10 units. Of the respondents, thirty-eight percent lacked broadband. However, cost, not infrastructure, was the principal obstacle to adoption. Only seven percent of respondents said that broadband was not available in their area, but 37 percent stated that they were unable or not willing to pay the going rate for broadband in their area. A third of residents with online access reported it costs more than \$50 a month. Tight budgets also explain the second-ranked reason for going without broadband access at home: thirty-five percent chose to forego broadband, high-speed Internet service because they could rely on their smartphones.

On the one hand, the survey reinforces Capital One's commitment to providing online banking services that do not require broadband access. Consumers can sign up entirely online, often in about five minutes, and then access our accounts on the web or through our top-rated mobile app. Our products and services feature built-in security and 24/7 access - all without requiring broadband service. Consumers can manage their money anytime, anywhere, pay bills, deposit checks, and access other tools like digital payments and automatic savings. Our CreditWise credit score education tool is free for even non-Capital One customers. Most importantly, our Capital One 360 Performance Savings, 360 Checking, Money teen checking, and Kid Savings Accounts all have no fees and no minimums. We don't charge consumers to open or maintain their accounts.

The survey also confirmed findings that we've believed for a long time. While banking services are critically important for consumers - and Capital One works to address those needs - financial services are only one part of consumers' complex and important digital needs. In other areas, like education, broadband access is still a critical gap. Accordingly, when looking at our affordable housing investments, and given our commitments and expertise in technology access, we realized that we could play an important role in bridging the broadband digital divide.

Though we had begun to explore what an expanded role in bridging the broadband digital divide might look like in practical terms, the COVID-19 pandemic made this work much more urgent. Expediting our timeline, Capital One launched two initiatives in 2020: Capital One Digital Access and the Resiliency Fund grant program, which are focused on COVID impacts not exclusive to broadband needs. Through the Capital One Digital Access program, Capital One offered free broadband service and devices to over 1,000 residents of 11 affordable rental properties. The program responds to the common barriers to digital equity — cost of monthly broadband service and lack of laptops or tablets. Residents who participated indicated that the broadband internet service and devices were used for remote learning, work from home, connecting to family, accessing health services, and financial management.

Capital One Digital Access filled an essential need among residents who participated. Of note, sixty percent reported low-grade or no Internet access prior to the program, 33% were using data plans, and 27% had no prior connectivity.

Some of what we heard from participants and staff included the following:

- "This program is a lifesaver for our residents who are impacted by the digital divide. Internet access has become an integral part of our world today — and the pandemic has highlighted the need for collaborative solutions to address the digital divide and bring affordable high-speed internet to all." *Walter D. Webdale, President and CEO, AHC, Inc., Arlington, VA*
- "Residents said that this will change their life and change their children's lives." *Staff at Marcy Sheridan Apartments in the Bronx, New York*

Meanwhile, data confirmed that the Capital One Digital Access program had a positive impact:

- Residents used the devices for a multitude of services, including education (86%), staying connected with family and friends (84%), entertainment (82%), healthcare (73%), work/employment (72%), accessing public benefits (69%), and financial services (69%).
- The program greatly increased daily access to online services for tenants. For example, before the program, 20% of residents accessed social media daily; subsequently, 52% engaged in social media daily.

In 2020, Capital One also launched the Resiliency Fund grant program to respond to COVID impacts. Two of the grants support increasing broadband service to residents of affordable housing properties:

- St. Nicks Alliance is a community development corporation located in Brooklyn, New York. It offers a range of services, including housing and after school programs. It has developed and currently manages nearly 100 properties that provide homes to working families and seniors in

the Williamsburg and Greenpoint neighborhoods. A grant was made to provide broadband service to the 1,700 residents of its affordable rental portfolio. A tablet lending program was also launched.

- Better Housing Coalition, a community development corporation located in Richmond, Virginia, is a developer and manager of affordable housing. The grant supports free broadband services to low income seniors residing in Winchester Greens, located in North Chesterfield, Virginia. Its 60 acre campus is home to 485 seniors, whose broadband service will be supplemented by services that help them connect to telehealth services and other services designed to promote better health and well being.

The Department of Housing and Urban Development has also understood the importance of tools to bridge the digital divide. In 2017, HUD enacted a new rule (FR-5890–P–01) relating to its programs that could be used to address the digital divide. Through this rule, HUD continues its efforts to narrow the digital divide in low-income communities it serves by providing, where feasible and with HUD funding, broadband infrastructure to communities in need of it. This rule also requires installation of broadband infrastructure for multifamily rental properties newly constructed or substantially rehabilitated that are funded or supported by HUD. While generally easier and less costly when the infrastructure is included in the scope of new construction or substantial rehabilitation than as a standalone scope of work, the rule recognizes that installation of broadband infrastructure may not be feasible for all new construction or substantial rehabilitation. Therefore, the rule allows limited exceptions to the installation requirements.

This rule extends to rental units funded by programs including the Community Development Block Grant (CDBG) program, HOME Investment Partnerships program, and Section 8 project-based housing assistance payments programs among others. However, the rule does not apply to multifamily rental properties with a HUD Federal Housing Administration (FHA) insured mortgage or a loan guaranteed under a HUD loan guarantee program only.

We applaud HUD's efforts to provide a platform for households living in these properties to participate in the digital economy and increase their access to economic opportunities. However, HUD should consider expanding the scope of the rule to include other programs that finance housing for households with low incomes, such as FHA-insured or guaranteed programs that finance multifamily construction and substantial rehab within the scope of the 2017 rule. Some of these programs include Section 221d(4), 221d(3) and 220 with or without subordinate public debt or subsidies.

Additionally, HUD should provide guidance to state housing finance agencies to include the cost of providing broadband services as an allowable maintenance and operating expense like other essential utilities such as water and electricity. This policy guidance should apply to new construction and retrofits of existing federally assisted rental housing. We also recommend that HUD consider establishing a minimum broadband speed standard to accommodate business and educational applications. Basic, low cost internet packages offered by many internet service providers are often inadequate for remote education and work-from-home use.

#### **Pre-Development Support to Build More Affordable Rental Housing**

Local community based developers, emerging developers and minority developers are often faced with barriers to entry and growth due to limited access to predevelopment capital to acquire land and to cover other pre-development expenses. The lack of widely available pre-development financing limits the production of much needed affordable housing.

Capital One launched its Blueprints to Buildings program in 2015 in response to the pressing need for affordable rental housing in high cost markets. The program helps to address the costly and lengthy lead time required to take affordable developments from concept to construction. The pre-development process poses challenges to nonprofit developers, which are a vital component of the affordable housing ecosystem.

Blueprints to Buildings provides the financial support required to undertake affordable housing development. The program operates under a competitive Request For Proposal (RFP) process. Recipients are awarded a \$50,000 grant each year for two years and may apply for a line of credit for up to \$500,000 at a below market financing rate.

During Capital One's previous Community Reinvestment Act (CRA) Exam Period (2017-2019), 24 nonprofit organizations were awarded a total of \$1.75 million in grants and \$3.25 million in loans. To date, grants and loans provided from the Blueprints to Buildings program have resulted in 4,000 new affordable housing units for our communities. In 2020 and 2021, Capital One awarded 10 additional Blueprint to Building awards to nonprofit developers in Boston; Chicago; Houston; Louisiana; Los Angeles; Miami; New York; San Francisco; and metro Washington, D.C.

Congress and HUD should consider allowing state and local governments to utilize HUD funding to cover land acquisition and pre-development expenses, especially if the proposed development is part of a community and resident centered revitalization plan. In addition, HUD should consider an allocation or set-aside specifically designated for developers who have historically lacked access to capital.

#### **Onsite Resident Services to Promote Housing Stability and Well-Being**

Capital One recognizes the value of onsite resident services, which can promote housing stability and well-being. These services, which we make possible through grant support, enable asset building, job readiness, and community computer centers. One promising federally-funded, yet underutilized, program is the HUD Family Self-Sufficiency (FSS) program.

FSS is proven effective at helping recipients of housing assistance to increase earnings, build savings, and improve financial well-being. Through grant support to Compass Working Capital and Preservation of Affordable Housing, Capital One has funded FSS pilots serving residents of HUD-assisted multifamily properties in Cambridge and Lynn, Massachusetts and in Chicago, Illinois.

One evaluation, conducted by Abt Associates, of the Compass Working Capital FSS pilot located in Massachusetts demonstrates promising results, indicating that the program helped residents to build savings, become more financially secure, and achieve their financial goals. After 40 months of participation in the FSS program, residents increased their earnings by an average of \$6,305 and increased their credit score by an average of 23 points, all while decreasing their credit card debt by an average of \$655.

Recent policy changes have amplified the FSS program's potential within the multifamily affordable housing sector. Additional funding for FSS programs serving multifamily properties, including asset building and coaching services, could fully realize the program's potential and improve the economic security of households with lower incomes.

#### **Conclusion**

Thank you for holding today's oversight hearing. Capital One appreciates the Committee's continued focus on expanding and improving housing programs, and this opportunity to share our thoughts. We look forward to working with the Committee in the future as we pursue our common goal of building thriving communities.

