

DEPARTMENTS OF TRANSPORTATION, AND
HOUSING AND URBAN DEVELOPMENT, AND
RELATED AGENCIES APPROPRIATIONS FOR 2023

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS
SECOND SESSION

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

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DEPARTMENTS OF TRANSPORTATION, HUD, AND RELATED AGENCIES APPROPRIATIONS FOR 2023

TUESDAY, MAY 10, 2022.

DEPARTMENT OF TRANSPORTATION FISCAL YEAR 2023 BUDGET REQUEST

WITNESS

HON. PETE BUTTIGIEG, SECRETARY, DEPARTMENT OF TRANSPORTATION

Mr. PRICE. This meeting of the Transportation, Housing and Urban Development Subcommittee will now come to order. Good afternoon, everyone. As this hearing is fully virtual, I am going to address a few housekeeping matters as well. For today's meeting, the chair or staff designated by the chair may mute participants' microphones when they are not under recognition for the purpose of eliminating inadvertent background noise. Members, however, are responsible for muting and unmuting themselves. If I notice when you are recognized that you are unmuted—or that you are muted, I will ask the staff to send you a request to unmute yourself. Please then accept the request so that you are no longer muted.

I remind all members and the witnesses that the 5-minute minute clock still applies. If there is a technology issue, we will move to the next member until the issue is resolved, and then, of course, you can claim the remaining time. You will notice a clock on the screen that will show how much time is remaining. At 1 minute remaining, the clock will turn a bright yellow. At 30 seconds remaining, I will gently tap the gavel to remind members their time is almost expired. When your time is expired, the clock will turn red, and you can finish your sentence, or finish your thought, but we will then turn to the next member.

In terms of the speaking order, we will begin with the chair and ranking member. Then members will be recognized in order of seniority, alternating sides.

Finally, House Rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing at any of our hearings or markups. That email address has been provided in advance to your staff.

Okay. With housekeeping administrative items out the way, let's turn to our witness, to our main business of the afternoon. Welcome, Secretary Buttigieg. Your second appearance before the THUD Subcommittee, of course, in a bit virtual formal, but still a

good turnout of members, I think almost 100 percent, and a chance to have a productive conversation.

Welcome, too, to the members of the subcommittee. I am glad to see all of you. I appreciate your participation today and remind you, of course, to mute your mics, so when you are not speaking, and to ensure that you keep your video on so we can see your face and so you can be recognized.

Mr. Secretary, we have had the pleasure of working together over the last 15 months on our shared vision for transforming America's transportation infrastructure into safer, more accessible, more equitable networks. Through the enactment of the monumental investment—the Infrastructure Investment and Job Acts, the IIJA, otherwise known as the Bipartisan Infrastructure bill, and equally important the fiscal year 2022 Transportation and Housing Appropriations Bill. I want to thank you for your leadership, both publicly and behind the scenes, as we have advanced these shared goals and have made historic investment in our transportation networks. When you combine all this, Congress has enacted \$143 billion in new funding for highways, bridges, airports, ports, rail, public transit systems for the current fiscal year. I look forward to continuing our work together to move these investments forward, get them on the street, officially begin our work today then on the fiscal 2023 budget. It is a good budget. It includes \$105 billion for the Nation's transportation systems, funding that is necessary to continue to address our distressed infrastructure, all of it: roads, bridges, airports, ports, rail, and public transit systems. The President's request will be leveraged by the \$36.8 billion provided by the IIJA in advanced appropriations to modernize and improve transportation networks across the country to increase safety, reduce emissions, and contribute to the mitigation of climate change and addressing equity, those goals that we hold before us in all that we do.

While the IIJA provides greater funding opportunities for States, local governments, and transportation agencies, Congress must continue to provide robust annual funding, annual Federal funding, to enable all these stakeholders to see the projects through and to address our needs systematically year after year after year. That is what this subcommittee does. And those needs have accumulated as we all know. The American Society of Civil Engineers graded America's infrastructure overall as a C-minus in its most recent 2021 report card, with aviation, roads, and transit scoring down in the D range. They also estimated last year the total needed to fix our infrastructure, \$22.59 trillion over 10 years, a stunning figure, just to bring our infrastructure into good condition. So we have made a significant start. The IIJA will certainly propel us toward the needed transformation. But the President's budget request and much more are going to be required to close these funding gaps. We have a big job to do.

The President's budget allows for new or improved service across all modes. And we are happy to say it is building on this subcommittee's commitment to examine and address our transportation needs, including some of the adverse effects of past policy. You know, there have been in the past, under the guise of urban renewal, for example, there has been some disparate impacts

through the way we did highways, we did throughways, cutting through urban neighborhoods. All of us know that there is some, some correctives that need to be applied, and, in some cases, some possible compensatory policies to address some of these inequities and to move forward in a more positive way.

Mr. Diaz-Balart and I, and members on both sides of the aisle, have worked on this subcommittee for years to augment, authorize, and formula amounts to all sorts of transportation, all modes of transportation. And I must say, we have sometimes immodestly noted that while everybody's been talking infrastructure and declaring "infrastructure week" and that sort of thing, this committee actually has been funding, and funding it in a serious way for years. All modes have benefited, but our focus on intercity rail and transit has been particularly noteworthy.

And the 2023 budget request picks up on that, makes great strides toward reducing single-occupancy vehicle trips, transportation congestion to harmful emission, by proposing that \$3 billion be invested in Amtrak, another \$1.3 billion and three competitive grant programs that can support passenger rail. That would be \$500 million for the oversubscribed CRISI program; \$2.85 million for the Capital Investment Grants program, new starts for transit, and \$150 million for new competitive grants to improve the resilience of transit assets and help transit agencies transition their fleets to zero emission buses. All of these represent increases above fiscal 2022.

The area I represent in North Carolina offers a good example of what investments can mean. Now, I don't aspire to be Mr. S-line. I don't think I can match Amtrak Joe. But I must say, that getting this S-line corridor from Raleigh to Richmond developed will be an enormous step. The key step in completing the development of the Southeast Passenger Rail Corridor. The States of North Carolina and Virginia, with generous help from CRISI, are well on their way to getting this done. And the resources in this budget and in the IIJA will let us get it done here and get it done elsewhere. It will replicate the success in corridors ideally suited to passenger rail travel across the country.

Also, I want to note the budget request makes critical investments in technical assistance and capacity building in underserved communities to promote equitable access to the resources we have approved. Part of this is the new Thriving Communities Initiative, which I am sure the Secretary will address. This, too, builds on the bipartisan work that this committee has done over several years to support communities of persistent poverty.

Overall, the 2023 budget request dedicates \$26.8 billion in discretionary resources to take care of our most immediate needs, including the necessary resources to keep DOT staffed and prepared to implement and oversee these critical developments.

So, Mr. Secretary, Mr. Diaz-Balart and I look forward to working with you in crafting a bipartisan bill that helps address the unmet infrastructure needs of this country. Mr. Secretary, we look forward to your testimony today, to working with you, to ensure that DOT has the funding it needs to carry out its critical mission. Now let me turn to my friend and colleague the Ranking Member, Mr. Diaz-Balart, for his opening statement.

Mr. DIAZ-BALART. Thank you, Mr. Chairman, I hope my voice holds up. Mr. Secretary, great to have you once again in front of the subcommittee. And to you, Mr. Price, it is an honor, Chairman, to embark on your final season of hearings. I look forward to working with you to complete the 2023 THUD bill on time. I know that we are going to get started on the details of this bill as soon as the hearing—all the hearings are over, and we have quite a few hearings still left to go. And as you know, Mr. Chairman, our staffs are already burning the midnight oil preparing for what is going to be an extremely busy number of weeks ahead. Mr. Chairman, I want to make sure that this bill is a capstone of your career. And I pledge to you that I will do anything that I can and everything that I can to get this bill finished across the line in the next coming months.

Mr. Secretary, I look forward to discussing the \$27 billion discretionary request for the Department of Transportation today. I will note that your discretionary request is really just a smart part, one part of the resources that we have entrusted to your Department. Altogether, your request for fiscal year 2023 is \$142 billion. That is including \$37 billion in advance appropriations to the Infrastructure Investment and Jobs Act. Now, I consider these advanced appropriations to be fully under the jurisdiction of this committee. These funds will not be on autopilot. They, instead, will be subject to vigorous oversight by this committee. I want to make sure that every dollar has a return on the investment for the taxpayer, and that we never let either the bureaucracy or political agendas get in the way of delivering results for the people of this great country. Our work this year should be guided by commitment to face the serious, serious challenges, both new and old. And I will tell you, whether those challenges are excess government regulation, those challenges are now also inflation that is eroding the quality of life of families across the country and really, really, really hurting people in our country. The supply chain disruptions that continue, and really an overreliance on manufactured goods from adversaries, particularly, Communist China. So these issues are obviously—not all of them are fully in the hands of the DOT obviously, but the Department's decisions, the policies, and the spending priorities need to contribute to solutions to these challenges and clearly not make those challenges any worse.

And, finally, we cannot ignore the impact of excessive spending and the rising debt on families today with inflation and rising interest rates eroding, seriously eroding the quality of life of all of Americans. The President's budget request for all nondefense discretionary spending is 14 percent above last year. That is from nondefense discretionary. Frankly, it looks a lot like last year's request. It is both excessive and out of balance with defense getting, again, an increase that doesn't even keep up with inflation.

But this committee will work towards a bipartisan topline agreement for fiscal year 2023. And then the chairman and I will be able to work together, along with the members of the subcommittee, to finalize an on-time, hopefully, fiscally responsible budget for DOT.

Mr. Secretary, I appreciate your willingness to serve, and your willingness to always be available. I look toward to your testimony

and, again, to your continuing dialogue as this process moves forward. With that, Mr. Chairman, I yield back.

Mr. PRICE. Thank you, Mario. And now, Mr. Secretary, we are happy to turn to you. We are grateful that you are here, and we look forward to your highlighting of the 2023 budget request. I want to recognize you for 5 minutes to summarize your statement. Of course, your full testimony will be entered in the hearing record. Mr. Secretary.

Secretary BUTTIGIEG. Thank you very much, Chairman Price, and Ranking Member Diaz-Balart, and to all members of the subcommittee, I want to thank you for the opportunity to discuss the President's fiscal year 2023 budget request for the Department of Transportation. I first want to thank Members of Congress on both sides of the aisle who delivered the Bipartisan Infrastructure Law as well as the fiscal year 2022 Omnibus. Because of these historic investments, the Department is now in a much stronger position to help build the transportation future that the American people need and deserve. One that is safer, more efficient, and more affordable for everyone from families transporting kids to businesses moving goods. And we have acted urgently and responsibly to start delivering that.

We recently saw the dramatic collapse of a bridge in Pittsburgh, the emergency closure of the major I-40 Hernando de Soto Bridge that connect Tennessee and Arkansas, and the closure or weight limiting of so many bridges affecting communities across the country. In December, we were able to allocate the largest Federal highway funding to States in decades, \$52.5 billion to make roads and bridges safer and more resilient, more modern, so people can get to where they need to go.

Another urgent priority for us is addressing the pandemic-driven supply chain disruptions and the accompanying inflation, while acting to ensure our supply chains are resilient into the future. The steps we are taking include efforts to support truck drivers, supplement inland ports, and modernize our port infrastructure, all help to move record volumes of goods more quickly and stem the rising cost of shipment, and it is showing results. The number of container ships total waiting for berths at U.S. ports has dropped by 35 percent since peaking in early February. Employment for trucking rose in 2021 to its highest level since 1990. And grocery and drugstores have products in stock at almost the exact level as before the pandemic.

We will continue to address issues wherever they arise, whether that is longer, dwell times on U.S. freight rail, or the COVID-driven stops and starts in China, which we are monitoring closely. Across our transportation systems, there is still much more to do to achieve our goals from lowering costs to giving people back time in their day. In fiscal year 2023, we are now poised to build on early progress with the President's budget for the Department of Transportation that totals \$142 billion, including \$36.8 billion in advanced appropriations provided by the Bipartisan Infrastructure Law in that year.

Allow me to give you a few highlights. Safety remains our top priority. And the budget includes funding to help address the crisis of deaths on America's roadways as outlined in our National Road-

way Safety Strategy. That includes \$3 billion in the Highway Safety Improvement Program. With \$4 billion for RAISE and in the new Mega program, we will rebuild century-old infrastructure and lay the groundwork for America to compete and win in the decades ahead. With \$23.6 billion for the Federal Aviation Administration, we will further enhance aviation safety, combat the effects of aviation on the climate, and improve airport infrastructure. With \$4.45 billion in Capital Investment Grants, we will advance 15 major transit projects that shorten commutes, increase access to jobs, and reduce congestion on the road for millions of Americans.

We will invest \$17.9 billion to reverse decades of underinvestment in intercity passenger rail, and make fast, reliable train service available to more people. We will provide \$1 billion to build out a nationwide network of electric vehicle chargers so that Americans in every part of the country have access to the lower monthly costs of electric vehicles. We will also begin implementing our ambitious new fuel efficiency standards which are projected to save the typical household hundreds of dollars in gas costs and prevent 2.5 billion metric tons of carbon dioxide from reaching our atmosphere.

And to keep making progress on supply chains to help move goods faster and fight inflation, we will invest a total of \$680 million to modernize ports, \$3 billion to improve the roadways that carry the majority of America's freight, and a total of \$1.5 billion for CRISI grants to improve freight rail. That is just a sample of the improvements the American people will experience when they drive, fly, ride, and shop as enhancing our transportation systems directly helps lower the transportation cost of goods and services.

We understand that the tremendous opportunity we have been given to help modernize our country's infrastructure comes with a profound responsibility to use taxpayer dollars efficiently and wisely, and to make resources more accessible to State and local governments so they can build good projects. This type of infrastructure transformation only happens, at most, once every generation, and it only happens when we work together.

So I want to, again, thank you for demonstrating that democracies can deliver a better future for the people they represent, and for your work ensure that the United States remains the global economic leader. I look forward to addressing your questions, and thank you, again, for the chance to be with you today.

Mr. PRICE. Thank you, Mr. Secretary. Well, let me open the questions with one that picks up on your statement in terms of the multiple funding streams that we have devoted to transportation and infrastructure over these last couple of years, and your responsibility for making sure all of this works together and gets where it is supposed to go and overrides the kind of economic growth and prosperity that we all are for aiming for.

You have, in the last in three fiscal years, the Department has been provided with something like \$106 billion in COVID relief. More recently, the IIJA, the Bipartisan Infrastructure Bill put something like \$661 billion into roads, bridges, airports, ports, transit, and rail systems over a 5-year period, and that includes, of course, the advanced appropriations. This is on top of the annual appropriations, and we have gone above authorized levels in in

those bills. Like \$19 billion above authorized levels that this subcommittee has taken the lead in providing over recent years.

So we are responding here, of course, to a great need, but there is a challenge to coordinate this and to do it with due diligence, to do it responsibly and well. So how is it going? That is my question, basically. What kind of challenges of coordination and control does this pose for the Department and how you are dealing with them? What kind of workforce needs does it pose? You know, there was a special IIJA hiring authority that OPM provided back in February. Have you made use of that, are you dealing with the workplace needs? You are dealing, of course, in a competitive job market to hire the people you need.

And then, most importantly, how is it going with respect to getting the money where it is supposed to go, getting the money to the designated—the recipients in the case of formula enhancements, and also getting grant programs and grant processes going in terms of competitive programs? We are aware, of course, of the special White House effort headed by Mr. Landrieu. How do you work with that? How is this going to come together so that we, of course, exercise due diligence over the use of these funds, but at the same time make sure these funds have the maximum impact in a limited period of time?

Secretary BUTTIGIEG. Thank you very much, Chairman, for the question. And it is really the question that we are working with every day here in this Department. When Congress makes these resources available, that creates the challenge and the opportunity for us to make good use of them. Trying to do so promptly as possible, but also do so responsibly and get it right. In some cases, this is an expansion of programs that exist that are very familiar to communities and to this Department.

In other cases, in many cases, it involves creating whole new programs and ensuring that the guidance is correctly framed up for those and that they get off to a good start.

I am pleased to say that we have made significant progress on getting funding to States, cities, and communities for many major programs provided for by the law. We at the Department have established an executive policy council responsible for overseeing the Department's implementation and making sure that the results are on time, on task, and on budget for the American people. And this is also happening within the wider context of the administration-wide infrastructure implementation task force and the work of Mitch Landrieu, the senior advisor, and infrastructure and implementation coordinator. So we are often at the interagency table with the other departments working other parts of the bill.

We have opened applications for discretionary grant funding. We have set out apportionments for formula funding and moved over \$79 billion out to be made available. And throughout the summer and fall, we will be announcing additional funding opportunities for bridges, transit, rail, ports, airports, and other projects.

You mentioned workforce which is certainly going to be an opportunity and a challenge for the entire construction transportation sector, and certainly for our Department too. Some of the occupations that we are working right now to hire and include engineers, program analysts, transportation specialists, motor carrier safety

specialists, transportation industry analysts, environmental protection specialists, grants management specialists, community planners, and others. Because, of course, we need to make sure that we have the skills and talents in this building to responsibly deliver that funding. That hiring is underway. We have certainly got many more positions to fill, and we are at work on a daily basis to do so.

Mr. PRICE. Okay. Thank you. I know, like many members, I have been having sessions with stakeholders—State and local stakeholders who are eager to know how and when and where to apply. And I must say, the website that you have set up is one of the best I have seen for giving very precise information about where to turn, and what the timetable is for putting these programs in force and so on. It is unusually good, and, of course, a huge help to members, like all of us on this subcommittee, who want to see our State and local stakeholders making full—taking full advantage of this and making effective applications. Okay. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you very much, Mr. Chairman. Mr. Secretary, the IIJA establishes a One Federal Decision mandate to streamline environmental reviews for obviously large infrastructure projects. Now, I would note that this is an effort initiated by previous administration, and then canceled by the Biden administration in a spree of canceling commonsense executive orders. Fortunately, this initiative was codified into law in the infrastructure bill through a bipartisan effort.

So, Mr. Secretary, as you, I am sure, agree, too often regulatory delays drive up the cost or even leave communities waiting for sometimes years for projects to get completed. And we all know that the world—that the U.S. leads the world in scientific and engineering talent. So it is clear that this is a bureaucratic issue, not a technical know-how issue.

So here is the question, Mr. Secretary, can you provide us with the status of your implementation of the One Federal Decision, and the kinds of real measurable results that we should expect to see in the coming months, in the coming years? Specifically, for example, as you implement this law, will you be able to measure the following 3 areas: the reduced time for permit approvals, the dollars saved, and, thirdly, the jobs created? So I would ask that you be as specific as possible, and also that you keep our committee updated on your efforts to implement the One Federal Decision.

Secretary BUTTIGIEG. Well, thank you, and I certainly welcome the opportunity to remain in touch with your offices individually and this committee on this. This, as of you know, it has a lot of process improvement provisions aimed at improving environmental review and permitting to advance transportation infrastructure, and recognize the benefits of these investments as promptly as possible while still meeting the requirements that are expected of them. A couple of things I would note. One is that there is a very aggressive timeline toward the first requirement, chronologically first requirement, which is a 60-day requirement on the development of categorical exclusions. We met that timeline consulting with the Federal agencies that were specified, identifying categorical exclusions in Federal highway, and providing the substan-

tiating information that could help accelerate the delivery of projects if available there.

We are also taking other steps to improve by making greater use of the Federal permitting dashboard, which, right now, tracks over 240 active transportation projects. The Infrastructure Permitting Improvement Center which manages that dashboard's body that we are working with to help expedite project delivery, and I think provide detail of the type that you are talking about, at least in part, to try to make sure there is visibility on what is happening in terms of timeliness, in terms of compliance. And we will continue working to post information on things like the categorical exclusions to provide some transparencies there.

We will continue also with public involvement guidelines to try to document public engagement. Make sure that it is far-reaching, equitable. And, of course, the more smoothly that goes up front, the fewer issues will be encountered later down the line. And welcome further opportunities, whether it is in the provisions that are called out for by the law, or, you know, within those boundaries that had been set out to make sure that, again, of course, while meeting and respecting all legal requirements, we are being as efficient and as smooth as we can in delivery.

Mr. DIAZ-BALART. And, Mr. Secretary, again, I look forward to you keeping us in the loop as much as possible as to how you are doing and how you are progressing. And what are those specific savings in time or the other three—the other two categories that I mentioned? So I am assuming we can count on you doing that, right?

Secretary BUTTIGIEG. We would certainly welcome the chance to continue providing as much good information as we have on this.

Mr. DIAZ-BALART. Great. I appreciate that. Thank you, Mr. Chairman.

Mr. PRICE. Thank you. Mr. Quigley. Mike, I think you are muted.

Mr. QUIGLEY. Thank you, Mr. Chairman. Thank you, Mr. Secretary. Mr. Secretary, some of the civic lessons we have aren't as helpful as others. I wanted to talk about the 5G spectrum rollout. Obviously, I think calls for the need for greater coordination sometimes between Federal agencies. Some of this is new stuff, and we learn as we go. But the public discussion, I guess, we would call it between FAA and FCC wasn't particularly helpful. It was probably avoidable and not particularly productive. The resolution to 5G for airports and air carriers is going to take some time to resolve, and FAA had some temporary stopgap measures in place. But, obviously, you know, how we are working with the White House and the other and FCC to resolve these 5G spectrum issues, and how do we avoid this in the future? Because, obviously, 5G is going to take a while as it begins to be incorporated, but the lessons for 6G and beyond as well.

Secretary BUTTIGIEG. Thank you, Congressman. As you noted, the most important thing is going to be coordination. The last-minute and urgent issues that arose at the beginning of this year were years in the making. And what we have seen in places that have been able to have the safe and efficient coexistence of 5G cell technology and aviation operations is a strong level of communica-

tion and coordination between telecommunications and aviation regulators well in advance of any kind of deployment.

I will say that we have made significant progress since January with the FAA, of course, principally focused on its core mission of safety, but with the dialogue with telecommunications industry, as well as regulators, on how to ensure that that is compatible with the 5G rollout. That communication and interaction has allowed us to refine the risk model around runways. It has allowed wireless companies to turn on the majority of their transmitters, activating about 90 percent of their installed network of transmitters, but recognizing that there remain more transmitters that are economically very important for them to be able to activate where that needs to be deconflicted with the safety imperatives on the aviation side.

So the long-term solution is to establish a new performance standard for altimeters in the presence of that C-band spectrum. In the meantime, based on what I would say is an entirely voluntary arrangement that reflects, I think, great credit on the willingness of telecom operators, aircraft equipment manufacturers, airlines, and different Federal agencies to cooperate, we have been able to work to ensure that modifications like filters and other things that can be applied to the aircraft are done as quickly as possible while also refining the model.

There will be more instances, as you mentioned, whether we are talking about 5G or other spectrum issues as we go. And so, we are undertaking efforts to communicate more closely than I think has ever been done in the past with relevant players to include NTIA and Commerce, the FCC, the White House, in some circumstances DOT—sorry DOD, and anybody else on the Federal side with involvement here, as well as ensuring continued healthy dialogue on the industry side.

Mr. QUIGLEY. And I am hoping that there is also communications with those in the technology side of this as the industry expands, and, you know, moves at literally the speed of light towards—you know, 5G isn't done. I mean, there is a lot more that is going to be incorporated. But this is a worldwide issue. So, you know, we want U.S. travelers to feel safe wherever they are going. And I think there is some lack of information and concern about how this is playing out in other countries at the same time.

Secretary BUTTIGIEG. Absolutely. We need to make sure that we are prepared and aware of forthcoming technologies. Because, again, the spectrum is only going to become more important from a transportation perspective and from an industry [inaudible] Perspective. We need to be able to identify of any of these issues well in advance of anything like the events of January.

Mr. QUIGLEY. Thank you so much, and we will talk to you soon.

Secretary BUTTIGIEG. Thank you.

Mr. PRICE. Mr. Womack.

Mr. WOMACK. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for joining us. It is good to see you again, and it is always good to see a mayor, by golly, someone who's had the experience of creating and executing an actual budget, and probably on time, and making government work. So I am deeply appreciative. And I am sure that you probably are a little bit anxious about the Con-

gress and its inability to do what mayors all around the country have been able to do year after year, and that is do the basic functions of government.

It is my understanding from my staff that you and—your team and my staff have been working on an exemption request from the Federal Motor Carrier Safety Administration for an Arkansas company. I want to thank you and your staff for your attention to the matter. I hope that we can continue to work through the company's request in an expeditious manner, and I am sure we will.

My colleague, Mr. Quigley, was talking about 5G, and I am going to also talk about it. But at the same time, I want to congratulate you, give you some of the credit for it because when you took the reins on this—this 5G rollout in January and brokered a voluntary agreement between parties, it was obvious to me that there was a lack of leadership on the issue. And I understand the aviation concerns caused by the rollout, but I also understand why the wireless carriers were eager to roll out transformative service. But, again, it takes leadership to get this done, and then I want to commend you for that.

So a quick question about it. You mentioned the NTIA, that's between the FCC and the NTIA and this whole issue of spectrum coordination, do you feel like there is an appropriate level of coordination? And that is question one. Number two would be, are you resourced appropriately to be able to handle this coordination?

Secretary BUTTIGIEG. Well, thank you for the question. I believe that there is now going forward, though, there was not always previously—I am pleased to see the arrival of the confirmed leadership for NTIA, and again, the level of dialogue that was forced by this issue between FAA, FCC, and other parties both on the public sector and industry side. We will make sure to alert Congress if we feel that further resources are needed to support this work, because, you know, transportation is increasingly a matter of communications technology. There is a lot of overlap there. And I don't mean to suggest that the jurisdictional lines aren't clear, but the communication across them to make sure that we head off these kinds of issues does need to be stronger and, I think, will be as a result of the lessons learned from this experience.

Mr. WOMACK. Thank you. I will note for the committee that this issue certainly is not going to go away, but I believe that the parties are working toward solutions for the short-term. But 5G spectrum use is only going to increase. So the last question for me on this subject that is related to this committee's work. Does FAA have—and you have kind of addressed some of the resource needs right now—but as we look to the budget that has been presented in the work for fiscal year 2023, are you satisfied with the resources in that budget? And the second part of the question is about more about brain drain. Are we suffering? I would assume so, from what is going on at the FAA given its many duties and projects. And are you having to pull people off of other projects to be able to work toward it? So—and that will be the end of my first line of questions.

Secretary BUTTIGIEG. Thank you. Yes, very briefly, it took enormous work on the part of the safety organization, including working in areas that they typically hadn't, you know, teaming up with

telecom experts to model interferences is an example of something that is just different from what a lot of people in the safety organization had been asked to do. The budget request for fiscal year 2023 does support that safety organization, those engineers, and that technical expertise. We do find ourselves like, I think, so many in the private and public sector in a moment of working to hire and build that organization further. And that is a challenge and an opportunity for us right now.

Mr. WOMACK. Yeah, thank you. Mr. Chairman, I yield back.

Mr. PRICE. Thank you. Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman. And welcome back, Mr. Secretary. We are delighted to have you here. I want to thank you for your work and your leadership in getting the infrastructure law passed. And we know the work ahead of us, and we are looking forward to partnering with you on it. One of the things that we know for sure is that almost 30 percent of our total greenhouse gas emissions comes from the transportation sector, and the primary source of that is fossil fuel burning cars and trucks. And the Bipartisan Infrastructure Law addressed this significant source of carbon dioxide emissions by making historic investments in electric vehicle infrastructure. Your budget invests \$1 billion in the National Electric Vehicle Infrastructure Formula Program, and \$400 million in charging and fueling grant programs. Can you tell us how these investments are going to impact the lives of everyday Americans who may be considering transitioning to an electric vehicle?

Secretary BUTTIGIEG. Yes, and thank you for the question. This is absolutely essential to get right in order for us to meet our broader climate goals. And what we know is that there is existing technology today in terms of electric vehicles. That if we can make sure that more Americans can conveniently and affordably access it, it will mean dramatically fewer emissions, and, importantly, savings for those families, those drivers as well, and reduce fuel cost and maintenance costs.

The Electric Vehicle Infrastructure Formula Program is providing this year \$1 billion to States to provide funding for their plans to help build out a national highway network. I would also emphasize that the—I should say a charging network across the National Highway System. I would emphasize that we are in a great model of partnership right now with the Department of Energy, because under the infrastructure law, we are able to set up a joint office with them to help make sure that we manage this program well.

It is accompanied with a discretionary program that will represent \$400 million in fiscal 2023 to help fill in some of the gaps and help communities with their charging needs.

We also are mindful of the need to make sure that there is a greater level of public understanding about the benefits of electric vehicles, and that we do our part to try to help make them affordable, which other proposals with Congress could help to do. But right now, there are fuel savings to be captured by families who may simply be hesitating because of range anxiety, the fear that you might not have a charger between where you start and where you are headed, and that is exactly what we can address with this formula program. So the plans are due back in from the States by

August. And then pending approval of those plans, we will be able to get the funding moving promptly after that, and start seeing these chargers go into the ground.

Ms. CLARK. That will be great, great news. And I also wondered related to this, there is an electric vehicle working group. Can you tell us when the members of this working group are going to be selected, how people can volunteer, and how you are going to ensure diversity in this group?

Secretary BUTTIGIEG. Yes, in fact, teaming up right now with the Department of Energy, we are establishing this electric vehicle working group whose functions will be to make recommendations on the development and the adoption as well as the integration of light, medium, and heavy duty EVs into our transportation and energy systems. We will soon be actively soliciting input on the composition and design of this committee. And we will have more information on the process for selecting members in the weeks ahead. So, please stay tuned on that, and we will be able to follow up with your office as that goes live.

Ms. CLARK. In my closing seconds here, I know that equity is part of your goal and that you are shifting dollars to make sure that small, disadvantaged businesses can be part of contracting. Can you talk briefly about how the Department's equity focus will change when you are evaluating future infrastructure projects? And will you, you know, give priority for those that are trying to address historic injustices or emphasize future equity?

Secretary BUTTIGIEG. Thank you. Yes, as briefly as I can, let me emphasize two areas in which we are focused on equity: The first is in the selection and delivery of the projects, making sure that no one is left behind; making sure that we pay attention to the opportunity to benefit overburdened and underserved communities with transportation that connects them to opportunity.

The second dimension I want to mention is the opportunity for wealth creation, for firms owned by historically disadvantaged owners, and for workers often belonging to groups that have historically not been able to get much of the economic benefit on the labor side. That is why we welcome the provisions in the law for efforts like local hire, and it is why we are at work to make sure we are doing everything we can within the authorities provided by Congress to maximize the opportunity for DBEs and for businesses that have a unique opportunity to expand their capacity and their competitiveness working on the many construction and transportation projects that will be funded in the years ahead.

Ms. CLARK. Thank you. Thank you, Mr. Chairman. I yield back.

Mr. PRICE. Thank you. Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman. And, Mr. Secretary, thank you so much for joining us today. It is great to see you again. You know, my northeast Florida district is a large logistics hub for the entire Southeast of the United States with both—well, actually, airports, rail, Federal highways, two interstate systems, ferries, seaports, and a very robust transit system. So as you can imagine, my district is very supportive of the investments in infrastructure that you have been proposing. And, particularly, I appreciate your request that includes \$37 billion in the advanced appropriations through the passage of the IIJA. And, although, I

couldn't vote for it for a lot of other reasons, I do want to say I support you, and I stand with you on substantial investment into our infrastructure.

And I just want to reiterate, Ranking Member Diaz-Balart mentioned in his opening remarks that the IIJA funding will be subject to rigorous oversight by this committee to ensure every dollar. It has a strong return on investment for our taxpayers. And I just want to align myself with that sentiment that he expressed earlier.

I was pleased to see in your 2023 budget, it included substantial investment in our maritime industry, including strong funding for MARAD, for port infrastructure, for our Maritime Marine Academy to ensure that we have a strong maritime workforce. And also, it included \$450 million in IIJA funding for—\$450 million for this year in that 5-year plan.

So, my question is with this influx in the maritime investment since much of this is long overdue funding from our end, how is DOT tracking the spending in order to provide adequate oversight to ensure that we are spending these dollars in the correct manner, and following up on so that we get the best return on our dollars? And then what, if any, innovations are you thinking about concerning the implementation to make the project execution easier like permitting and other areas like that? Can you talk about that a little bit?

Secretary BUTTIGIEG. Yes, thank you. And let me say at the outset that we recognize and welcome the oversight role of this body and others in ensuring that these dollars are spent accountably. And the subject of your question is very much on my mind as the port infrastructure development program grows to levels we have not seen before. The good news is, this is a program that has existed as opposed to some of the programs that are being newly created. And so, I would say there is a strong level of experience and what I would call muscle memory in the Department about how to effectively and efficiently make those project selections. But we need to expand our capacity both to make sure we are choosing the right project on the front end, and then to follow through on the back end to make sure that their delivery is efficient and that their use is compliant. This is especially timely now because these investments can help, we think, with supply chain issues and, ultimately, play a role in the fight against inflation. We have got to be able to move goods in and out of our ports as efficiently as possible.

I will give you two examples of just a range of things we are supporting here from last year's cycle. One of them was \$52 million that went to on-dock rail to bring about 10,000 more feet of rail onto the port of Long Beach so that you can get those containers moving more quickly and efficiently. But another project sort of at the other end of the spectrum and size was \$1.6 million that went to a port on the Ohio River in Indiana, just across the river from Kentucky, that helps pig iron get loaded off of barges and up to a nearby foundry. So I would emphasize that communities of all sizes and ports of all sizes stand to benefit.

What we want to do is make sure that we work with these project sponsors so that they understand the requirements upfront,

and that we encourage them to be as effective and help them to be as effective and efficient as possible in deploying those dollars.

Mr. RUTHERFORD. Excellent. With that, Mr. Secretary, I see that my time has run out. I will yield back, Mr. Chairman.

Mr. PRICE. All right. Thank you. Mrs. Torres.

Mrs. TORRES. Thank you, Mr. Chairman. Mr. Secretary, it is good to see you again. My constituents in California, the Inland Empire, lack good public transit options that are reliable and affordable as well as housing options. They are often forced to commute hours to work on congested freeways. And that is why I introduced the Sustainable Communities Act, which builds on an old Obama initiative focused on transit-oriented development with new grants. And as the cochair of the New Dem Infrastructure Task Force, I have been working to ensure transportation and housing are interconnected. The fiscal year 2022 enacted bill created the Thriving Communities Initiative, providing \$25 million for DOT, and \$5 million for HUD to facilitate technical assistance and capacity building for underserved communities in need of infrastructure improvements. The goal of the program is really to increase the proficiency of State, local, and Tribal governments, to plan and develop projects, to increase transportation options and reliability and affordability, for people to connect from their homes to work, to school, and to each other.

So before we talk about DOT's fiscal year 2023 request for another \$111 million for the program, could you talk to us about how DOT is standing up this program? And is there a multi-modal working group within DOT? And has DOT set up other working groups with Federal agencies for cross-agency coordination and outreach to State, local, and Tribal governments?

Secretary BUTTIGIEG. Well, thank you, and let me identify very much with your focus on ensuring that silos do not get in the way of recognizing that housing and transportation are intimately related. Of course, I needn't tell this committee that, but the organizational chart of the Federal executive branch doesn't always reflect it. And so, we have been working closely with our partners at HUD and in other agencies to make good on that insight. And, certainly, Thriving Communities is an important part of that. The technical assistance that comes in that place-based approach creates resources and opportunities for us to work with other partners. HUD, as I mentioned before; also, potentially, EPA, the Economic Development Administration within Commerce, and the Department of Agriculture. And we see ways that that can create both inclusive patterns for engaging stakeholders and ways to do the sort of cross agency work that can lead to efficient project delivery and holistic project design. So the team is at work right now in standing up the terms for that kind of technical assistance and making sure we can help communities, especially disadvantaged communities get the most bang for our buck. And we really value the opportunity to provide that capacity building because with we know sometimes it takes resources to access Federal resources. And we want to make sure that is not a barrier to getting these dollars to where they can make the greatest difference.

Mrs. TORRES. Absolutely. And as you stated correctly, you know, the challenges with the smaller entities, I mean, the metropolitan

cities know how to do that. They have staff and can afford to hire consultant firms and teams of attorneys to help them through this process. But oftentimes, the communities, like the one I represent, are left behind. Through COVID, I don't have to remind you, but I am going to say it, so many of our critical workers. You know, I didn't realize how many of them depend on public transportation. So the fact that it was many of those bus lines were reduced, the train didn't often run, not to mention, you know, all of the issues around rail safety in my community. So thank you for focusing on these issues, and I will wait until the second round to ask my next question. I yield back, Mr. Chairman.

Mr. PRICE. Thank you. Mr. Garcia.

Mr. GARCIA. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for your time and your service to our beautiful Nation. I want to just, first of all, thank you for the focus on the ports of L.A. As well as Long Beach. I know that was a multifaceted and complex problem. And I know that we are still experiencing some of those things. I think it would be actually very useful for this committee to, if you could, point us to a resource that shows the progress being made and what sort of the next barriers and the third and fourth level of friction and challenges that we are experiencing in our ports. Just so that we can get an understanding of, you know, now that we have sort of knocked down the low-hanging fruit, what are the third and fourth order ripple effects? But we can take that offline.

I just want to associate myself with some of the comments about executability. I am deeply concerned about the dollar values here. We see big numbers, not only from the infrastructure bill, but on the annual budgets. And I just wanted to get a sense, from your perspective, as far as your confidence in the ability to execute some of these programs. Not only do we have a lot of dollars right now for these projects, but we also on the heels of The Great Resignation don't necessarily have all the bodies to staff these projects to the levels that maybe that we should be able to and absolutely need to.

We had a problem before COVID, and I think that was aggravated because of COVID, and we now have a position where we literally have jobs looking for people rather than people looking for jobs. So I wanted to get your sense of how is that affecting the transportation and infrastructure projects and sort of what your overall level of confidence? And what is sort of the fallback plan if you see yourself under-running on some of these projects? I know, the easy button is just to keep writing more checks and spend more money. But under-running on a government program isn't necessarily a bad thing when you have limitations outside of your control. I just wanted to get a sense, if you can, spend a minute on that. I have one other issue I want to raise, but if you can just walk us through your thoughts on executability right now.

Secretary BUTTIGIEG. Thank you. These are very important challenges. You know, of course, the problems associated with exceptionally low unemployment are better than the problems associated with exceptionally high unemployment, but they are a real challenge when it comes to project delivery, whether we are talking about the agency itself and the hiring we need to do, or what is

happening across different sectors. And it certainly contributed even to our supply chain challenges, as we see the issues related to availability of workforce, whether we are talking about trucking, shipping, rail, or even aircraft pilots.

Specifically, with regard to the projects that we are rolling out, this is one of the reasons why we have a direct focus in workforce. And the law provides, in many cases, a specific set of resources to do that with. Just take one example on the Low-No Emissions Bus Program, there is actually a 5 percent threshold that requires grantees to invest that much in workforce to help make sure that they can actually operate these new pieces of equipment that are coming their way. And I recently had a chance to visit a community college in Northern Ohio that is partnered directly with the transit authority there. So they'll have a very direct place to take those dollars.

We are going to count on partnerships like that across the country between different organizations that are in a position to do training, and those that are doing the hiring. I don't think we can afford to be hands-off about it for the very reasons that you cite. We need to deliver. We need to deliver well. And if we are in the business of building good things well, we can't do it without actively working to expand our productive capacity.

Mr. GARCIA. I appreciate that. That all makes sense. I am looking forward to seeing you execute and seeing the results of these investments. At the macro level, very important for our country. So we have got to do this correctly.

The second issue I had is completely different. We have a bit of a jurisdictional issue with the space domain right now. We have got the NTSB asserting itself as sort of the authority for space mishap investigation work, stepping on the toes of the FAA. I would submit that the NTSB doesn't have the domain expertise nor the capacity to fulfill this role and responsibility. And we know that the FAA and the NTSB now are working together to try to deconflict this. Quickly, though, are you aware of this sort of jurisdictional encroachment? And how do you see this getting resolved? Is there some way here where we can put this responsibility back in the hands of the FAA?

Secretary BUTTIGIEG. Well, thank you for the question. We certainly recognize some jurisdictional complexities questions have risen and [inaudible] it may have been more theoretical before the growth of commercial space launches is accelerating exponentially. And so it is time for us to take a look at this. To the roles of NTSB and FAA, I would add, Commerce has a role, NASA, and I think there is a lot of interest in looking at that, that flying formation, so to speak, and seeing if we have got it right. Of course, to the extent that that is laid out by Congress, we are running through the assignments that we have issues like deconflicting the National Air Space, concerns about the creation of space debris. But we would certainly welcome a chance to work with Congress and other stakeholders if there are ways to make sure there is no confusion or complication around the jurisdictional issues because, again, the demand is only going to rise.

Mr. GARCIA. Yeah, we can't bloat our government even further and confuse and muddy the waters. I am out of time, Mr. Secretary. Thanks for your time. Mr. Chairman, I yield back.

Mr. PRICE. Thank you.

Mr. Aguilar.

Mr. AGUILAR. Thank you so much, Mr. Chairman.

Good to see you again, Mr. Secretary. Don't pay attention to those bells. We just have those go off. The chairman puts those on intentionally every time Mr. Garcia speaks, so don't worry about that.

Mr. Secretary, the Bipartisan Infrastructure law is a generational investment in clean energy and green technology that will help us achieve net-zero emissions by 2050. And I am proud that in my district we are home to some of this innovation that embodies the administration's continued commitment to improving transportation systems that reduce emissions.

The Redlands Passenger Rail Project in southern California will be one of the first zero-emissions self-powered passenger trains in North America. The train can operate on existing rail infrastructure, allowing it to immediately deliver zero-emissions passenger rail to scores of underserved communities throughout the region.

Mr. Secretary, can you elaborate on the steps that the President's budget proposal and Bipartisan Infrastructure law take to expand access to low- and no-emissions transportation specifically in historically underserved communities?

Secretary BUTTIGIEG. Well, thank you. This is a very important part of our climate agenda, just as was the electric vehicle infrastructure we discussed earlier for light-duty vehicles and privately owned cars.

The Grants for Bus and Bus Facilities Program, which is continued through the Bipartisan Infrastructure Law, includes the Low- and No-Emissions competitive grants program, which is requested at the level of \$73 million in funding, alongside the \$1.1 billion provided in advance appropriations.

And what this allows us to do is support the many transit agencies and authorities that already want to adopt low- and no-emissions bus equipment but may not be in a position to do so.

When they do—and it is not just the buses but often required supporting facilities that they need help with. When they do, that means lower emissions, less pollution, health benefits, which are especially marked in disadvantaged communities, as well as potential taxpayer savings from the lower cost of filling them up.

So we are really enthusiastic about ensuring that we get these dollars out far and wide, and agree that it will often be in disadvantaged communities that you might see the greatest proportional benefit from an agency being able to make that move into newer technology.

Mr. AGUILAR. Thanks for the explanation. And I would love to invite you to visit the Redlands Passenger Rail Project when we open this fall.

I also wanted to briefly mention and reference the Disadvantaged Business Enterprise Supportive Services Program within the President's budget. This program helps disadvantaged business enter-

prises, DBEs, compete for funding for federally assisted highway projects.

Can you share how DBE Supportive Services has helped minority- and women-owned businesses compete for and receive grant funding for federally assisted highway projects and how we can continue to help these small businesses compete for funding within the broader bipartisan infrastructure law?

Secretary BUTTIGIEG. Thank you. Yes, we had an authorization for this fiscal year and it is reflected in the budget request that we would request to continue this program, because it supports the ability of State departments of transportation to achieve the objectives of their DBE programs.

So, knowing that ultimately the bulk of this transportation funding goes out through the States, supporting them in providing the kind of training, the kind of technical assistance to DBEs is one of the best things that we can do to make good on the potential of this generational investment to create generational wealth and often for employees, workers from backgrounds that have been disadvantaged or excluded in the past. No one has a better track record of employing them than DBE firms.

This funding can be used to help these firms improve their business practices, overcome barriers to success, ultimately to facilitate their development into viable organizations that are successful in a competitive environment in competing for and in performing on these federally assisted projects.

So we work closely with the States to make sure these dollars are effectively used, and we really welcome the tools that Congress has given us to provide that kind of help.

Mr. AGUILAR. What other tools does the Department need in utilizing this program and as you roll this out?

I would just say also that the funding level for this DBE Supportive Services has been capped at \$10 million since 1973. Senator Padilla and I introduced a bill to raise the funding cap to \$25 million that can help programs that affect FAA and FTA as well.

But what else can we do to help?

Secretary BUTTIGIEG. Well, as you mentioned, you know, certainly, the more resources there are for us to work with, the more businesses we can help and the more geographies we can help them in. And, right now, through the States, this is Federal-highway-focused, but to be able to do so across other modes would potentially allow for businesses that aren't working in areas that are currently supported to see that this is a program for them too.

I should mention also that we, as the Department, are in the process of adopting more ambitious SDB goals for our own direct procurement. But what is so helpful about the DBESS Program specifically is it enhances the ability of DBEs to participate not just in the dollars that are directly contracted or procured by my department but in those formula dollars that the States are ultimately spending.

Mr. AGUILAR. Thanks, Mr. Secretary.

I yield back, Mr. Chairman.

Mr. PRICE. Mrs. Hinson.

Mrs. Hinson, I believe you are muted.

Mrs. HINSON. Okay. Can you hear me now?

Mr. PRICE. Yes.

Mrs. HINSON. Okay. Great. Thank you. And thank you, Mr. Chairman.

And I thank you, Mr. Secretary. Good to see you again, as well. We bring Midwest greetings. And it is actually, for once, warmer in the Midwest than it is here in D.C. So thank you again for appearing before our committee.

There are clearly a lot of impressive happenings at the DOT—innovations, as we have heard already today, to help with global competitiveness, investment in rural development. And I look forward to continuing to work with you on those efforts.

And, about a year ago, we had a discussion about wanting to simplify, obviously, the forms and the grant process, and so I was very encouraged to hear about what is happening with the websites and trying to make that more user-friendly as well. So I am very excited to hear more about your work there.

But I just wanted to raise a quick alarm about a couple of things. Number one, I think there are a couple of areas in the budget that I think, you know, spend quite a bit of taxpayer money on programs that won't really help Iowans.

And a couple of those areas: specifically, billions of dollars for Amtrak train lines. Obviously, that is all going to go to the Northeast Corridor. People living between New York and D.C. will get a lot of that money. It is already one of the most heavily funded public transportation corridors in the country.

And you also mentioned the \$1 billion investment just to build out the network of electric vehicle chargers. And, you know, Iowans see that as a billion-dollar investment in China for critical mineral production. And Iowans have been very clear with me, they don't want to send their tax dollars to China to help with electric vehicle charging stations that we can't really use right now.

When you look at the numbers in Iowa, about a tenth of 1 percent—a tenth of 1 percent—of the registered vehicles in my district are electric vehicles. So Iowans right now are not trading in their affordable vehicles, their reliable vehicles, their farm trucks for impractical, luxury, expensive electric vehicles that can't go more than 200 miles without recharging.

And a couple things there. First, these EVs were not really built with rural Americans' long distances across counties to get to childcare and work. I just visited a place where people are driving 40 miles each way to and from childcare two times a day. That completely depletes their ability to go anywhere else.

Secondly, Iowans can't afford it. I just talked with a mom in Waterloo who is concerned about her shrinking paycheck covering the rising costs that she is facing, gas and groceries, not buying a new electric vehicle that costs, respectfully, \$50,000 to \$60,000 on average.

And adding charging stations and then suggesting that people should be out there buying a new electric vehicle is truly an out-of-touch response to what my constituents are facing right now.

So I just wanted to ask specifically today, Mr. Secretary, you know, when it comes to these investments in electric vehicles and a \$16 million investment in electric vehicles, can you describe where that specifically would go?

Secretary BUTTIGIEG. Sure.

So, first of all, let me put to rest some misconceptions about electric vehicles, and ones that would, I think, be especially interesting to your constituents.

So let's take the electric trucks that are coming onto the market—say, a Silverado or an F-150 Lightning, for example. Those are all-electric models. They start about \$40,000. And they have a range in the 200- to 300-plus-mile area.

And it is actually rural drivers who would benefit the most. I mean, think about some of the drivers you mentioned, right? The more they drive, typically the more of their income is going to gas, and so the more money they are going to save if they can afford an electric vehicle, which allows them to fill up on electrons. Of course, that is not free either, but it is cheaper—

Mrs. HINSON. Well, but electrons are more expensive right now too, Mr. Secretary. I mean, when you look at—I have constituents sending me copies of their electric bills that have more than doubled in the last year too.

So, when it comes to energy affordability, that is the issue here. No matter what fuel you are using, everything is more expensive right now. So that is why I am saying respectfully here that electric vehicles are not the answer right now when we are facing this energy affordability crisis across the board.

Secretary BUTTIGIEG. So, again, it is less expensive to fill up on electricity than it is to fill up on gas and diesel. That is only the more true recently, but that has been true for some time.

And so part of what we are trying to do here is to make sure that families can get the savings. Now, as you know, we also proposed tax credits that would have knocked another \$10,000, \$12,000 off of the price of those vehicles, so that, for example, F-150 or Silverado that would start at 40, that would get into the high 20s for your constituents.

Now, some Members voted for that, some Members voted against it. We believe it would be a nice complement to what we do have the funding from Congress to do, which is to make those chargers available.

Now, one other thing that I think is especially worth a mention in areas like the Midwest, where you and I come from, is that, while it is still going to be important to have this kind of electric vehicle infrastructure across the highway network for those longer road trips, what a lot of folks don't realize is that many people, especially in rural areas, where a majority of families live in single-family homes, have electric vehicle infrastructure already. It is called the plug in your wall. In other words, an ordinary wall plug, while, of course, not as fast as a Level 2 charger or something like that, is something that can be used to charge a family vehicle.

Look, we are in a race against time. We are seeing effects, some of which have been experienced, you know, certainly in Iowa, of disturbingly frequent and extreme weather events related to climate. Many scientists believe we are within just a few years of the point of no return.

And we have technology that exists right now, that is creating American jobs, that can save American taxpayers money today on their gas or diesel bills if we just act to make sure that it is afford-

able, which is what those tax credits are about, and act to make sure that we have that kind of charging infrastructure. So, you know, even with a 300-mile range, we know that that is not going to work for everybody, with longer driving patterns, and we could help them, and we will, using this funding.

I don't want to miss the opportunity just to let you know something else that I think you will be relieved to hear on the Amtrak side, which is that, if you look, for example, at the 2023 budget and the \$3 billion requested for Amtrak, \$1.2 billion of that is for the Northeast Corridor, \$1.8 billion for the national network.

So I would hate for anybody to go out thinking that this was only going to the Northeast Corridor. That is certainly, of course, where a lot of the passengers, a lot of the revenue, a lot of the economic activity connected to Amtrak is, but the vision really is for a nationwide network that will benefit this country coast to coast.

Mrs. HINSON. Thanks, Mr. Secretary.

Thank you.

Mr. PRICE. Mr. Espaillat.

Mr. ESPAILLAT. Thank you so much.

Thank you, Secretary.

As you know, the Second Avenue Subway—the second phase of the Second Avenue Subway project has been in the pipeline for some time now, and, under your leadership, in partner with the MTA, significant progress has been made.

This year, my constituents and I were pleased to see the fiscal year 2023 funding recommendation included \$400 million for construction of the second phase for the Second Avenue Subway. This is an excellent sign that the project is right on track and that the next and final phase should begin by the end of this year.

I hope that you can visit the tunnels with me. I know that you were scheduled to, but I again extend an invitation to you to visit that wonderful project that addresses equity, transportation equity, for East Harlem and Harlem and my district.

My question is: When deciding the “Annual Report on Funding Recommendations” for Capital Investment Grants Program projects, is project readiness taken into consideration when this decision is made, Secretary?

Secretary BUTTIGIEG. Well, thank you. Yes, one of the most important things, of course, in programming these funds is to make sure that the project sponsors are going to be able to implement and execute.

And I know that—and, by the way, I haven't forgotten the opportunity and invitation to come see the Second Avenue Subway. I am looking forward to it. And, as you know, that is part of the broader body of the transit vision that would be funded in this budget request with \$2.9 billion in general funds, which, coupled with the \$1.6 billion that came in advance appropriations, brings us to \$4.5 billion for the year.

But, yeah, certainly, there is a statutorily defined set of criteria that is specific to each project type, but we work very closely with project sponsors to make sure that they can be delivered effectively.

Mr. ESPAILLAT. Thank you, Secretary.

I want to jump into another question. While the Infrastructure and Jobs Act was not designed to achieve the Biden administra-

tion's climate commitments, it does provide funding for programs that can help reduce pollution and prepare communities for resiliency against climate impact.

What measures will you enforce to guarantee that Justice40 is adhered to when implementing programs under the Infrastructure and Jobs Act that invests in clean energy, clean transportation, green buildings, workforce development, grid and transmission updates, recycling, and clean water? What enforcement mechanism or what measures will you take?

Secretary BUTTIGIEG. So one thing that is going to be very important is transparency about how we are meeting those goals. And I can tell you that, you know, this Justice40 commitment is taken seriously in my department and in all of the covered programs across the infrastructure law. That is the expectation of the President, the public, and the Congress alike.

Of course, we have been working with equity in mind even before the bill passed. To take one example from your neighborhood, the \$18 million planning grant for the Cross Bronx Expressway planning work in fiscal 2022 out of RAISE, I think, is an example of something that is compelling largely because it can benefit people who—

Mr. ESPAILLAT. That may be my district in a couple of months, Mr. Secretary, so—

Secretary BUTTIGIEG. We will keep our eyes peeled on that. And, either way, I know it is something that will affect your constituents.

So I just want to mention that as an example of the work we have been doing before. But, now, with Justice40 and with the resources in the BIL, we have an opportunity to really take these commitments to the next level.

And you have my commitment that, as we work with OMB to make sure that we spell out the specific implementation and metrics for measuring the keeping of those promises, that that is something that we will be tracking all the way at my level, in the White House, and throughout this department.

Mr. ESPAILLAT. Mr. Chairman, let me just thank the Secretary for his persistent commitment to transportation across the Nation and infrastructure and, of course, to the environmental issues that are connected to transportation and infrastructure that are so important to the neighborhoods like the ones that I represent.

And I just look forward to having the Secretary visit Harlem, East Harlem, as we plan to connect that neighborhood to the rest of the world. And I thank him for all his efforts thus far.

And I yield back, Mr. Chairman.

Mr. PRICE. Thank you.

Mr. Gonzales.

Mr. GONZALES. Thank you, Chairman.

And thank you, Mr. Secretary, for attending today.

You know, I represent south and west Texas. I represent 42 percent of the southern border, a district that is predominantly Hispanic.

My first question to you is, when is the last time you visited the southern border?

Secretary BUTTIGIEG. That is a good question. I guess it has been probably 2 or 3 years since I was in that area.

Mr. GONZALES. I would love to host you there, because there is a lot—you see a lot of things on TV, but there is a lot more to that area than just the security piece. The security piece is absolutely important, but there is trade and commerce that is equally as important in there. And infrastructure plays a fundamental role in all of that.

You know, have you ever heard the name Bishop Evans?

Secretary BUTTIGIEG. Yes, that is familiar.

Mr. GONZALES. Okay. Bishop Evans was a National Guardsman that drowned a couple weeks ago—

Secretary BUTTIGIEG. Oh, of course. Yes.

Mr. GONZALES [continuing]. In Eagle Pass, Texas. And I mention his name because we are seeing all kinds of people get sucked up into this chaos. And I am bringing it back to infrastructure.

You know, a lot of times, along those areas, especially Eagle Pass, Del Rio, and I would argue even Yuma area, you have a lack of infrastructure. And what does that mean? When there is a crisis or when there is a situation, emergency situation, a life-or-death situation, it requires, you know, Border Patrol or any agency to have access to some of these different areas. And one of the difficulties was getting access to that river and, ultimately, you know, them recovering his body.

So I would love to host you, if you ever decide to come down, or help you build out a trip, you know, if you decide to do that. I think it is very important, beyond the security piece, but to spend some time and energy in that.

You know, along those lines, you know, we often talk about seaports, and I think seaports are important, but there are also land ports that I think have been overlooked quite a bit. And I have several land ports in my district. And I think what you are going to see, as these increased, you know, delays in, you know, certain seaports, you are going to see the land ports be an alternative route to that.

You know, on that note, is there anything in particular that your organization is working on for land ports as far as modernizing and streamlining some of that ability?

Secretary BUTTIGIEG. Well, thank you. And certainly agree that, you know, the story of making sure that our borders are functioning well is largely an infrastructure story. And that is as true for land ports of entry, through which a great deal of commerce and trade passes, as it is for our seaports.

And there is a lot available—first of all, of course, making sure our road networks are adequate—and other resources in the infrastructure law. One of many reasons we thank Congress for passing the infrastructure law is the financial support that it provides for land ports of entry that I know will be important at the border.

Mr. GONZALES. Well, I am just going to double-down on that.

You know, as you know, the Aviation Safety Division specializes in basic and advanced training courses in aircraft and rotorcraft accident investigations and safety management systems, SMS. The Aviation Safety Division provides training and technical assistance

to the Interagency Committee for Aviation Policy, Customs and Border Patrol, and the Army and Air Force National Guard.

I appreciate the Department working with CBP agents and many others in my district to help secure the border. On that note, you know, I would love for you to look into that and find ways on how—you know, the interagency cooperation is very important, and all of it is intertwined. And, you know, if you could look in and, you know, maybe we could have a dialogue on how we can expand some of these areas. Because transportation is very critical, as we have kind of laid out.

Secretary BUTTIGIEG. I would welcome a chance to work with you on that. Thank you.

Mr. GONZALES. Okay. Perfect.

My last question is honestly in regards to electric vehicles. And, you know, we often talk about, you know, whether some districts will benefit or not benefit from it. Honestly, I don't want to have that discussion. I would prefer to talk about the rare-earth minerals in it and what are we doing, you know, as far—you know, China has a grapple-hold on this. And, you know, what are we doing to kind of compete in that area, when it comes to, you know, the components of what makes an electric vehicle work?

Secretary BUTTIGIEG. Thank you. This is a very important dimension of how we are going to need to work to prepare for the future, especially in order to maximize the job-creation potential of EV production and supply chains in the U.S., not to mention just making sure that the supply is adequate.

I would mention not only the availability, mining, and extraction of rare-earth elements but also the refining capacity for them. If you look at some of the elements that are important in EVs, the reason that there is a disproportionate level coming from China actually has less to do with the elements than it does the capacity to prepare them for being usable.

And this is exactly the kind of issue that the Joint Office of Energy and Transportation that was established, linking our department to the Department of Energy, is working on.

I think, you know, these issues, of course, cannot be used as an excuse to maintain the status quo, but also cannot be ignored and need to be tackled with energy, with resources, and with determination.

And we are seeing a lot of the industry, the OEMs, taking very creative and innovative steps to diversify the kinds of technologies that they have. Because some of the sources actually do exist in the U.S. if we make the most of them—lithium is a good example of that—while others, like cobalt, are much harder to source in the U.S. or even in friendly countries, creating some pressure to look for alternatives that wouldn't require them to be used as much.

But, again, we see a lot of industry leadership, and we think that deserves to be matched by public-sector leadership in supporting that kind of supply-chain development, so that we can really be ready for what we are sure is going to be a transition to electric in the auto industry but are not sure is going to happen quickly enough unless we are all working together.

Mr. GONZALES. Thank you, Mr. Secretary.

I yield back.

Mr. PRICE. Ms. Wexton.

Ms. WEXTON. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, for joining us here today. It is great to have you back with us.

Now, I would be remiss if I did not at least congratulate you and Chasten on the new arrivals that you have had since you last appeared before us. And I do feel the need to point out that you look incredibly well-rested. And so I don't know what your secret is, and maybe you can tell me about it in round two, but for right now I want to talk some about transit, if we may.

You know, I would be remiss also if I did not thank the administration and your department for your continued support of Metro in the fiscal year 2023 budget request. It is really important that we get that up and running, because, you know, as more and more Federal workers return to work and need to take transit, they are returning to transit, as well as people who are trying to save money on gas, as gas prices increase. So we are seeing a big uptick in the people riding on Metro, so I want to say thank you for making sure that WMATA will be able to provide safe, frequent, and reliable service for the region.

And I do remember that, when you were last before us last year, we talked a little bit about the fact that Phase 2 of the Silver Line will be opening in my district. I had hoped it would be open by now. It is not yet open.

I do remain confident that it will open in fiscal year 2023 sometime, if not before. And I would like to maintain that open invitation for you to join us for the ribbon-cutting when it does take place.

Secretary BUTTIGIEG. Well, that is something I share your enthusiasm for and look forward to being able to celebrate. And thank you for the kind words about our family too.

By the same token, I would be remiss if I didn't acknowledge that, today, WMATA named a new executive director and CEO, somebody I got to know through terrific work that went on in Austin. And I am wishing him every success and look forward to working with him and his team.

Ms. WEXTON. Yes. Thank you. Thank you for pointing that out, Secretary Buttigieg.

I also want to ask you about the integrated smart mobility pilot program that is proposed in the Federal Transit Administration budget request. I am really intrigued by this, because, you know, as I mentioned, Silver Line Phase 2 is coming into Loudoun County. It is still a very suburban county, and we have trouble with that first mile, last mile, you know, linkages and also with things like paratransit and microtransit and things like that.

How do you envision this pilot program working to help better connect people to transit in all areas?

Secretary BUTTIGIEG. So what I would say is that our transit systems are part of a tapestry that looks very different than it did even 10 years ago, let alone 20, 50, or more when many of these systems were established. And the assumption that the best approach is always going to be a fixed-line, hub-and-spoke, neighborhood-to-neighborhood system has been complicated, but perhaps possibly in a good way, by the arrival of things like micromobility,

bike-share, scooters, ride-share, and other technologies that, if we think of them right, I think could be a complement to, not a replacement for, transit.

So this is a discretionary grant program, \$50 million requested in this budget, that would allow FTA to award up to five grants to eligible recipients. And the idea would be to support innovative approaches to mobility that improve safety, accessibility, and equity in accessing community services or economic opportunities or getting people to where they need to be, to put it simply.

So that means things that might, for example, integrate active transportation or shared-use mobility with public transportation improvements, so that we have just a safer, better, and more up-to-date model for transit.

And I think, while \$50 million might seem to be a modest number relative to Federal transit spending writ large, I think we can learn from what works through these smart mobility grants in ways that could inform, ultimately, the entirety of transportation and transit investment across the U.S.

Ms. WEXTON. Good. And I would suggest that you guys, when you do award those pilot program grants, assuming that is funded, you do so to a diverse area when it comes to geography and everything like that—some to suburban areas, some to urban areas, and things like that.

Now, I also want to talk a little bit about the Airport Terminal Program at the FAA that we created in the Bipartisan Infrastructure Law. I represent four airports—three regional and one international—and they are all really, really excited about this, everything from, you know, the Manassas Regional Airport, which really needs a new tower; Winchester, which is looking to hopefully build a new terminal there; and, obviously, Dulles International Airport, which is way behind on their construction of Terminal C.

You know, what kind of impacts are you hoping that this program will have? And can you talk a little bit about how the Department plans to allocate the grants to ensure that there is a diversity of recipients, that it is not just, for example, the big international airports but it also includes the regional airports and smaller airports?

Secretary BUTTIGIEG. Well, thank you. And as a former mayor of a community that really relied on our regional airport, I know how important it is to support airports of all sizes and types.

So the infrastructure law provides \$5 billion over 5 years specifically for terminal development projects. And that is set out, per the law, to ensure that we consider replacing aging infrastructure as one of the specific areas that is held in mind when selecting projects. And those grant funds can be used for upgrades or replacement of aging terminal or airport-owned air traffic control tower projects.

So I think it is certainly one that could be applicable to the scenario that you mentioned and something that we had put out for solicitation and are now going through the applications from that first tranche of the funding. I am really looking forward to making some announcements that I hope will demonstrate our commitment to supporting airports of all sizes and types.

Ms. WEXTON. Thank you, Secretary Buttigieg.

I will yield back.

Mr. PRICE. Thank you.

Mr. Trone.

Mr. TRONE. Thank you, Chairman Price, for holding this hearing today.

And, Secretary Buttigieg, a lot has happened since you were here last time. We have had some great, wonderful progress in transportation, so we thank you for that.

Finally, we are going to be able to rebuild our roads and bridges and bring our infrastructure [inaudible]. In my district, it will allow communities like [inaudible] And Cumberland, Maryland, to reap the [inaudible].

IIJA included one of my bills, the Finish the ADHS Act, which delivered 100 percent of the funding needed to finish the Maryland portion of Route 219. And for that, we thank you.

On surface transportation, for the first time, you are allowing grants to apply for multiple—multiple grants with one application. Great idea. How is that going to look on the back end? And will the criteria be the same across grant programs?

Secretary BUTTIGIEG. Well, thank you for highlighting the work we are doing to try to make it just a little bit simpler for project applicants to navigate our processes and for our staff to go through these applications.

You know, 46 new programs were created in the DOT alone through the infrastructure law, and we want to make sure that that doesn't lead to a bewildering array of different programs with different requirements, different dates, different processes, because, of course, that will be especially difficult for smaller communities or disadvantaged communities but, really, difficult for any community to navigate.

So our intention with rolling some of these projects up together—for example, combining the INFRA Program, the Rural surface program, and the Mega Program together—is to make it a simpler, streamlined process for applicants and allow us to weigh different funding sources that could all perhaps be applicable to the same project and issue that decision and go through that process all at once.

Now, sometimes, the selection criteria are set out in rather specific terms by statute. In all cases, we usually have to create a little more specificity around that. And our intention is to be very transparent in the notice of funding opportunity so applicants know what to expect.

And I think we are going to learn a lot from this first year of combined notices of funding opportunity and, if it goes well, perhaps even be able to take further steps in that direction.

Mr. TRONE. I think that is fantastic.

INFRA is going to continue to be a key Federal grant program. Do you anticipate being able to award more grants since you have so much more funding available? And any criteria changes on INFRA that are significant for this year from last year?

Secretary BUTTIGIEG. So the answer to the first question is yes. You know, we have gone from the neighborhood of \$1 billion to the neighborhood of \$1.5 billion, thanks to the funding that was provided in the bill. And so I would expect that that will allow us to

support more projects than before, which is welcome because this is a very popular and oversubscribed program, where we got more applications, and I would say more deserving applications, than we were able to fund.

The criteria are broadly consistent. And, again, as we put out these notices of funding opportunity, we try to be as transparent as we can about how we are putting those criteria to work and what applicants can expect.

We also try to work with applicants on the back end if something doesn't go their way. Sometimes they can successfully reapply in a second or a third year, and we are pleased to see an application go back and get stronger.

There are some new eligibilities in INFRA. Wildlife crossing projects, which I think sometimes sounds fanciful for people who maybe don't live in areas where that is important, but that can really save lives, in terms of reducing the number of large-animal strikes on some roads. Marine Highway Corridor projects; certain projects on our National Multimodal Freight Network; other things that we think would be relevant to our supply chains.

So there are some new eligibilities that we would encourage project sponsors to become familiar with, so that they know that this program just might be for them even if it wasn't, necessarily, in the past.

Mr. TRONE. That is fantastic and great news.

I want to put in a plug for Maryland I-81 grant application. We have applied, as you mentioned, actually 4 years and gotten better and better every year in our applications.

This project, I-81, carries 12 percent of the United States GDP—12 percent. In desperate need of Federal funding. It has over 19,000 trucks every day, and the top 1 percent—1 percent—of truck traffic per lane. And we only have nine exits. And the problem with the exits is, they are 50 years old, they are 800 to 900 feet, and we need 1,500 feet now for standard for safety.

So we would love for you to put a good word in for I-81. And thank you for the great job you have done so far. We really appreciate all of your hard work there.

I yield back.

Mr. PRICE. Thank you.

Mrs. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you so much, Chairman.

Thank you, Mr. Secretary, for being here.

I did get the opportunity to hear the majority of your testimony. Then, unfortunately, I had to go and do another hearing.

First of all, let me just say that I am glad that it is President Biden in the White House right now and I am very glad that you are the Secretary of Transportation, because the issues that I am very concerned about you have already been addressing.

I want to talk to you a little bit about this whole issue of reconnecting neighborhoods. You have mentioned this in hearings that we have had before, what has happened with the kind of policies that were implemented that disconnected very important neighborhoods. And I am thrilled that the Infrastructure Investment and Jobs Act has included funding for reconnecting these communities.

I wanted to ask you if you could provide me any further details as to the timeline of these grants and what localities should be aware of when applying.

I want to thank you also, because I did have someone from your office on an information panel discussion.

But I would really like to know how these neighborhoods that have been most impacted will know about these grants and will know how to apply for them.

Secretary BUTTIGIEG. Well, thank you very much for the question.

You know, one thing I have found about cases where a past decision about infrastructure has divided a community is that they are everywhere. I am amazed to see heads nodding when I describe that railroad track or that highway that tore through a community of color or divides one neighborhood from another, even if I don't know specifically which one that would mean to somebody in my audience. We have seen it in communities of every size, north, south, east, and west. And so we know that there is a great deal of interest in this program.

This year's funding amounts to \$195 million, and we intend to put out the notice of funding opportunity by the end of June of this year. This is one of those new programs, so it is taking some work to get it just right, as opposed to an expansion of an existing one, but we also want to move promptly, because I suspect that we will see a remarkable level of demand for this.

The kinds of projects we are looking for are ones that can use Federal dollars to improve or reconnect where Federal dollars in the past divided. I would say there might be many different types or flavors, so to speak, of those projects—what is called a cap-and-stitch, where you go over a highway that might create that kind of gash; or sometimes a more modest intervention, like adding a transit route where it doesn't make sense to completely replace a piece of infrastructure but you need to help people get across or around it. We will make that a little more specific and clear in the grant criteria.

But the other thing I would want to mention is, while this pilot program funds projects that are specifically geared toward this, there is nothing to stop a number of other bodies of funding, discretionary and formula, from being used in ways that align with these kinds of purposes.

And so my hope is that States, as they use their formula funding, might take note of what is achieved through this pilot program and decide independently that they might want to take some similar steps on their own.

Mrs. WATSON COLEMAN. So, Mr. Chairman, I think this is wonderful. And I represent the capital of the State of New Jersey, the very historic city of Trenton. And it has been cut off from its access to the waterfront, which would make it even more attractive to both its tourism and economic development.

I want to extend an invitation to you to come see this with me, explore this, and use your creativity as we discuss what has happened negatively in terms of our capital city and what could happen under any one of these programs. So right now I am extending that invitation. Please know that my office will follow up, and hope

that we can get you into the city of Trenton and the great State of New Jersey.

The other project that I am really—or funding stream that I am really interested in is this whole making streets more healthy.

I introduced a bill called the SHADE Act, which would have put \$50 million over a 5-year—for a 5-or-so-year period, which would help those communities that have really been experiencing higher temperatures, unhealthier environments, breathing air, et cetera. They have been traditionally the redlined districts. They are the poorer districts, and they are minority districts.

And I am wondering, what is it that you all will be doing to notify those particular communities of their eligibility for cooling-down mechanisms?

Secretary BUTTIGIEG. So I would point to the sources of funding around things like Complete Streets, where often an important design element is making sure that they address issues like this that are not just an aesthetic concern but, as you point out, often a health concern as well. They can affect even the physical sustainability or durability of infrastructure because of the accumulating heat that happens in hard infrastructure that could otherwise be somewhat sheltered through things like tree canopy.

And so we would welcome the chance to work with your office to lay out in a little more detail which funding sources might have overlapping eligibilities that could be helpful for communities that are including these elements in their project design.

Mrs. WATSON COLEMAN. Thank you, sir.

I see that my time has expired. I yield back. I thank you for the opportunity to have this conversation.

Mr. PRICE. Thank you.

And that does conclude our first round of questioning. It is really good and impressive to have virtually all hands on deck from the subcommittee, both sides of the aisle, with good questions. I think we covered a wide waterfront.

And we will have a second round; that will give us another chance. We are not wanting to keep you too long, Mr. Secretary, but we appreciate your sticking with us here, and we will proceed.

I will ask members to do their best to frame their question so as to give the Secretary time to answer within the 5 minutes. We need to do a little better in moving along.

But I will start the second round, and we will be happy to entertain anyone who wants to stay with us and participate.

I noted in my opening statement that, like Amtrak Joe, I consider myself an advocate for passenger rail. The \$66 billion in advance appropriations provided across several rail programs over 5 years in the Infrastructure Investment and Jobs Act does have the potential to really transform passenger rail in the U.S., upgrading present services, hopefully adding new service.

And then there is, of course, a lot of other action, as well, with not just Amtrak but Amtrak in cooperation with the States, like North Carolina and Virginia, actively advancing projects leveraging CRISI and other programs. We have invested heavily in them as a subcommittee, and they are, of course, included in the IIJA. Others are just beginning to explore this, but the potential is very great.

So, Mr. Secretary, my question in brief is: What is your vision, what is the administration's vision for passenger rail in this country? What steps are you doing to prepare potential applicants to apply for the funding, applicants who want to build on their progress thus far, others who may want to break into this, States and other entities? What kind of advice do you have in terms of lining up for this and making a solid effort?

And what kind of, I guess, planning and coordination, of course, in cooperation with Amtrak, are you undertaking so as to make sure that these pieces, in the end, add up to a system, I would say, of workable regional corridors? Whatever else we do, we ought to end up in addressing these corridors that are such obvious candidates for passenger rail.

What kind of criteria about project readiness and the dates for project completion—any criteria we should know about as to how you are approaching this?

Secretary BUTTIGIEG. Well, thank you.

The vision, in short, is that American citizens ought to be able to expect just as high a standard of passenger rail as citizens in any other developed country. I think we know that that is not true today, through no fault of Amtrak's, through the fact that we haven't invested in passenger rail to the same degree as other countries have done.

I do think we should support Amtrak but not only Amtrak, in that there are a number of different possibilities, including public-private partnerships that have emerged to help provide excellent passenger rail for Americans.

And I also again want to emphasize that, while of course a lot of the need and a lot of the opportunities are for the Northeast Corridor, [inaudible] \$12 billion, for example, for the Federal-State Partnership Program across that \$66 billion in IIJA funding dedicated toward rail is for the specifically non-Northeast-Corridor projects.

You also mentioned CRISI—\$5 billion for all sorts of rail-related infrastructure projects. And while many of them might in the first instance be envisioned as related to freight rail, because these freight rail lines host Amtrak passenger service, it is really is a win-win for goods movement fluidity, supply chains, and passenger capabilities when we have that.

Also, we have the Railroad Crossing Elimination Grant Program. There are a lot of communities where people have to wait for too long or, worse, experience safety hazards around railroad crossings, including a number of communities around my Indiana hometown. But that also enhances fluidity and reliability for passenger and freight service.

So there are really a variety of rail projects that can be supported here. And there will be, we know, a lot of variability around the design and the urgency for those.

FRA is working to make sure that information is clearly available to rail stakeholders so that they can succeed, so that they can compete, so that they can apply for these funds, because even the major investment here, really since Amtrak's inception, it is not infinite, and choices will have to be made about where those dollars

will make the biggest difference, both on and off the Northeast Corridor.

Mr. PRICE. That is encouraging to hear.

Believe me, this is long overdue. This was one of the more visionary aspects of the Obama recovery plan—\$8 billion, in that instance, applied to passenger rail development. We made good use of it in North Carolina to develop the Raleigh-to-Charlotte service, four trains each way each day—very good service. And now our vision is to extend on to Richmond, then on to D.C. And there are a lot of regions in this country where that kind of initiative is either underway or is going to get underway, I think, with the possibility of this support.

All right. Mr. Diaz-Balart.

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

Mr. Secretary, in December, DOT released guidelines to the States for their highway formula funds that many thought appeared to reduce their decision-making flexibility. And I am sure you have heard about it because, at a minimum, this has caused confusion and concern amongst State DOTs.

I don't have to tell you that discouraging new capacity could, frankly, be really ill-advised as we are dealing with supply-chain issues. But I then read and heard that, obviously, the intention was not to do that.

Do you intend to clarify—my understanding is that there has been no clarification after that was released. Do you intend to clarify your guidance to the States so that they have, you know, total assurances that their flexibilities and authorities under the law remain intact?

Secretary BUTTIGIEG. Well, certainly, if there is any remaining confusion or misconceptions, I am happy to address that. If the concern is to make clear that the memo does not prohibit the construction of new general-purpose capacity on highways and bridges, I should emphasize that that fact, verbatim, is in the memo.

What we sought to do was to lay out priorities that we think were important to bear in mind, but we recognize that this is going to be different in different jurisdictions and environments. There—

Mr. DIAZ-BALART. No, I appreciate that.

Secretary BUTTIGIEG [continuing]. Are some places where—okay.

Mr. DIAZ-BALART. No, I appreciate that, Mr. Secretary, but there was some confusion. And so I think, you know, I am hearing from you now, but obviously—hopefully the States have now been reassured.

Let me change gears. There was a lot of conversation with other members about this kind of issue. You know, I want to make sure that there is maximum accountability and transparency in decision-making. We are dealing particularly with discretionary grant programs, and I don't have to tell you that there is a lot of money there.

The IIJA advance appropriations provided \$100 billion for new and discretionary non-formula programs, and this is above the amounts provided through the Highway Trust Fund and through annual appropriations. That is a staggering amount. And, again, a lot of folks have been talking about this.

Last week, OMB released a 14-page guidance memo on the implementation, but one of the areas that I thought may have been overlooked is an effort to provide transparency and accountability to the public. I didn't see any specific measures to increase public access to the way decisions are made in determining which projects get funded. This is an issue that happens, you know, no matter who is in control, what party, or what the Secretary is.

So I think we should work together on a few issues, Mr. Secretary. I would like to provide the public with access to deliberations by DOT, you know, to DOT's grant application review panels, maybe through open meetings or other forums of reporting.

And, also, I think we should provide specific information for grantees—and you talked about how you have been, you know, talking to grantees who maybe had not done well originally and may be coming back with better proposals. I think we should provide specific information for grantees when they don't succeed as to why they were not successful so they can do, you know, a better job when they come back.

So, Mr. Secretary, would you agree with some of these transparency goals? And, if so, are you willing to take specific steps to give the public more access to internal funding decisions? And I look forward to working with you on those issues.

Secretary BUTTIGIEG. Well, we certainly recognize how important it is that our decisions are accountable and the public has a clear view of why we are making them and where taxpayer dollars are going. I will mention a few things that we think will help with this in our plans looking forward.

One is to provide individual debriefs to unsuccessful applicants so that they understand how a decision was reached and, maybe most importantly, understand how to strengthen their application for the future.

I also know that, under the infrastructure law, in the Mega Grant Program, we will be publishing the overall rating that was assigned to each of the eligible projects that was considered.

And we would be open to discussions about other measures that could be helpful too. Our goal, of course, is to do it in a balanced way that preserves appropriate levels of discretion in the Department and allows us to discuss things very candidly with project sponsors and, at the same time, make sure that there is appropriate public understanding about what is happening with what is, of course, ultimately public money.

Mr. DIAZ-BALART. Yeah, no, I don't disagree that, you know, some conversations have to be kept somewhat private. But I think, obviously, it is important—because we are talking about so much money—that the people feel confident that the decisions are being made in a transparent way, in a way that is, you know, in the public good.

And so, again, it is not a criticism at all to you or to the DOT right now; it is just an issue that has come up from time to time. And I look forward to working with you and the chairman of the subcommittee on ways that we can increase that transparency as much as possible.

So, with that, Mr. Chairman, I yield back.

Mr. PRICE. Thank you.

Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Thank you again, Mr. Secretary. I know it is a long day.

Coming back from COVID, and we still have issues, but we are talking about getting people back into transit programs and the resistance there.

One of the issues in Chicago—and, from what I understand, it is across the country—is the issue of crime. Part of it stems from sort of a chicken and egg, which comes first. There are people who have reservations getting into transit systems that have not a lot of people on the train or the bus. They feel less secure. And it blocks people from wanting to get on, because they don't see anybody there. But to get more people on, they have to be more secure.

You know, has DOT started talking about or are there assets and assistance we can provide to help transit agencies address these concerns?

Secretary BUTTIGIEG. Well, certainly both the reality and the perception of safety are very important for public confidence in transit. We know that this has been a concern raised by a number of transit agencies.

There are some delineations of authority between what is appropriate for us to work on versus law enforcement or other entities, but we certainly welcome any opportunities we can provide that could be helpful here.

And one thing I would point to is the hard infrastructure around anything from the design of an entrance to a subway stop to the lighting around a bus shelter could play a role in safety even if it is funded with other considerations in mind as well.

Ultimately, density of ridership tends to contribute to both the perception and the reality of safety. And so that is going to be an ongoing journey, of course, as we work to see transit ridership recover from its COVID depths.

The last thing I will mention, though, a more general point about safety that I think is sometimes missed, which is that, if you look at the statistics on the number of roadway fatalities we experience in ordinary car travel—a very high number that we are working aggressively to lower—by comparison, there is a much higher degree of safety per passenger mile associated with the use of transit.

I don't think it maybe works that way psychologically for us as commuters, but I do think that it bears mention, that the more excellent transit options that we are providing, that people feel confident and that are convenient to take, at least on today's patterns of roadway and transit safety, there is a safety benefit to be had there too.

Mr. QUIGLEY. Yeah.

And I just had a—I know you mentioned lighting, entrance design, and so forth. If I might throw in the possibility of cameras, people's perceptions of that. I don't know if that falls in, but it is certainly something we are interested in.

Any other barriers that you have seen in how we get back the density that you talked about, besides crime issues?

Secretary BUTTIGIEG. Well, if you look overall at transit ridership, it has rebounded to about 60 percent of pre-pandemic levels, which is considerably higher than it was in late summer/fall 2020.

But that average, as averages are, can be a little bit misleading. The recovery has actually been swifter in terms of bus usage and slower in terms of subway and train usage.

Now, some of that, I think, just reflects what is happening in terms of commuting patterns. But it is something that we want to watch carefully and integrate into our strategies for helping transit fully recover.

Mr. QUIGLEY. All right. Thank you so much.

I yield back.

Mr. PRICE. Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Mr. Secretary, first, I would like to say thank you to you and President Biden. I know early on you all came out very supportive of the Jones Act, and we do appreciate that. I think it is very important to our national security, actually. And so thank you for that.

I would point out one other thing on the IIJA. In the Federal bridge program, when you see these applications come through from the State of Florida, would you please consider one thing in the formula? The State of Florida has done a very good job of expending our tax dollars to keep our bridges safe and in excellent condition. Now that seems to be working against us through this formula, actually to about the tune of \$200 million a year. So, over the 5-year period of the bridge program, that is going to be about a billion dollars.

So, if you would, just think kindly of us when you look at that, okay?

And, then, what I would like to ask for an update on, Mr. Secretary: The Tanker Security Program, I believe, is also highly important to our national security. The idea that our military has to continue to rely on fuel delivered by foreign tankers, I think, is just unconscionable.

Can you tell us a little bit about what the status on that program is?

As you know, that was put into the NDAA in 2021; we funded it in 2022. Actually, USTRANSCOM even looked at it back in 2021 and affirmed that it was necessary, and that is why we funded it in 2022. So there is no doubt that it is a necessary effort.

Can you tell me where we are at in that effort?

Secretary BUTTIGIEG. Thank you for the question. Yes, we agree like the Jones Act in general, but this tanker security program, in particular, is a matter of economic, and even national security. We had \$60 million in funding for that for this fiscal year, in the budget request, another 60, to continue the program at that authorized level going into fiscal year 2023. And the way that would break down would be \$6 million per vessel for up to ten tanker vessels.

Now, what we are encountering is the complexity of setting up this program and getting it up and running, especially because it entails likely reflagging some or most of the vessels that will be eligible under this program, and getting them onto the registry includes crew issues, making sure that physical inspections are passed, making sure that the Coast Guard is able to sign off. And so, there are a lot of steps that have to happen here. But we are committed to going through those steps. And MARAD has told me

that their goal is to have a rule in place that would enable them to begin receiving applications by the end of this calendar year.

Mr. RUTHERFORD. By the end of this calendar year?

Secretary BUTTIGIEG. Correct.

Mr. RUTHERFORD. Excellent. Excellent. Because I think every month we delay this is a real challenge for our military. So with that, Mr. Chairman—or Mr. Speaker, I thank you. Listen, I want to ask one other question, I have got 1 minute left. This will be a short question. You mentioned earlier about knocking down, quote, knocking down the price of EVs. Are we going to knock that down? Are we going to get the manufacturers to knock down the price, or are we actually going to ask the taxpayers to pay for a piece of that price?

Secretary BUTTIGIEG. Well, right now, the approach has been to call for both. But, of course, the Senate has not acted on the extension of the tax credit that would have encouraged swifter adoption. But, certainly, the OEMs are working in this direction, too. Like many things, there are economies of scale, this is relatively new and a very small percentage of sales today. The President has made a commitment to work toward 50 percent of sales by 2030 being EVs. And many of the companies have made comparable or even more aggressive commitments.

Let me say this in terms of the philosophical reason why you would consider a policy extension, just as we have those \$7,500 tax credits that have existed through past legislation. We think that the transition to EV will happen one way or the other. What is not guaranteed is three questions: Will it happen quickly enough to help us meet our climate goals? Will it happen in a way that people can access it who wouldn't be able to afford it otherwise, including some of the people who might benefit the most from the gas savings, provided they can afford that upfront cost? And third, will it be made in America? We see fierce competition, as we always have, in the automotive industry, and that is going to be true more than ever as that industry goes electric.

Mr. RUTHERFORD. Thank you, Mr. Secretary. And, you know, I still think we need to see those—this comparison of a carbon footprint per mile for all the different fuel sources. Thank you very much, sir. I yield back, Mr. Chairman.

Mr. PRICE. Thank you. Ms. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman. Mr. Secretary, you know how excited I am about the Portal Bridge, and that we are almost at the full commitment to that Portal Bridge, even included in this fiscal year 2023 budget. So we are going to be able to get to the tunnels in safety and security and not have to worry about manually lifting or lowering. What is the next step for our tunnels, though? What should we be doing, and what can we do to help us get there?

Secretary BUTTIGIEG. So, there are several funding streams that have been created or expanded under the infrastructure law that could be applicable here across the bridges and tunnels that comprise the overall Gateway project. I would also note with appreciation that the Gateway Development Commission has identified a director, a leader. We think that is a very important step in the

capacity of the GDC to help deliver on that, and makes for a more fluid partnership with us as a Federal department to help deliver.

Mrs. WATSON COLEMAN. I'll be very pleased to work with him.

Secretary BUTTIGIEG. Likewise. And I know it will be an important note for keeping Members of Congress informed, too. I was very pleased during my last trip to the region to hear that the notice to proceed on construction for Portal North Bridge has actually been issued. So I am looking forward to seeing that direct movement there, and hope in short order for movement to begin on the next procedural steps to pave the way for the tunnels to get done as well. We are talking about such volume in terms of the passengers who count on these tunnels that you could live 1,000 miles away, somewhere in the Midwest perhaps, like my old Indiana hometown, and you would feel the economic impact if something were to block the free passage of people through those tunnels.

So we understand the urgency of this funding to include the Capital Investment Grant Program, which is transit-oriented, but again, can benefit both transit and trains. As one example is going to be very helpful in timely meeting these goals.

Mrs. WATSON COLEMAN. We are very much interested in being a partner here. Let us know. We will be working with Mr. Kolluri as well. We are so glad he is coming on board. We recognize that there's \$100 million in fiscal year 2023, which like the first funding for this. I just want to know what the next steps are because we don't want any delays. So, you know, steady as she goes. Thank you. Thank you, Mr. Chairman. I yield back.

Mr. PRICE. Thank you. Mr. Garcia.

Mr. GARCIA. Thank you, Mr. Chairman. Mr. Secretary, I want to, first of all, apologize for my colleague from California, Aguilar's comments earlier. He has got the memory of an elephant so his defeat in the congressional baseball game still feels like it was yesterday. Very fresh. He is in the healing process.

Yeah, I wasn't going to weigh in on this EV conversation, but you said a few things that, frankly, I wish you were right. But the reality is, I don't think you are, and I mean that very respectfully. I drive an electric car. I am in California, so it is kind of the best and worst conditions. And I can tell you there really is not an ROI right now, even in California with the traffic, with the car-pool lane option that we have. To charge a car at home through an outlet without the enhancements to your electrical system at home can take up to 4 days for, call it a 300-mile range. We shouldn't have to be subsidizing a product that cost anywhere between \$40,000 and \$60,000 per unit. That is not the Federal Government's role. The market space should be doing that.

If you want to look at how do we help enable lower-income families to acquire this technology, you should look at maybe downloading some of these incentives and rebates to the used car market on the resale side of things.

The other problem we are seeing in California is that as more people buy electric vehicles, the demand on the electric grid becomes overwhelming. And as you know in California, we also have this phenomenon with power shutoff options where the winds get above a certain speed, they turn our power off. So as an EV car owner, I sometimes go out to my car thinking I charged it, but that

charging was stopped or interrupted because of the infrastructure challenges we have on our electrical grid due to high winds.

So this isn't a utopian scenario yet. I want what you said to be true, but I think we have got a long ways to go still. And this is why I think our side is still encouraging the market space to consider other options while the OEMs evolve and while this becomes—when we get to economic order of quantities and economies of scale, that may take it a decade or so, and the efficiencies and the motors and the batteries will get there eventually, but we should not force that artificially at the expense of middle-class America. Just my commentary on that.

My question is around high-speed rail, though. We talked about this last year when you came to us in California. We have got this, what I call franken-rail. It is this rail system that really doesn't know what it is. It is meandering through all the towns and villages and scaring the hell out of the locals. It is not high speed. It is not cheap. It is not effective. It is not efficient. It is not low emission. There is no ROI for this. There is no market space or demand in the cities that it is going to. Now, over \$105 billion. And last year when we talked about this, I kind of just requested that you looked at this to make sure we are not wasting Federal subsidies and grants on this project.

This isn't a political thing. This is a project that should have died a few years ago, and it is being propped up with a lot of taxpayer money now. I would rather invest in Metrolink. I would rather spend money on Amtrak. I would rather support projects like what Mr. Aguilar was talking about in the Redlands. This high-speed rail comes at such cost that we are cannibalizing these meaningful rail projects.

And so, I would just implore you to look at this. It is eligible. It is not explicitly prohibited under these Federal grant programs. But we have so many more options. If we want to invest \$1 billion, \$5 billion, \$10 billion in rail in California, we have so many more options that will actually decompress our traffic patterns and get cars off the freeways and help commuters in a meaningful way.

As we follow under the execution conversation from last time, I would just ask that you continue to look at this. The jobs can be had without flushing American Federal taxpayer money down on this franken-rail project. And we need to do the right thing on this one.

I wanted to get your thoughts on that and any updates that you have from your perspective for California's high-speed rail.

Secretary BUTTIGIEG. Sure. What I will say is that we continue to want that project, as we want any project, to succeed. But I would emphasize the portfolio of investments that we have here that doesn't concentrate all of our hopes around high-speed rail or any rail in a single geography or a single project. Because, you know, high-speed rail is so new in the U.S. that we haven't yet seen at scale what we might call the winning technology or project delivery mechanism. Although, we are hopeful that through this infrastructure law we can establish and in at least two or three geographies, not a full national network, but two or three geographies, something that will demonstrate that we can do it just as well as anybody else in the world here.

On the EV Piece, I certainly recognize that the ROI depends on how expensive your car is, and how expensive your electricity market is. And it is different in California than it is where I come from. Although, I think we will find that in time, it is increasingly becoming one that is clear regardless. But with regard to the grid issues, I can tell you we are sinking our teeth into those. It is part of what the Joint Office of Energy and Transportation is working on. It is part of why we are glad that the infrastructure law includes grid improvements. And, you know, just like the raw materials issues. There are two ways to take it, right? We can't accept it as an excuse to do nothing, but we do accept it as a challenge that we need to work on.

Mr. GARCIA. Thank you, Mr. Secretary. I yield back.

Mr. PRICE. Mrs. Torres.

Mrs. TORRES. Thank you, Mr. Chairman. Mr. Secretary, once again, you know, I want to go back to the issues that the community that I represent, Southern California and San Bernardino and L.A. County. You know, low-income vulnerable communities lack affordable transit options, as I stated earlier, which create a barrier in reaching those good-paying jobs that they could potentially get. That is why I introduced the Fair Transportation Act, which was largely included in the fiscal year 2022 omnibus. Based on my bill, I spearheaded an effort in the omnibus to include funding and language directing DOT to develop metrics for measuring the effectiveness of surface transportation projects in addressing transportation challenges and barriers faced by historically disadvantaged communities, areas of persistent poverty, and public transportation dependent populations.

Mr. Secretary, can you speak to the steps DOT has taken to equitably distribute transportation funding and investments from the Bipartisan Infrastructure Law to distressed regions, low-income communities, areas of persistent poverty and communities of color?

Secretary BUTTIGIEG. Thank you. Yes, we take this seriously as a moral as well as an economic imperative. Many people understand the concept of food deserts, a neighborhood in areas where you can't access fresh, affordable healthy food. The same is also true for transit. There are transit deserts, or mobility deserts, where it is difficult to be able to get to where you need to be. And if you were to access the American Dream of getting education or work or both that will lift your economic circumstances, being cut off from transportation or mobility means being cut off from opportunity.

That is why it is so important to make sure that these dollars are spent equitably. We have already considered this in discretionary grant programs like INFRA or RAISE. I was especially pleased to hear about at least one case where an economically disadvantaged community of color had a vision for safety improvements, and only decided to apply—they weren't going to apply. And then when they heard that we were taking these criteria seriously, they decided to, and it was such a deserving project that they wound up succeeding in getting funding. And so, that is just one example of how, in these discretionary programs, in ways that we are aiming to be very transparent about, we are making clear our commitments here.

A good transportation system is one that works for everyone. And there are some areas, especially lower-income areas where people are disproportionately likely to depend on transit, where people often are one unreliable cousin with an unreliable car away from missing a shift at work and perhaps even losing their job. We have got to create better options for them. And it is something I think we have every opportunity to do through the funding that enhances our ability to support transit, and support active transportation, which can also be part of the puzzle just making it safer to be able to get around on foot, on bike, and through transit, so that people can get to where they need to be.

Mrs. TORRES. Thank you for sharing that information with all of us. And thank you for your commitment to continue to support and highlight the needs of these communities that deserve to have their fair share.

You know, on the issue of high-speed rail in California, I know that I don't have to educate you on this issue because you are very knowledgeable on what happened. The ballot initiative—the Republicans insisted on that project starting in Central Valley because they demanded to have the jobs there.

So, you know, starting a project there in Central Valley was what they wanted. The demise of high-speed rail in California is not the lack of demand or the lack of interest from our population. The demise is the constant lawsuits, the gumming up the processes that they have been able to not only increase the price, but delay a project that is desperately needed in California.

I also want to go back to a question that was asked earlier regarding the electric vehicle working group. Thank you for creating that process. I just met last week with IBEW, and they are very, very concerned about, you know, the lack of training that some of the mechanics folks that are working on these stationary recharging stations may have. So we really need to pay attention, you know, to that. Thank you, again, for being here with us today.

Mr. PRICE. Mrs. Hinson.

Mrs. HINSON. Thank you, Mr. Chair. And thank you, Mr. Secretary, for sticking with us. You mentioned, in our last conversation, the race against time. I think we do agree on that. We do have a time crunch here. And it is clear that the administration does recognize the immediate value that the Iowa biofuels community has in its conversation, given the recent announcement, of course, to provide a waiver for the sale of E15 as a year-round fuel. And I know I have talked with many of these producers and processors. Iowa is absolutely ready to go to provide an affordable, environmentally-friendly solution right now to help address fuel shortage concerns. And I know when we had a chance to talk personally last year you talked about the importance of supporting our biofuels supporters and producers, which I certainly appreciate.

So if you could talk a little bit today about the roles that you see the DOT having in helping to support the increased use of biofuels to help meet carbon reduction goals long-term.

Secretary BUTTIGIEG. Thank you for the question. And we absolutely view biodiesels and biomasses as a very important part of how we get to where we need to be on this urgent path toward reducing our emissions. It is something that hits close to home for

me. When I was a mayor, our biggest water customer for our municipal utility was our ethanol plant. I have seen what that can do to create jobs and to be part of an all-of-the-above energy strategy.

I think a lot of the opportunity in the medium term for biofuels will be in some of the sectors that are hardest to decarbonize in transportation. And here, I would point not only to the use that is certainly going to continue well through this decade for some modes of transportation like cars and trucks, but also aviation and the maritime sector. We stood up a sustainable aviation fuels grand challenge in partnership with the Department of Agriculture and the Department of Energy to find ways to reduce the cost and expand the production and use of sustainable aviation fuel, or SAF. And so, there are a lot of opportunities to further policies like lenders, tax credits, that might help get these things, these technologies to scale.

But also, I would point to the maritime sector. One that on one hand, pound for pound, is one of the least carbon intensive ways to move a ton of goods. On the other hand, just because of the sort of fuel that is burned there is contributing a disproportionate amount of carbon and other pollution, and could benefit potentially from the widespread use of cleaner biofuels.

Also, our Federal Rail Administration has previously partnered with Amtrak to look into biodiesel fuel for locomotives. And so there is some interesting opportunity there to consider as well.

Mrs. HINSON. Absolutely. Well, I appreciate your commitment there to look at that all-of-the-above energy strategy because truly, that is what consumers need right now. In Decorah, Iowa, I was there doing a town hall last week. You know, gas hit over \$4 a gallon and diesel hit \$5.30 a gallon. So this is something people are looking for. And E15 year-round across the country could provide relief right now.

So you actually hit on something else with the maritime industry. And I wanted to just flag the maritime program led by, of course, MARAD and the National Park Service to help preserve sites and artifacts from maritime history. I wanted to flag, specifically, a boat. The USS The Sullivans, is in dire need of repair right now. It is sinking. It is stationed in Buffalo, named in honor of five brothers from Waterloo, Iowa. They died when their ship was torpedoed in World War II. And right now, it gets its money by generating revenue selling old vessels, but not enough money in the program right now to save all important items from our country's maritime history.

So I would ask you today to commit to helping protect this legacy. Work with my office on the National Heritage Maritime Program to ensure that ships like the USS The Sullivans get the necessary restorations that they need.

Secretary BUTTIGIEG. Well, thank you. We welcome the chance to stay in touch with your office about the opportunity here. As I understand it, the National Maritime Heritage Grant Program is overseen by the National Park Service, but our Maritime Administration is at the table because some of the funding comes from our Vessel Operations Revolving Funding. So I would look forward to learning more and working with you on this.

Mrs. HINSON. And we need that. We need to have a good seat at the table there. So I appreciate anything you can do. And then, lastly, you mentioned sustainable aviation fuel and, obviously, that is reflected in the budget. A lot of communication from the EPA lately about the use of canola oil as well as other non-ag products in sustainable aviation fuels. But could you clarify a little bit today whether the investment in SAF will be using agricultural sources also?

Secretary BUTTIGIEG. So I think there is certainly that potential. I don't know all of the chemistry, but my understanding is there is a great deal of interest and excitement about how those sources could be part of the answer for sustainable aviation fuels.

Mrs. HINSON. Well, I know I have met a lot with our biofuels guys. They are ready to go and want to have a seat at that table, too. So thank you, Mr. Secretary. Mr. Chair, I yield back.

Mr. PRICE. Thank you. Mr. Aguilar.

Mr. AGUILAR. Thanks, Mr. Chairman. I appreciate the second opportunity, Mr. Secretary. I wanted to pick up on where my colleague Congresswoman Torres left off with respect to equity. One of the programs that we had been tracking in the Bipartisan Infrastructure Law is the Transportation Workforce Outreach Program that will increase diversity and encourage young professionals to consider careers in the transportation sector. Can you talk a little bit about how investing in the Transportation Workforce Outreach Program will assist in improving transportation equity?

Secretary BUTTIGIEG. So I would point to two things. First, from an equity perspective, we know that there are some Americans and groups of Americans who just haven't historically been included in the transportation jobs or the construction jobs associated with maintaining, building, and, operating our transportation infrastructure. We have a chance to change by ensuring that we are working with different parties who have a good track record of training or preparing people to succeed in that workforce, and recognizes that is one of the most important things we can do to see to it that the opportunity to create generational wealth. By that, I don't mean necessarily the wealthy, but just ordinary families being able to build up the wealth that goes into the owning a home and being able to pass it on to generations through these good-paying jobs.

The other thing I would point to is that this is not only important in terms of being the right thing to do, but, frankly, important in terms of being able to successfully deliver. If you look at what this infrastructure law really calls for, what it is going to have to summon from us in terms of our business community, our productive capacity, our access to raw materials, and our workforce, we will not meet our goals unless we see to it that no talent is left on the table. And so, this is an important part of being able to deliver and an important part of making sure that our delivery works for everybody.

Mr. AGUILAR. Thanks, Mr. Secretary. One last question on climate and resiliency. Obviously, we have talked about climate-related disasters and extreme weather and the need to improve resiliency in our transportation infrastructure. What steps does this budget proposal in front of us do? Coupled with the Bipartisan In-

infrastructure Law, how are we advancing more resilient investments in our transportation assets?

Secretary BUTTIGIEG. So a couple of things that I would point to include the Carbon Reduction Program. That is a formula program that IIJA authorizes from the Highway Trust Fund an average of \$1.3 billion per year. But that is going to be an important element of how we support the States and things that are going to reduce transportation emissions and expand multimodal options. A lot of different eligible projects are conceivable here. And we just put out guidance a couple of weeks ago and are looking forward to seeing what the States are going to be able to do with that.

Then you have the resilience program called PROTECT. And we think that is especially important because we have seen the impact that these extreme weather events have on our transportation infrastructure right now. So if you look on one hand measures like the EVs or support for transit that help reduce carbon emissions and help us avoid the worst climate-change scenarios unfolding beginning in this decade. The PROTECT Program recognizes that some of those effects are already upon us. And so planning grants, resilience improvement grants, evacuation route grants, grants for at-risk coastal infrastructure are going to be especially important recognizing that if a 500-year flood is becoming an annual or biannual event, our infrastructure is getting washed out repeatedly, it might not make sense to put it back the way it was originally placed over and over again. But that is pretty much all you could do with our traditional models with things like emergency relief funding through Federal highway.

So the PROTECT formula program helps us get ahead of that. And we think that is going to be an important part of the story here. You will have the formula guide for that new program out later on this summer, and it will have a discretionary element alongside it, so that we can support with things that we think we need to emphasize, projects alongside what goes out by formula to the States.

Mr. AGUILAR. Thank you so much, Mr. Secretary. I yield back, Mr. Chairman.

Mr. PRICE. Ms. Wexton.

Ms. WEXTON. Thank you, Mr. Chairman. And thank you, Mr. Secretary, for being so accommodating and sticking around. I think I'm the last questioner, so I'm going to try to keep it brief. I just have one more question for you. We talked some last year about GPS and the Department's interagency work to provide a resilient alternative, positioning, navigation and timing, or PNT services for its critical infrastructure. And this has become even more urgent given the news that Russia is testing anti-satellite weapons that could endanger GPS satellites. And they have succeeded in jamming GPS signals in Ukraine and everything. So is it really important that we get this up and running.

And as you are aware in fiscal year 2022 omnibus, we created a program which is housed at DOT, and provided \$15 million to help develop the new needed requirements and standards and conduct additional testing. And I was just curious how that is going. How is it going?

Secretary BUTTIGIEG. So I can tell you that we are at work meeting those congressional requirements and working with that funding. As you know, the thing that changed since our last exchange is that the legislation kind of modified the acts so that it is not selecting land-based as necessarily the technology being used to move forward along the lines that we support and consider very important that are best summarized as to protect, toughen, and augment, so that we have that kind of PNT resiliency. And we are going to continue working with the funding that is available to try to meet those expectations.

Also working in coordination with interagency partners. We know that we have certain responsibilities that have been placed at our feet by Congress, but also can't do it alone; we know how important DOD's role and Homeland Security's role will be.

Ms. WEXTON. Very good. Thank you so much. I really appreciate your time, and thank you so much for all that you are doing. Take care. And I yield back, Mr. Chairman, with that.

Secretary BUTTIGIEG. Thank you.

Mr. PRICE. Thank you. Mr. Trone.

Mr. TRONE. Thank you, Mr. Chairman. Thank you, Secretary, for sticking around with us here. There has been a number of comments about Amtrak Joe over the course of the hearing, and his million-plus miles on Amtrak. And I had the fortunate opportunity with the President last night at my home, an event that we had, and we talked about Amtrak, and he certainly is, you know, very supportive of all you can do to continue to improve Amtrak in this Northeast corridor, in particular. But we also talked how we are hopelessly, literally hopelessly behind Europe, TTB, China, Japan on bullet trains, the high-speed rails, 300-plus miles an hour, that we know the technology is there.

And I want to get an update on a project that runs through Maryland that is very important to everybody in the Maryland delegation, and that is on Maglev. Maglev has the potential to create almost 160,000 jobs. It is supported by labor. And it is a very environmentally friendly technology. Japan is willing to put in their IP of \$6 billion, and they are willing to fund 50 percent of the first leg to test between Washington and Baltimore, which will make that commute—which is congested now, environmentally very unfriendly—15 minutes.

So we wanted to get an update. If I could, there has been four appropriations in the last four cycles that moved into the Federal Railway Administration. And what is the status on those dollars in the Federal Railway Administration from the last four appropriations on getting those released so the project can do its EIS and EIS work and regulatory process? And how do we get those funds released?

Secretary BUTTIGIEG. So I will give you a high level of review based on what I know and then would be happy to provide one in more detail through the FRA. What I know is that there was, as you said, a sequence of grants to the Maryland DOT on this. The first grant was obligated under this project although the second and third were not, and I think they required certain deliverables that would need to be ready in terms of the statement of work, fi-

nancial information about the proposed budget schedule, everything that goes with that.

I know that there was preliminary engineering and design that was to be supported through FRA funds that went to the Maryland department, and that this is subject to, I think, an agreement that dates back to fiscal 2016 to try to advance the environmental review there. But following the public comment period that was paused to get more information about costs and other things would be necessary for project success. So having shared that much that I could right now, let me get with our team and try to get you a more up-to-the-minute update on this statement.

Mr. TRONE. And who, Mr. Secretary, would be a good point person for us to follow up with?

Secretary BUTTIGIEG. So, ultimately, this comes to the FRA and addressing the FRA Administrator Amit Bose with, of course, with a copy to my office would be probably the best way to address the query.

Mr. TRONE. Okay. That is fantastic. We can make transformative investments in our rail and just continuing to be so far behind the rest of the world is not who we are. So thank you so much for your attention to this. So we will follow up. I yield back.

Secretary BUTTIGIEG. Thank you.

Mr. PRICE. Thank you. And I do believe that concludes our second round, unless there is a member who has not been heard, I think we have accommodated everyone. And, Mr. Secretary, thank you for participating in this hearing and sticking with us, as many have said. We look forward to working with you as we draft the fiscal 2023 appropriations bill. The committee staff will be in contact with your budget office regarding questions for the record. We will have, I am sure, a number of questions for the record. And we will submit them and would appreciate as quick a response as you can manage.

If you could work with OMB to return the information to the committee within 30 days from Friday, we will be able to publish the transcript of today's hearing, and that will help us make informed decisions for 2023. Mr. Diaz-Balart, do you have any final comments?

Mr. DIAZ-BALART. Mr. Chairman, no, thank you very much on a I thought a very, very good meeting. And I thank the Secretary for spending his time with us. I yield back.

Mr. PRICE. Thank you. And, Mr. Secretary, Godspeed. Thank you for your good work. We look forward to continuing. And thanks to all the members for a very thoughtful and helpful hearing. With that, the meeting is adjourned.

[Answers to submitted questions follow:]

Department of Transportation
Fiscal Year 2023 Questions for the Record
 Chairman David E. Price
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Questions for the Record from Chairman Price

1. Travel by the Secretary

Question: Please list all travel by the Secretary from his first day in office through the date of receipt of this question, including both official and political travel and categorizing each trip (or segments of a trip) as official or political. Please indicate the date of departure and return to Washington, D.C., for each trip; the purpose of the trip; the number of DOT staff persons accompanying the Secretary; the total cost of the trip, including all costs incurred by all persons accompanying the Secretary; the total cost for all trips by person; and whether the cost of the trip was borne by DOT, another agency, or a non-governmental entity. If the trip was paid for by DOT, indicate from which DOT account the funding was drawn. If any costs were initially borne by DOT or another federal agency for a political trip, please indicate when DOT or the other agency was reimbursed for its expenditures, by whom, and whether reimbursement in full has been received.

Answer: See Appendix.

2. Travel by Political Appointees

Question: Please provide the same travel information as in the previous question for all political appointees, by name, on the DOT roster as of the date of receipt of this question.

Answer: See Appendix.

3. Bonuses

Question: Please provide a list of all bonuses and cash awards from January 20, 2021 through the date of receipt of this question given to all DOT employees, including FAA employees, and note which were for non-career staff. Please provide the information by pay grade, by agency or staff office, by fiscal year, and with totals.

Answer: See Appendix.

4. Advisory Committees

Question: Please provide a list of all advisory committees, panels, task forces, and commissions that are funded in fiscal years 2021 and 2022. Indicate those that are mandated by law and those that are discretionary, the funding level of each, and the expiration date of the most recent charter. Also list each advisory committee, panel, task force, and commission that you propose to operate in fiscal year 2023, and the proposed budget for each.

Answer: See Appendix.

5. *Reorganization Plans*

Question: Please provide an update on any plans or planning the Department has to reorganize the Department.

Answer: The Department has proposed the following pending reorganization actions in the Federal Aviation Administration (FAA), Federal Railroad Administration (FRA), and Maritime Administration (MARAD).

- **FAA – Status:** Proposed in FY 2023 President’s Budget; pending consideration from Appropriations Committees.

Background: In the FY 2023 President’s Budget, the FAA proposes a reorganization to better align its organizational resources to meet modernization needs, including a more focused Research and Development organization to look ahead to the future; an Integration and Engagement Office to facilitate more rapid adoption of aviation industry innovation; and a Chief Technology Officer (CTO) to drive the continued modernization of the airspace system.

These organizational elements, which combined encompass 927 full time permanent positions and \$360 million in FY 2023 resources, will position the FAA to meet the challenges of tomorrow. The changes in this proposed realignment are base transfers within the budget, with no additional positions or funding requested to support the reorganization.

The proposed new organization will:

- Evolve the Office of NextGen to the Office of Research and Development (ARD), headed by an Assistant Administrator for Research and Development. This office would retain the Tech Center in its entirety, its test and evaluation function, and cybersecurity reviews of FAA programs. This will provide an enterprise-wide approach to research and development while also meeting the requirement and goal of the 2018 Reauthorization.
- Establish the Office of Integration & Engagement and transfer the Office of Unmanned Aircraft Systems Integration into this new office reporting directly to the FAA Administrator. This will provide a high profile “gateway” for cutting edge technology and to ensure Unmanned Aircraft Systems

(UAS)/Advanced Air Mobility (AAM) issues remain priorities across the agency.

- Establish the CTO position and office reporting to the Chief Operating Officer of the Air Traffic Organization. The National Airspace System (NAS) engineering and modernization will improve and meet the reauthorization requirement.

Please see FAA's FY 2023 President's Budget request for additional information.

- **FRA – Status:** Approved by the House and Senate Appropriations Committee on July 19, 2022.

Background: The FRA sent a reprogramming request to the Appropriations Committees in March 2022 and included the proposed reorganization in its FY 2023 President's Budget request. The proposed organizational realignment would better support the agency's dual missions of railroad safety and railroad development. While these proposed changes are warranted based on FRA's recent operations, programs, and funding levels, the passage of the Infrastructure Investment and Jobs Act (IIJA) has placed new urgency on FRA to examine its organizational structure and capabilities. FRA's proposed realignment will build organizational capacity to deliver the expanded investment responsibilities provided under IIJA – more than \$102 billion in authorized funding over five years, which represents a 500 percent increase over funding provided under the Fixing America's Surface Transportation Act.

FRA's proposed organizational realignment includes major initiatives to: (1) concentrate the focus of the existing Office of Railroad Policy and Development (renamed the Office of Railroad Development) on investment and development programs and expand the office to be consistent with other major grant-making agencies and (2) establish a new Office of Research, Data, and Innovation to consolidate analytical support functions currently housed across the agency.

- **MARAD – Status:** Paused pending leadership review.

Background: The FY 2021 President's Budget proposed realigning existing HQ offices and staff into two new areas of responsibility. The new Office for Policy and Strategic Engagement would merge functions and staff from agency management support areas that include maritime education and training, policy and plans, international activities, and historic preservation. The new Office for Maritime Industry Support would be comprised of the former Office of Environment and Compliance and the former Office of Business and Finance, consolidating technical staff with backgrounds in marine engineering, naval architecture, environmental sustainability, maritime safety and commercial maritime operations into a single office. This realignment was approved in the Consolidated Appropriations Act, 2021 (Public Law 116-260).

While the organizational elements and responsibilities of these offices, as presented in the FY 2023 President's Budget, reflect the realignment that was approved in the Consolidated Appropriations Act, 2021 (Public Law 116-260), this reorganization has

been paused due to changes in DOT and MARAD leadership since the enactment of the Act, and leadership is currently reviewing the alignment plan to determine next steps to move forward with a realignment.

6. Political Appointee Positions

Question: Please provide a list of all political and Presidential appointees employed by the Department as of the date of receipt of this question. If the total number is less than the 125 political and Presidential appointees allowed under section 183 of the fiscal year 2022 bill, please provide the total number of political and Presidential appointees expected by September 30, 2022, based upon vacancies, hiring plans, pending appointments by the President, and pending confirmations by the U.S. Senate.

Answer: As of the date of receipt of this question (June 2022), DOT had 98 political appointments filled out of 125 political allocations. Based upon vacancies, hiring plans, pending appointments by the President, and pending confirmations by the U.S. Senate, DOT expected to fill the following political appointments:

- Presidential Appointments Requiring Senate Confirmation (currently pending Senate confirmation):
 - Assistant Secretary for Research and Technology
 - Federal Motor Carrier Safety Administrator (though answer is as of receipt of this question, the current FMCSA Administrator was confirmed in September 2022)
- Presidential Appointments Requiring Senate Confirmation (currently pending nomination by the President of the United States):
 - Federal Aviation Administrator (though answer is as of receipt of this question, a nominee was named in July 2022)
 - Federal Highway Administrator (though answer is as of receipt of this question, a nominee was named in July 2022)
 - Pipeline and Hazardous Materials Safety Administrator
- Presidential Appointments Without Senate Confirmation (currently pending nomination by the President of the United States):
 - Great Lakes St. Lawrence Seaway Development Corporation Administrator (though answer is as of receipt of this question, a new Administrator started in November 2022)
- The NHTSA Deputy Administrator Noncareer Senior Executive Service position
- Three Schedule C appointments are currently pending Presidential Personnel Office and Office of Personnel Management approval.

See Appendix for detailed list of current and vacant appointments as of receipt of this question.

7. Capital Investment Grants

Like with passenger rail, the potential to grow and expand access to public transit is immense. New and improved bus and rail service is critical to helping seniors get to doctors' appointments, students to after school programs, and workers to jobs. The Capital Investment Grants (CIG) program, which provides grants to construct essential transit services in our communities, is known for its rigorous process – much of which has been set by Congress – and has the support of Members on both sides of the aisle. While some transit agencies and communities have successfully navigated this complex program several times, others like Chapel Hill Transit in my district are working diligently toward their first construction grant, and many others don't even have projects in the CIG pipeline. Between the FY22 THUD bill and the Infrastructure Investment and Jobs Act (IIJA), Congress provided \$3.85 billion for the CIG program, and for fiscal year 2023 the budget request combined with IIJA would further increase this investment to \$4.45 billion.

Question: With such robust funding levels, how is DOT working with communities across the country that already have projects in the CIG pipeline in order to advance projects into construction?

Answer: The Capital Investment Grants (CIG) program is among the largest competitive federal grant programs at the Department. It funds new and extended heavy rail, light rail, commuter rail, bus rapid transit, and streetcar projects and provides for reinvestment in highly utilized fixed-guideway transit corridors experiencing capacity constraints. The FY 2023 President's Budget requests \$2.85 billion in General Funds for Capital Investment Grants. Additional General Funds in the amount of \$1.60 billion for this program are provided through IIJA advance appropriations, for a total of \$4.45 billion in anticipated budgetary resources in FY 2023.

Eligible projects must complete a statutorily defined, multi-year, multi-step development process prior to being eligible for CIG construction funding. FTA is required to evaluate and rate proposed projects based on a statutorily defined set of criteria. FTA works closely with each project sponsor seeking CIG funding to advance their project through the process, provide technical assistance as needed, and help resolve challenges encountered. Project sponsors are encouraged to visit FTA's website - <https://www.transit.dot.gov/CIG> - and review the FTA CIG policy guidance, which provides a detailed overview of the process. In addition, FTA provides recorded CIG training webinars on its website and in-person workshops each year on the CIG process.

Question: How can we leverage this unique funding opportunity for Small Starts projects specifically?

Answer: As of November 16, 2022, there are 62 projects in the CIG program, 38 of which are Small Starts located in 19 states. Collectively these Small Starts projects are seeking more than \$2.3billion in CIG funding. The FY 2023 budget proposal recommends a total of \$389 million in funding for Small Starts projects to help them with planning, design, and construction.

FTA recognizes that this is a unique opportunity to improve our nation’s public transportation infrastructure to make it safer, more reliable, and more efficient. The funding for CIG represents an opportunity for communities to create new public transportation services in underserved areas.

Question: How can we bring more communities into the program to increase equitable access to transit service? What is DOT doing to assist those who may be working to enter the CIG program, have never used the program before, and don’t even know where to begin?

Answer: Equitable transportation is a primary strategic goal for the Department. We are focused on providing support for communities to promote safe, affordable, accessible, and multimodal access to opportunities and services, while reducing transportation-related disparities and adverse community impacts. The Department is already incorporating such equity considerations into its funding decisions, including in our Notices of Funding Opportunity for all discretionary programs.

Both the Department and FTA provide technical assistance and support to all potential project sponsors as they explore various federal funding options. For CIG specifically, FTA provides extensive resources on its public website including training webinars and guidance, in person CIG training workshops at widely attended industry conferences, and one-on-one recurring technical assistance to all projects sponsors with projects in the CIG program.

[Department of Transportation]
Fiscal Year 2023 Questions for the Record
 Congressman Mario Diaz-Balart
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Questions for the Record from Congressman Diaz-Balart

1. Space Based ADS-B

I am disappointed that the FAA has discontinued its use of space-based ADS-B and am concerned that the lack of real-time precise location data could severely hamstring search and rescue operations. I also understand space-based ADS-B data was helpful to Flight Standards for monitoring performance of the 737 MAX and vital to NTSB and FAA accident investigators.

Question: Mr. Secretary, were you aware that the FAA had taken this action? What steps can the FAA take to restore use of space-based ADS-B for critical safety functions and how quickly can this be done?

Answer: The FAA’s decision to discontinue the delivery of space-based ADS-B (SBA) data was not made lightly. In September 2022, the FAA’s Joint Resources Council (JRC) considered the SBA Investment Analysis Readiness Decision (IARD) package and materials – an effort spanning multiple years – and decided to suspend ongoing and planned investment activities associated with the effort. SBA may have the potential to provide some marginal benefits for various applications evaluated (including air traffic control and air traffic management); however, the currently available SBA system is not sufficiently mature to warrant entry into AMS Investment Analysis because it fails to meet the FAA’s technical requirements and does not deliver sufficient benefits to justify its costs. Specifically, the FAA found that SBA performance does not meet the requirements necessary for separation services due to spectrum congestion in and around U.S. continental airspace, and aircraft-specific avionics limitations. For example, SBA only works with 1090MHz ADS-B-equipped aircraft; it does not detect the 40,736 Universal Access Transceiver (UAT)-equipped aircraft currently registered to operate within U.S. airspace. Furthermore, due to avionics limitations, degradations to SBA performance were discovered for aircraft with only a bottom-mounted antenna, including 1090MHz ADS-B-equipped aircraft. The FAA will re-focus its resources on industry engagement around this technology to reassess market capabilities and determine if other implementation approaches are viable for future investment considerations.

Further, the FAA’s original procurement of SBA data was for evaluation purposes only. FAA currently meets obligations for SAR and accident and incident investigation without SBA data. With respect to search and rescue (SAR), U.S. Rescue Coordination Centers (U.S. Air Force and Coast Guard)—the agencies specifically responsible for SAR efforts and which have experience using SBA for SAR—are similarly declining to purchase SBA data for SAR.

2. *Hair Testing*

Question: To help keep unsafe drivers off the road, would you support a collaboration between the Federal Motor Carrier Safety Administration and an accredited University Transportation Center to study the efficacy and benefits of hair testing and address its implications for improving transportation and commercial motor vehicle safety?

Answer: FMCSA drug and alcohol use and testing regulations are authorized by the Omnibus Transportation Employee Testing Act of 1991 (OTETA), codified at 49 U.S.C. 31306. Section 31306(c)(2) requires that DOT follow the Department of Health and Human Services' (HHS) Mandatory Guidelines for technical and scientific testing issues. Thus, while DOT has discretion concerning many aspects of testing in the transportation industries' regulated programs, we must follow the HHS Mandatory Guidelines for the laboratory standards and procedures used for regulated testing.

HHS issued proposed Mandatory Guidelines for Federal Workplace Drug Testing Using Hair (HMG) in September 2020 (85 FR 56108) (Sept. 10, 2020). HHS received a high volume of comments, including studies and data, addressing the efficacy of hair testing. We understand that HHS is currently evaluating the comments and data received. Once HHS has published final mandatory guidelines, DOT's Office of Drug and Alcohol Policy and Compliance will conduct the required rulemaking to incorporate the hair testing guidelines into our DOT-wide testing regulations, which FMCSA must follow.

3. *Motorcoach Industry*

The private motorcoach industry is a vital component of the national public transportation network, providing intercity scheduled bus service, commuter and shuttle operations, school bus transportation, charter, and entertainment services, and in some cases contracted services for public transit authorities, airlines, and Amtrak.

The motorcoach industry has suffered catastrophic economic losses because of the ongoing coronavirus pandemic, while still providing essential transportation services to the public. These services were the first to shut down in 2020, and are now among the last to begin recovery, many not expecting to see "normal" business levels until sometime in 2023, if the virus continues to recede.

Question: What are the Administration's plans to ensure the survival, recovery, and long-term sustainability of the commercial passenger-carrying industry, and specifically the private motorcoach industry?

What is the Administration doing to promote and highlight the many benefits of motorcoach travel, and the important services motorcoaches provide as an integral and environmentally sound part of the national transportation network?

Answer: The private motorcoach industry plays a critical role in providing transportation throughout the country. This industry services communities that may not have easy access to other modes such as trains or planes. Many times, private motorcoaches are the connector linking people to these other transportation options. A single motorcoach can transport more than 50 people, taking a lot of single cars off the road. New motorcoaches are also more energy efficient and benefit from innovations in electric bus manufacturing and alternative fuels.

To alleviate some of their expenses during the pandemic, we reminded the private motorcoach industry about their option to voluntarily revoke their operating authority registration while they were shut down, and FMCSA then waived the reinstatement fees when the industry began to operate again. This helped to lessen their insurance expenses when the buses were parked. When Congress allocated funds to the Department of Treasury under the Coronavirus Economic Relief for Transportation Services (CERTS) Program, FMCSA worked closely with Treasury to educate them about the industry and to disperse grant funds to eligible recipients. Throughout the pandemic, FMCSA has worked closely with the private motorcoach industry to keep them informed and to support them within our mission and statutory authorities. FMCSA will continue this interaction as this vital industry continues to recover.

4. *Marijuana Impaired Driving*

Question: The IJA directed the Secretary to undertake a study, in consultation with HHS and the Attorney General on marijuana impaired driving. Can you update us on the status of this study?

Are there any other actions the Department is considering, related to the use of marijuana and its effect on driving or flying or any other safety-sensitive position?

Is there any research underway to develop a roadside impairment test for marijuana use?

Answer: Section 25026 of the Infrastructure Investment and Jobs Act (IIJA) required the Department of Transportation in collaboration with the Department of Health and Human Services (HHS) and the Department of Justice (DOJ) to submit a report on improving marijuana research and barriers to conducting research on marijuana impaired driving. DOT is gathering information in consultation with HHS, DOJ, and other executive branch agencies with jurisdiction and subject matter expertise on cannabis.

Regarding the use of marijuana and safety-sensitive positions, on February 28, 2022, DOT published in the *Federal Register* a proposed rule to amend the transportation industry drug testing program procedures regulation to include oral fluid testing. Oral fluid testing is being proposed as an alternative that will support the safety goals of the testing program. The comment period has since closed, and DOT is currently reviewing the comments received to determine next steps.

5. *National Security Multi-Mission Vessel program*

This Committee has continued to be supportive and impressed by the commercial practices and efficiencies of the National Security Multi-Mission Vessel (NSMV) program.

Question: Does the Department have processes in place to share the success and specifics of this new model of federal government shipbuilding, in which the U.S. leverages the expertise of commercial owners/operators/shipbuilders with our efforts to recapitalize the Ready Reserve Fleet?

Answer: Yes, the Maritime Administration has already leveraged the expertise of the NSMV's Vessel Construction Manager (VCM) through a similar approach for the Navy's buy-used line of effort. The Vessel Acquisition Manager (VAM) is pursuing available used vessels where urgent recapitalization needs are identified for Roll-On/Roll-Off vessels.

Additionally, MARAD participates in the Navy-sponsored Government Shipbuilders Council (GSC-V) and has briefed stakeholders on the VCM approach. MARAD also established an Integrated Program Office (IPO) to support the RRF Buy-Used line of effort, with representation from the Navy's Program Executive Office, Ships (PEO Ships). The IPO team concept has effectively leveraged Navy expertise to outfit former, commercial vessels purchased from the Maritime Security Program (MSP) for use in RRF fleet recapitalization.

Furthermore, MARAD is also developing the operational requirements document (ORD) for the buy-used line of effort which has already resulted in use by a commercial shipyard to inform a concept design for a proposed replacement RO/RO vessel for the RRF, through new construction. Lastly, MARAD has identified additional vessels suitable for a VCM approach, including (2) missile instrumentation ships in the National Defense Reserve Fleet, operated for the DoD's Missile Defense Agency, and already past their expected service life.

Question: Are there things this Subcommittee could do to assist in the effort to replicate the success of NSMV in replacing the sealift fleet?

Answer: In effort to replicate the success of the NSMV in replacing the sealift fleet, the Subcommittee could:

- Require a national shipbuilding plan that is complementary to the Navy's 30-year shipbuilding plan.
- Consider ship variants from a family of designs and the sustainment of a shipyard base through series construction. Where NSMV was affordable at (5) ships, series construction for the Ready Reserve Force fleet could experience similar cost efficiencies.
- Consider opportunities to promote investment in core capabilities of the shipyard industrial base including infrastructure, labor, efficiencies, and training, through alignment with existing sealift readiness programs.

- Consider opportunities to promote investment into the material inputs for shipbuilding that have the potential to lower the overall cost to the Federal government. This is currently a practice in the two most successful shipbuilding countries, China and South Korea.
- Consider enhanced National Defense Features (NDF) that improve sealift vessel resiliency to cybersecurity, PNT, and other contested environment disruptions.
- Encourage the recapitalization of commercial vessels through domestic ship production with innovative funding or cost sharing methods.
- Incentivize earlier recapitalization of vessels, before the end of their service life, in order to achieve sustainability and resiliency objectives.

6. Airport Improvement Program Administrative Funds – Block Grant States

Question: When the FAA is given a percentage of appropriated funds to administer a new grant program, do you believe a proportional amount of these funds should be provided to FAA Block Grant states when asked to administer these programs on behalf of the FAA?

Answer: In the State Block Grant program, which is a voluntary program, the FAA provides funds directly to participating states that in turn, prioritize, select, and fund Airport Improvement Program (AIP) projects and now IIJA funded projects at non-primary airports (General Aviation airports typically without any commercial service). In addition, many states have levied additional requirements on federal grant funds, and various state laws direct the state to perform tasks on behalf of the local airport sponsors.

States can claim their additional project administration cost associated with the increase in projects resulting from IIJA funding. Currently, states in the FAA State Block Grant Program can claim project administration cost under the AIP and now under IIJA. Project administration costs are costs directly related to administering the project such as application preparation, contract management, engineering oversight, and bidding. Many of these duties are normally done by the airport, a consultant, or other hired company, but for various reasons the state has taken on these responsibilities. The majority of costs incurred by a state in administering the Block Grants can be billed to the FAA funded grant project (AIP or IIJA).

The FAA is still ultimately responsible for protecting federal investments and has a significant oversight role for grants funded through a State Block Grant Program with AIP or IIJA funds. This includes issuing the grant, reviewing payments and supporting documentation, and ensuring compliance with all federal financial laws and grant assurances associated with these federal funds.

7. Passenger Rail Expansion

Question: Can I get your commitment that, when considering any new passenger rail routes, DOT will choose projects that will not require an operating subsidy once the route is up and running?

Answer: Greater competition and diversification among the entities that operate trains, maintain equipment, and deliver other important rail services will only serve to strengthen the U.S. transportation network. The substantial rail investment provided by IIA presents an unprecedented opportunity for states and other project sponsors to advance plans for new corridors, including exploring the use of service providers other than Amtrak.

Prior to the COVID-19 pandemic, over 90 percent of the federal operating funds provided for Amtrak's National Network were to support the operations of the 15 Long Distance routes. The financial operating support for the 28 State-Supported routes are governed by a cost methodology policy that sees the majority of operating costs not covered by revenues borne by the state sponsors. These states have made a business and public-policy decision to allocate their transportation resources to support rail services in their communities.

These shorter-distance, corridor services are the types of new routes likely to be developed with IIA funding. Sponsors that intend to use Amtrak to operate their services must follow this cost methodology. Similarly, project sponsors that may choose an operator other than Amtrak will be required to provide any operating support that exceeds revenues.

8. Ports – Buy America and Cyber Security

Question: Can I get your commitment to work with Congress and your homeland security counterparts to safeguard our ports from cybersecurity threats?

And will you commit to the strongest possible enforcement of Buy America requirements in the Port Infrastructure program and avoid any waivers that puts our national security at risk?

Answer: Yes, DOT agrees that keeping our ports and other transportation infrastructure safe, secure, and resilient from all threats, including cyberattacks, is a priority, and will continue to work closely across the Department and with our interagency partners at DHS, DOD, and elsewhere across federal, state, and local government, as well as private-sector stakeholders, to protect our supply chain networks. Consistent with the principles laid out by President Biden in Executive Order 14005, the Department is also committed to maximizing the use of domestic products in DOT-assisted infrastructure projects, including by strictly enforcing Buy America laws and limiting the use of waivers.

Department of Transportation
Fiscal Year 2023 Questions for the Record
 Congresswoman DeLauro
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Questions for the Record from Congresswoman DeLauro

1. Seatbelt Safety – Women

We see that women are 17% more likely to die and 73% more likely to be seriously injured in a vehicle crash than men. Currently, the NCAP (5-star government safety ratings) tests only utilize male crash dummies in the driver's seats and passenger seats even though women's and men's bodies are affected differently. In February, I co-lead a letter to you along with 66 other Members of Congress urging the Department to require all highway traffic safety tests to utilize up-to-date male and female crash test dummy technology. The fiscal year 2022 THUD bill directs the Department to issue the long overdue NCAP proposed rule that adopts the most technologically advanced safety equipment, including test dummies.

Question: How is the Department working to address this very important gender equity issue in its crash testing and accident effects research?

Answer: It is unacceptable for women in crashes to face a greater risk of injury or fatality than men and NHTSA remains committed to confronting and ending any such gender disparities. NHTSA's National Center for Statistics and Analysis recently released important research examining gender disparities in crash fatalities involving like crashes. The new study contains encouraging findings on reductions in disparities in newer model year (MY) vehicles. The overall difference in fatality risk between male and female occupants dropped from 18.3 percent for MY 1960-2009 vehicles to 2.9 percent for MY 2015-2020 vehicles. While this reduction is noteworthy, the remaining disparity is unacceptable.

Question: The issue has been vastly studied. Why are female crash test dummies not required? And what are we waiting for? What is the status of the NCAP proposed rule?

Answer: NHTSA tests the female test dummies in the same seating positions as male dummies where occupant body type has a bearing on crash outcome. The dummies used in crash tests are selected to address safety concerns identified in field and test data accounting for occupant demographics, occupant seating positions, and crash direction and speed.

Currently, NHTSA uses two adult female crash dummies: the Hybrid III 5th Percentile Adult Female Frontal Crash Test Dummy (HIII-05F) and the Side Impact Dummy (SID)-IIs 5th Percentile Adult Female Side Crash Test Dummy (SID-IIs). NHTSA also uses two adult male crash test dummies: The Hybrid III 50th Percentile Adult Male Frontal Crash Test Dummy (HIII-50M) and the EuroSID-2 with Rib Extensions 50th Percentile Adult Male Side Crash Test Dummy (ES2re). Additionally, there are seven child crash

test dummies that are detailed in full, in the Interim Report to Congress on Crash Test Dummies. The dummies used in crash tests are selected to address safety concerns identified in field and test data accounting for occupant demographics, occupant seating positions, and crash direction and speed.

There are new, more advanced, female dummies that are currently under development and that hold great promise for improving safety. They include the Test Device for Human Occupant Restraint (THOR) 5th Percentile Adult Female Frontal Crash Test Dummy (THOR-05F) and the World Side Impact Dummy (WorldSID) 5th Percentile Adult Female Side Crash Test Dummy (WorldSID-05F). The THOR-05F features improved measurement capabilities over the current model, including face loads, clavicle loads, thorax displacement, abdominal pressure, acetabulum loads, and ankle displacements and loads. Under this administration, NHTSA has accelerated the development of these dummies for use in the FMVSS and NCAP. However, through testing of the prototypes, NHTSA has identified issues with bio-fidelity and replicable results that must be rectified prior to issuing final specifications. NHTSA is working with the dummy developer to address these design issues with the goal of issuing an NPRM in 2023.

2. *IIJA – Women in Jobs*

The *Infrastructure Investment and Jobs Act* (IIJA) is a “once-in-a-generation” investment in America’s infrastructure. Through this law, we will rebuild many of the bridges, rails, and roads throughout the country and improve the overall infrastructure and movement of people and goods across America. Additional parts of this law include making sure that everyone has access to high-speed internet, advancing environmental justice, investing in communities that have been overlooked, and addressing the climate crisis. And, of course, with this law, we will see the opportunity for jobs. In fact, it is estimated that this federal investment will add at least 1.5 million jobs to the economy over the next 10 years.

Question: Many of the jobs in the transportation sector are in male-dominated fields. How is the Department working with state, local, and tribal governments to recruit and hire women and diversify the transportation workforce?

Answer: It is critical that we bring more women into the transportation workforce. DOT is providing incentives in its competitive grants for applicants to use workforce programs that include women and is also making resources available to States and localities. In our competitive grant programs like RAISE, INFRA, and PIDP, we have asked applicants to address how they are creating workforce programs and changing hiring policies to bring more women into the workforce. Recently, we have also made a number of resources available to State DOTs that include recommendations for how they can support workforce programs for women and other underrepresented groups. We also created Q&A with the Department of Labor on how state DOTs can expand and diversify apprenticeship programs.

Question: What are things we should consider while crafting our next fiscal year bill to support gender equity in the implementation of IIJA and other Department of Transportation programs?

Answer: Through IIJA implementation, we have an opportunity to increase gender equity and representation in the transportation workforce, help women-owned businesses create wealth, and address gender-based safety disparities.

Women are significantly underrepresented in the trucking industry, holding only 24 percent of all transportation jobs. In March 2022, FMCSA announced the launch of the Women of Trucking Advisory Board mandated in IIJA and it held its first meeting in November. The Advisory Board will help to recruit, support, and ensure the safety of women commercial motor vehicle drivers and the trucking industry at large. As part of our Trucking Action Plan, the Administration has also expanded registered apprenticeship programs, announced a driver compensation study, and is engaging the entire trucking industry around issues of retention and recruitment. Continued support for these types of workforce equity initiatives, including training that can help bring women into transportation jobs, will help increase gender equity and representation across the transportation workforce.

Through the Office of Small Disadvantaged Business Utilization (OSDBU), DOT deploys strategies and partnerships that support Women and Minority-owned businesses through training, technical assistance and connection to capacity building resources. Continued support for OSDBU's work will help Women-owned small businesses compete for DOT contracts.

As highlighted in the Department's National Roadway Safety Strategy, DOT is committed to confronting and ending gender disparities in roadway safety. As one example, NHTSA uses both male and female test dummies in its Federal Motor Vehicle Safety Standards testing as well as in its New Car Assessment Program and is committed to accelerating research with the supplemental appropriations from IIJA. Continued support for such initiatives will help sustain efforts to understand and address gender disparities in transportation safety.

Question: Are there opportunities for increased cross-agency collaboration with the Department of Labor or Department of Education to support your workforce initiatives?

Answer: In February 2022, DOT entered into a Memorandum of Understanding (MOU) with the Department of Labor to help create and support pathways to millions of good paying infrastructure and transportation jobs with the free choice to form a union as historic investments ramp up as a result of the Infrastructure Investment and Jobs Act (IIJA). This cooperative effort places an emphasis on drawing on the strength and creativity of every worker in America - including recruiting, training and retaining a more diverse workforce, and bringing in people who have not had the opportunity to attain good-paying infrastructure jobs. The MOU will help leverage the resources and expertise of both agencies to expand equitable access to quality jobs for workers and communities modernizing American infrastructure.

3. *IIJA – NEC Project Inventory*

The Department of Transportation will not have an easy task when it comes to considering how and where to fund a large number of projects in the intercity passenger rail sector through four competitive grant programs. However, at least two deadlines are clear – one for the Northeast Corridor (NEC) and one for the rest of the country – and will assist you in making these difficult choices.

Question: Can you give me a sense of how progress is coming on the NEC Project Inventory and the Corridor Identification and Development program? What do you need from us to help inform those two requirements?

Answer: FRA is making steady progress to implement its many provisions included in the IIJA, including these two required planning processes that will inform the selection of projects for Federal State Partnership for Intercity Passenger Rail discretionary grant funding and the Corridor Identification and Development Program.

For the NEC Project Inventory, the Federal Railroad Administration issued a list of priority projects on November 16, 2022, and took into consideration the NEC Commission's comprehensive Connect NEC 2035 plan—currently being updated to reflect the passage of IIJA. FRA also considered the input in comments it received in response to their June 24th Federal Register notice [Docket No. FRA-2022-0049] describing its proposed approach to the development of the NEC Project Inventory.

For the Corridor Identification and Development Program (Corridor ID), the Department is on track as well. On May 13, 2022, FRA issued a Federal Register notice formally establishing Corridor ID (meeting its statutory deadline to do so within 180 days of IIJA's enactment), which laid out the basic framework through which FRA will (1) select potential corridors for development, (2) partner with stakeholders in corridor development, and (3) establish and sequence a pipeline of capital projects to receive subsequent funding for implementation. Toward the end of this year, FRA intends to issue its initial solicitation of proposals for corridors to be developed under the program. In accordance with the law, FRA intends to submit to Congress its first annual report on the Corridor ID program and the project pipeline no later than May 13, 2023.

FRA and DOT will alert the Committee if any assistance is needed as we continue implementing these programs.

4. *IIJA – NEC State of Good Repair (SOGR)*

The IIJA's NEC set-aside in the Federal-State Partnership for Intercity Passenger Rail grant program (FSP) is really geared toward implementing CONNECT NEC 2035, as developed by the NEC Commission, and will improve service, address state-of-good repair (SOGR), and

increase safety and reliability. However, as you well know, more than \$40 billion in SOGR is outstanding on the NEC – significantly more than the funding available through IJA.

Question: In addition to FSP, what other avenues or programs could be utilized by Amtrak, states, and commuter rail agencies to fully address the needs of the NEC and achieve the full promise of high-speed rail across this critical economic corridor?

Answer: Other DOT funding programs that may fund projects to improve service, address SOGR, and increase safety and reliability on the NEC include the following:

- FRA’s Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant Program (*FY 2021 CRISI award selections announced June 2, 2022; FY 2022 Notice of Funding Opportunity published September 2, 2022*).
- FRA-administered supplemental and annual grant funding to Amtrak
- DOT’s Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Program
- DOT’s National Infrastructure Project Assistance (MEGA) Program (*new FY 2022*)
- FTA’s Capital Investment Grants (CIG) Program
- FTA’s formula funding programs

Question: Can you speak to the value of trip-time improvements and how we might consider structuring additional funding in the coming fiscal years to better support projects that result in significant trip-time reductions?

Answer: Trip time improvements on the NEC can be achieved not only by building infrastructure to accommodate improved performance and higher speed operations, but also by improving infrastructure to reduce delays currently felt by passengers from frequent scheduled and unscheduled maintenance or other repairs. Projects important to trip time reductions would include robust funding for capital renewal programs on the NEC to include curve modifications, signal upgrades, and electric traction power system upgrades, as well as continued support for the FSP program to address repair, rehabilitation or replacement of the major bridges and tunnels that are critical to state-of-good-repair. Additionally, funding for planning studies to examine options to expand the NEC outside of the existing right-of-way may enable construction of new infrastructure supporting higher speeds.

Department of Transportation
Fiscal Year 2023 Questions for the Record
 Congresswoman Norma J. Torres
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Questions for the Record from Congresswoman Torres

1. Transit Oriented Development

In the FY22 THUD bill, I was proud to support the inclusion of dedicated transit-oriented development (TOD) grants to assist cities in designing and developing work and housing that is accessible to transit. In my district, constituents are sometimes stranded without good transit and housing options, forced to commute hours to work on congested freeways. I recognize the importance of transit-oriented development, which is why I have a bill named the *Sustainable Communities Act* which would build on an Obama initiative focused on transport-oriented development with new grants.

Question #1: Secretary, as Chair of the New Dem Infrastructure Taskforce, I have been working to ensure transportation and housing are not siloed, and land-use policies make sense. Can you share with us how affordable housing and Transit-Oriented Development feature in DOT priorities under your leadership?

Answer: The Department is committed to making sure that transportation infrastructure is integrated into community development in a way that is sustainable and expands opportunities for all. That goal includes strengthening coordination of land use and transportation planning to improve the affordability of transportation and housing. The Department is supporting investments that encourage equitable, transit-oriented development and pedestrian-friendly main streets and town centers, particularly in disadvantaged or rural communities.

The Department has existing programs that will help us reach this goal. The Pilot Program for TOD Planning Grants, reauthorized by IIJA, will provide nearly \$69 million in funding over the next five years to communities as they examine ways to foster multimodal connectivity, improve transit access, and support mixed-use development near transit stations. This program has already provided over \$90 million in funding since 2015 to support communities in these efforts. In addition, the Department's Build America Bureau (the Bureau) is also making loans available for TOD, which was an eligibility under the FAST Act, but under this Administration these resources are being prioritized and emphasized as a viable tool for potential project sponsors. Overall, these efforts, along with increased coordination with the Department of Housing and Urban Development, will help to ensure that funds are being used to enhance the lives of those living near and around public transportation facilities funded with Federal dollars.

Question #2: Have you talked with Secretary Fudge about how to better coordinate housing and transit?

Answer: Yes - the Department of Transportation and the Department of Housing and Urban Development have strengthened their partnership to better support the integrated development of affordable housing and public transportation. An interdepartmental working group, comprising senior leaders from both departments, was established to improve coordination at the federal level and further assist local and State decision-makers to support land-use planning that includes affordable housing around public transportation.

Question #3: How has the Department used resources available to encourage a “complete streets” approach to transportation policy and design?

Answer: In March 2022, the Department sent to Congress *Moving to a Complete Streets Design Model: A Report to Congress on Opportunities and Challenges*, which is guiding the Department in addressing safety for all users in research and deployment projects involving planning, design, project development, and operations. These safety considerations are being integrated into IIA products and programs, such as the Safe Streets for All (SS4A) program. For more information visit <https://highways.dot.gov/complete-streets>.

2. Regional Infrastructure Accelerator

In the FY22 THUD bill, I supported \$12 million in funding for RIAs, which aim to assist local governments in developing improved infrastructure priorities and financing strategies for the accelerated development of projects. This program is based on my bill, the *Regional Infrastructure Accelerator Act* (RIAA), which was authorized by the *2015 Fast Act*.

Question #1: What outreach does the Department do to cities and disadvantaged communities to ensure they are aware of this funding opportunity?

Answer: We will conduct extensive outreach for the \$12 million third round of regional infrastructure accelerator demonstration program (RIA) funding, as we did for the first two rounds – including to cities and disadvantaged communities. We produced a short video to make entities aware of the program, followed by a 3-part webinar series to help interested parties submit a quality application. These included topics on RIAs, criteria for selection, and submitting a proposal. These are available on our web page at <https://www.transportation.gov/buildamerica/financing/tifia/regional-infrastructure-accelerators-program>. The Bureau actively promotes regional infrastructure accelerators to governors, State transportation officials, mayors, cities, counties, and others at conferences, as well as in the dozens of meetings we have each month with individual jurisdictions and through its quarterly newsletter, which reaches over 8,000 entities.

The 2015 FAST Act also requires the Secretary to submit an annual report to Congress that describes the findings and effectiveness of the Regional Infrastructure Accelerator program.

The program received funding in 2020, and Congress has not received an annual report.

Question #2: When can Congress expect that annual report? Why has Congress not received that report?

Answer: We anticipate transmitting the first annual report to Congress in early 2023, which will report on the first year of accelerator operations. Subsequent annual reports will update Congress on the first five accelerators and provide information on the second and third funding rounds as new grantees begin their activities.

As of June 2022, the first cohort of Accelerators were standing up their activities and had just submitted their first quarterly reports to the Bureau. The program received its first appropriation in December 2019 and undertook a comprehensive NOFO development process. The Bureau published the NOFO in December 2020 and stopped accepting applications in March 2021. After evaluating the applications, the Bureau announced the successful applicants and negotiated cooperative agreements with each grantee.

3. Railroad Safety

In the FY22 THUD bill, I was proud to support \$625 million for the Consolidated Rail Infrastructure and Safety Improvements grant program to improve safety at railroad crossings, a big issue in Los Angeles and San Bernardino County, especially in the City of Pomona, CA. Since 2020, there have been 387 reportable railroad injuries/illnesses/fatalities in Los Angeles and San Bernardino counties, including 82 fatalities. According to the accident prediction report for public at-grade highway-rail crossings, the cities with the most accidents per year are Ontario, Fontana, and Pomona.

Question #1: How is the Federal Railroad Administration working with localities to prevent pedestrian railroad injuries/deaths? What actions has the Department taken to establish safety measures for pedestrians in school zones?

According to Union Pacific, between October 2020 and October 2021, train robberies have picked up by 356%, which is very concerning for the safety of cargo and pedestrians in this area.

Answer: DOT is firmly committed to eliminating preventable fatalities and serious injuries in transportation, including grade crossing and trespassing incidents. FRA is leading a multi-agency team at DOT to focus on this issue. Leadership from FRA, FHWA, NHTSA, and FMCSA recently held a symposium with industry and local stakeholders to stress our commitment to the issue and are continuing to find ways to reduce and eliminate these incidents. Furthermore, FRA recently solicited applications for the new Railroad Crossing Elimination Program, which will make available an unprecedented level of funding to improve grade crossing safety by reducing the opportunities for people and vehicles to encounter the path of a train in the first place.

The Department advances school zone safety through Safe Routes to School efforts, which are eligible expenses for a number of programs within the Surface Transportation Block Grant administered by FHWA. The Department also funds the dissemination of information and noteworthy practices through a contract with the University of North Carolina's Highway Safety Research Center called the Pedestrian and Bicycle Information Center. In October of this year, the Department promoted National Pedestrian Safety Month, which included content related to people walking in school zones.

Question #2: What steps has the Department taken to coordinate with local law enforcement to address this issue?

Answer: DOT partners with other federal and local agencies to spread the word about grade crossing and trespassing safety. Furthermore, through FRA, the Department has executed dozens of grants, collectively worth millions of dollars, to local law enforcement to develop programs specifically targeting grade crossing and trespassing safety as well as suicide prevention.

4. 9-1-1 Training

Before I became an elected official, I was an LAPD 9-1-1 dispatcher. 9-1-1 dispatchers face an increasingly complicated and difficult job without the resources available to engage in needed professional training. They face suicidal callers and sometimes the last moments of murder victims, and they successfully save lives during emergencies. The last dedicated funding to directly help dispatchers was several years ago. NTIA composes one-half of the National 911 Office, which administered previous distributions of funding from the 911 Grant program.

Question: In FY23, I am supporting the inclusion of \$5 million in funding to allow all organizations that operate dispatch centers to develop training and professional development programs for their staff. This is a much-needed pilot program. How will the Department work with Congress to make this program a success?

Answer: The Department will continue to support inter-governmental efforts to transition to Next Generation 911 (NG911) systems across the Nation. NHTSA has supported the transition of emergency communications nationwide to NG911 for many years, including the training and professional development goals in the NG911 Roadmap (<https://www.911.gov/projects/ng911-roadmap/>). The statutory authority for the 911 Program, including the 911 grant program and Implementation Coordination Office (jointly operated by NHTSA and NTIA), expired on September 30, 2022. NHTSA intends to continue supporting the 911 community to improve post-crash care under the Department's National Roadway Safety Strategy. NHTSA would be pleased to provide technical assistance on how to make the program a success within our statutory authorities.

[Department of Transportation]
Fiscal Year 2023 Questions for the Record
 Congressman Ashley Hinson
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Questions for the Record from Congresswoman Hinson

1. DOT COVID Travel Requirements

Most countries around the world have eliminated or significantly reduced COVID testing requirements for international travel, yet the United States continues to have a policy in place where a negative test is required within one day of departure when flying into our country, regardless of vaccination status. This restrictive policy discourages travel to the United States and hurts our global competitiveness, particularly for the tourism industry with the height of the summer travel season approaching. The economic costs associated with these policies remain significant.

In light of the Administration's decision on lifting Title 42 restrictions at the Southern border, it makes even less sense to keep this requirement in place for air passengers when there is a completely different one for land border entrants.

Question: Is the Administration considering eliminating or changing the predeparture Covid testing requirement for travel to the United States within a certain timeline? If not, why does the Administration feel this policy remains in the best interest of public health when most countries have already eliminated it?

Answer: DOT continues to support federal partners in the COVID-19 response and recovery. As of June 12, 2022, the Centers for Disease Control and Prevention (CDC) no longer requires pre-departure COVID-19 testing for U.S.-bound air travelers.

2. Pilot Workforce and Aviation Maintenance Technician Shortage

As demand for air travel is climbing back to pre-pandemic levels rapidly, planes and airports around the country are full and congested again. However, some airlines have been forced to make painful cuts to service lately – especially at some of the nation's smaller airports serviced primarily by regional airlines due to the extreme pilot and aviation maintenance technician shortages. Even prior to the pandemic, industry analysts warned that fewer pilots were entering the profession and a pilot shortage was near.

Question: Can you talk about what you're seeing on these shortages and describe what steps the Department is taking to increase pilot and aviation maintenance technician supplies?

Answer: The aviation industry needs to be at the forefront to address this issue successfully and this includes creating the conditions that return piloting to a premier profession and investing in training the aviation workforce of the future.

Follow-Up: How are you focusing on utilizing career and technical education programs to encourage pursuing these career paths early on?

Answer: The aviation industry needs to be at the forefront to address this issue successfully. Creating the conditions that return piloting to a premier profession is in their interest and within their capabilities if they continue to invest in training their own workforce.

DOT is working to support industry efforts with the following actions:

- The FAA released a second round of funding for the Aircraft Pilots Workforce Development Grants Program earlier this year that will help foster aviation interest in high school students with curriculum and experiences that should be designed to get them started toward careers in aviation.
- The FAA will shortly release a second round of funding for the Aviation Maintenance Technical Workers Workforce Development Grants Program that will support the education and recruitment of aviation maintenance technical workers and the development of the aviation maintenance workforce.
- Each FAA region has adopted a school to work with to expand STEM education and foster an early interest in aviation. In addition, the FAA has offered a successful program, the Airport Design challenge, which provides students K-12 an opportunity to design an airport using Microsoft Minecraft, while learning about aspects of an airport. This program has been extremely successful in the first three iterations, with hundreds of students enrolling in each iteration. More information can be found at the following link: <https://www.faa.gov/airport-design-challenge>.
- The FAA is also finalizing a MOU with the Smithsonian Air and Space Museum focused on STEM education.

We have also entered discussions with the Department of Education and the Department of Labor on how we could use their programs to help increase financing for flight training, enhance recruitment and develop apprenticeship programs that place a diverse talent pool on track to successfully complete flight training.

3. *UAS BVLOS*

The last time the Secretary and I spoke, we discussed the ongoing at the FAA and the advancement of the Beyond-the-Visual-Line-of-Sight, or BVLOS, rulemaking. Since then, the Advisory and Rulemaking Committees have come out with extensive guidance on BVLOS.

The ability to use this technology when responding to natural disasters like derechos and floods, or to employ for conservation farming practices through precision technology methods would be a gamechanger for rural America.

Question: How high of a priority is BVLOS for the Department and how will you be communicating that priority level with the FAA?

Answer: Safety is the highest priority of the Department and under existing regulations, hundreds of disaster response and precision agriculture operations are occurring safely, and many of them are conducted beyond visual line of sight. Today, these operations require waivers or exemptions. To be truly scalable, aviation regulations will need to change, and we are focused on the rulemaking needed to support this scalability.

As noted, we now have a report from the BVLOS Aviation Rulemaking Committee with industry's recommendations on how BVLOS flights can be done on a wider scale through UAS-specific regulations. The ideas in the report need broader policy consideration because of what they would mean for current users and the regulatory structure that has kept our skies safe for decades.

Earlier this year, I unveiled my innovation principles to introduce revolutionary technology to our transportation systems in a way that keeps our citizens safe.

My office will be working directly with the FAA on the advisory committee recommendations and other aviation issues to pave the way for scaled advanced air mobility and drone operations that are proven, effective for all operators, and safe for everyone in or under our skies.

[Department of Transportation]
Fiscal Year 2023 Questions for the Record
 Congressman Steve Womack
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Questions for the Record from Congressman Womack

1. Freight Optimization Works (FLOW) Initiative

In March, the Administration announced the launch of its Freight Logistics Optimization Works (FLOW) initiative. DOT has been named the executive agent of this pilot program that is building a voluntary, secure national exchange for freight information.

Question: Can you provide an update on how the initiative has gone so far and share with us some tangible results you are looking for out of this initiative?

Answer: Through the Freight Logistics Optimization Works (FLOW) pilot, DOT is serving as an independent steward of supply chain data across a largely privately-operated enterprise that spans shipping lines, ports, terminal operators, truckers, railroads, warehouses, and beneficial cargo owners. By providing a shared view of the national logistics system, including both supply and demand assets, FLOW is supporting the American businesses throughout the supply chain and improving accuracy of information from end-to-end

FLOW is a first-of-its-kind effort by the Administration and companies to develop a digital tool that gives them information on the condition of a node or region in the supply chain so that goods can be moved more quickly and cheaply, ultimately bringing down costs for families and making the supply chain more resilient. There are now 36 participants that are a part of FLOW, which we expect will continue to grow over the coming months. In August 2022, existing partners convened at DOT to discuss the results of their recent innovative data sharing through the FLOW program and how it can help meet the challenges that remain. DOT looks forward to continuing to collaborate with industry, small businesses, technology experts, and others to further develop this tool and enable industry to make more informed decisions that will improve the movement of goods along our supply chain.

Question: Can you please commit to providing us updates as you progress?

Answer: Yes, we commit to providing updates as we progress.

Question: Do you have a deadline goal for this initiative?

Answer: We successfully initiated data sharing this summer and are now working

closely with industry to add new participants and increase the frequency and ease of data sharing. We are aiming for an end of year milestone for an updated participant data dashboard with continued new membership additions next year.

2. Tanker Security Fleet Program

In FY22, Congress authorized and appropriated funds (\$60 million) for the establishment of the Tanker Security Fleet Program.

Question: When does DOT expect to release the governing regulations for and formally establish the Tanker Security Fleet Program?

Answer: The Maritime Administration's draft interim final rule is currently under review at the Office of Management and Budget, Office of Information and Regulatory Affairs.

3. FAA Contract Tower Program

The FAA Contract Tower (FCT) Program is the government and industry partnership dedicated to enhancing air traffic safety. Currently, 258 airports in 46 states participate in the program including 246 in the fully funded program and 9 in the cost-share program.

Question: Can you discuss the importance of the Contract Tower Program and how DOT plans ensure the program's continued success?

Answer: The FAA continues to be an advocate of the FAA Contract Tower Program, a cost effective and efficient way to provide air traffic control services to smaller airports across the country. Congress has provided dedicated funding over the past few years to allow qualified airports to come into the Program. The FAA expects to continue to operate the 262 towers currently in the program (including 255 in the fully funded program and nine in the cost-share program). Please note that the current number of towers in the program differs slightly from those referenced in the question.

WEDNESDAY, MAY 11, 2022.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESS

HON. MARCIA L. FUDGE, SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. PRICE. The meeting of the Transportation, Housing, and Urban Development Subcommittee will come to order for our hearing featuring the HUD budget and our beloved Secretary Marcia Fudge. So welcome, everyone.

Glad to see you here and looking forward to this discussion.

It is a fully virtual hearing, so I need to address a few house-keeping matters before we start. For today's meeting, the chair or staff designated by the chair may mute participants' microphones when they are not under recognition for the purpose of eliminating any inadvertent background noise.

Members are responsible, though, for muting and unmuting themselves. If I notice when you are recognized that you have not unmuted yourself, I am going to ask the staff just to send you a request to unmute yourself, or I may just say something, but we hope you can move right ahead then and unmute yourself and speak.

I remind all members and the witness that the 5-minute clock still applies. If there is a technology issue, we will move to the next member until the issue is resolved, and then you can, of course, resume and claim the balance of your time.

You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow. At 30 seconds, I will tap the gavel to remind members their time is almost expired. The clock will turn red when your time is expired.

I won't interrupt you in mid-sentence, but I will ask a couple of things: One is that you rapidly wrap up, complete your thought as the time expires; and, secondly, that, in asking your questions, you will give the Secretary time to answer within the 5 minutes. Please don't ask a question right up until the limit and then put her in the position of being gaveled. So you understand from yesterday that we need to pay a little more attention to that.

In terms of speaking order, we will begin with the chair and ranking member, then members will be recognized in order of seniority alternating sides.

Finally, House rules require me to remind you that we have set up an email address to which members can send anything they wish to submit in writing in any of our hearings or markups. That email address has been provided in advance to your staff.

So let's get underway. And, again, good morning, everyone.

Welcome, Secretary Fudge——

Secretary FUDGE. Thank you.

Mr. PRICE [continuing]. To your second appearance before the T-HUD Subcommittee. Your former House colleagues are glad to see you again, and we look forward to a fruitful exchange this morning.

As a reminder to all members, please mute your mikes when you are not speaking and ensure that your video remains on in order to be recognized.

Madam Secretary, you have done a lot of good work in your first year as Secretary at HUD. Despite the significant challenges that the pandemic created in particular, you have managed to lead in the deployment of more than \$7 billion in American Rescue Plan funding for—and over \$12 billion in CARES Act resources to assist affordable housing providers, State and local partners, Tribal communities, and above all, the people who depend on our affordable housing support in responding to the Housing challenge posed by COVID-19.

This includes targeted assistance to help homeless service providers work in tandem with public housing agencies to navigate the complexities often of an emergency housing response, direct assistance to local governments to increase services, and provides support for small businesses. Quite a task, and you have done well.

For years, we witnessed a President's budget request that flatlined critical housing infrastructure programs, such as section 202 and 811 programs for the elderly and people with disabilities. And, actually, those budgets often zeroed out critical programs, including Choice Neighborhoods even the HOME Investment Partnership.

So I'm pleased that your department has worked with us to revive and revitalize those programs building on the progress, I must say, that we made on this subcommittee for years before that and usually on a bipartisan basis, the work we did to reverse draconian cuts and support the housing budget across the spectrum, the kind of varied programs that address varied needs.

The impact of this funding can be seen all across our districts. I had a good visit last month to Winston-Salem, for example, Winston-Salem, North Carolina, home of a new Choice Neighborhoods development. I was able to see in the initial stages a comprehensive redevelopment effort involving a large downtown neighborhood integrating attractive, affordable housing, with supportive social services, transportation, and business development.

I give Winston-Salem a lot of credit for their remarkable perseverance, I think over 5 years, in pursuing those funds until they finally received an award. But their perseverance isn't the only factor in their getting that award, as they understand. A part of the reason they finally got the funds is because of the progress we made at increasing available support for the program, from the time they first applied, when Choice Neighborhoods was down to a handful of projects annually nationwide, to the present, where it is much more robust than that. Thanks to the work of the subcommittee, we can say Choice Neighborhoods is back in business.

So are sections 202 and 811, rental housing for the elderly and people with disabilities that had been flatlined over the last decade. So our subcommittee has done that. We have a longstanding

bipartisan commitment to address the complex housing challenges communities face across America, and we look forward to continuing our work with you to ensure that HUD has the resources necessary to carry out its critical mission.

Families across the country in urban, suburban, rural, and Tribal communities have time and time again been forced into difficult situations when they try to find affordable housing, constrained by huge waiting lists for vouchers offering rental support, and then sometimes having a hard time getting placed even when they have a voucher thanks to the limited supply in production of affordable housing.

Low-income and working families shouldn't have to wait for years before they get the opportunity to access critical Federal support for secure housing and safe housing and a stable community with good schools, convenient transportation, and supportive services.

Health and safety standards in housing are a continuing challenge. Carbon monoxide, lead, radon, mold continue to pose major, potentially life-threatening challenges for renters of all ages, and that is the tip of the iceberg of a disgraceful backlog of maintenance and renovation needs in our public housing stock.

Now, we have been able to make a good deal of progress on homelessness. That has been a major focus. There is still so much to be done though. HUD's so-called point-in-time count conducted on a single night in January 2021 found that, on any given night, more than 326,000 people are experiencing sheltered homelessness in the United States, of which 4 in 10 were people in families with children. And, believe me, those numbers would have been far worse without the CARES Act and other pandemic relief measures.

This subcommittee has worked hard to do our part to address a range of challenges. I am glad—I am grateful for the cooperative leadership of our former chairman, now ranking member, my friend and partner, Mr. Diaz-Balart.

Over the last 5 years, which includes, of course, the years of his chairmanship, we have increased resources to the tune of \$43 billion for capital improvements to public housing; new affordable housing for the elderly and people with disabilities; and targeted assistance to States, localities, and Tribes to address complex housing and community development needs.

We worked with our authorizing colleagues to enact three supplemental bills in fiscals 2020 and 2021 to provide nearly \$80 billion to help individuals and families affected by the pandemic, including emergency housing assistance, housing counseling service, eviction prevention, assistance to homeowners.

So these investments have been a vital response to the pandemic, but we know they provide only temporary relief for what we know are longer term challenges. The unmet needs of our communities are immense. They require us to think boldly about the future of housing in our country. Housing plays a central role in stabilizing communities, creating pathways to homeownership and wealth.

It is hard to hold on to good health and to achieve positive educational outcomes or to reach your economic potential without a safe, decent, and affordable place to live. Housing in this country

is essential and it deserves, as we have said many times, to be a front burner issue.

And I think the budget that the administration has sent us indicates they feel the same way. Overall, the budget request provides \$71.9 billion for HUD, a 9.4 increase over fiscal year 2022. That includes \$32.1 billion in housing choice vouchers, \$3.6 billion to combat homelessness, \$3.8 billion to expand economic opportunities and improve the quality of life for low- and moderate-income families, and \$2 billion to construct and rehabilitate affordable rental housing through the HOME Program. These are all increases above fiscal 2022.

Stable housing is foundational to how people build their lives, and I am pleased that the budget before us lays the groundwork for millions of households to remain stably housed or to have the opportunity to build a stable, safe, and thriving future.

Secretary Fudge, we look forward to your testimony today and continuing our work together on these vital issues.

Now, let me recognize our ranking member, Mr. Diaz-Balart, for his opening statement.

Mr. DIAZ-BALART. Thank you very much, Mr. Chairman. First, let me apologize for my voice. I have a bit of a cough, and hopefully I will get through my statement without coughing too much. Chairman Price, my friend, thanks for holding this hearing.

And, welcome, Madam Secretary.

Secretary FUDGE. Thank you.

Mr. DIAZ-BALART. As I have mentioned, your experience as a mayor and a Member of Congress, I think, gives you a unique perspective on HUD's programs actually. I have to tell you, I appreciate your honest and direct communications with us, with your former colleagues, and I also appreciate your attention to issues faced by local governments where HUD's programs are implemented. Again, you have been accessible, and I greatly appreciate that, Madam Secretary.

The administration has once again submitted a budget request that is, well, highly unrealistic with a 14-percent increase for non-defense discretionary spending, and, by the way, only a 4-percent increase for defense, which doesn't keep up with the exceedingly high inflation rate. The request for HUD is \$7 billion, or 13 percent above the enacted level. This includes a number of new initiatives and program expansions that I think will create liabilities on this bill for years to come.

As the chairman knows very well, the annual housing renewal costs alone already exceeds \$2 billion per year. I have joined Chairman Price to make those renewals a priority in this bill for now nearly a decade, and I will continue to support this priority so that we protect our most vulnerable citizens with obviously safe, quality housing.

However, it is becoming clearer every single day that we cannot continue on a path of increased debt for future generations. Unrestrained spending will simply further drive up the inflation that is eating at American families' budgets particularly for, you know, hardworking, middle-class families.

I am certain, however, and I am optimistic that we can find common ground and make smart investments in HUD programs. These

smart investments will, I think, help communities prosper and protect our most vulnerable citizens. We do this every year. And I am pleased to consider you, Madam Secretary, and my dear friend, Chairman Price, as partners, intricate and essential partners in this effort. We clearly need a bipartisan, top-line budget agreement with a fair balance between defense and nondefense spending. It is the only way we are going to actually have an agreement.

And we all know that continuing resolutions waste time and waste valuable money.

And, Madam Secretary, you know that very well.

So hopefully we can move quickly towards compromise and smart funding decisions for fiscal year 2023. I look forward to continuing to work with you, Madam Secretary, and thank you for being here. I look forward to your testimony.

With that, I yield back, Mr. Chairman.

Mr. PRICE. Thank you. Now, Secretary Fudge, let's turn to you for your statement. We thank you again for being us. Look forward to the highlighting of the 2023 budget request. You are recognized for 5 minutes for an opening statement, and, of course, your full written testimony will be included for the record.

Secretary FUDGE. Thank you very much, Mr. Chairman.

Chairman Price and Ranking Member Diaz-Balart and distinguished members of the subcommittee, thank you for the opportunity to testify today in support of President Biden's 2023 budget for the Department of Housing and Urban Development. The support of this subcommittee is critical to ensuring that every American has a safe, stable home, to ensuring that every American can live in communities that are strong and resilient. And I want to thank you for the investments you have already made in our agency and in the people we serve.

Chairman Price, I want to also thank you for all that you have done to support HUD throughout your distinguished career in Congress, and, my friend, you will be missed. You have been a fierce champion of the work we do, and I am so grateful for your leadership.

HUD's mission is central to achieving the President's vision to build a better America, to ensure that every person has a shot to get ahead, to addressing longstanding systemic challenges, to expand on the historic progress our country has made over the last year, and to deliver the agenda the President laid out in his State of the Union address, to build a better America, to reduce the deficit, reduce costs for families, and grow the economy from the bottom up and the middle out.

Since day one, the President has viewed housing as critical to addressing our Nation's most urgent challenges. Throughout the pandemic, HUD put in place emergency relief measures that kept homeowners and renters in their homes. Since July, more than 20,000 formerly homeless households have been housed thanks to the emergency housing voucher, and almost 30,000 more formerly homeless households have been issued vouchers and are seeking housing. More than 53,000 emergency housing vouchers have been issued to households by PHAs and over 20,000 have been housed.

While the pandemic emergency may be behind us, the crisis in housing it exposed remains. This budget will help provide security

and stability for the American people, advance opportunity and equity on behalf of marginalized communities, and address the existential threats posed by natural disasters and climate change.

The 2023 President's budget request, \$71.9 billion for HUD, which is around \$11 billion more than the 2022 annualized continuing resolution level. We cannot put off the critical investments this budget makes in the American people, investments that will help lay a stronger foundation for shared growth and prosperity for generations to come.

At HUD, we understand that our homes represent more than four walls and a roof. Where we live determines the kinds of jobs we can get, how healthy we are, and where our children go to school. The President's budget understands that too. That is why the budget provides \$32 billion for the Housing Choice Voucher Program, which would accommodate approximately 200,000 new vouchers. That would allow individuals and families across the country to move off long waiting lists and into safe, decent housing.

The budget addresses the Nation's homelessness crisis head on by providing \$3.6 billion to provide housing and services to those experiencing homelessness, an increase of \$576 million. The budget works to ensure that the supply of housing meets demand. It provides \$2 billion for the HOME Investment Partnership Program, an anchor of the Nation's affordable housing system, and \$15 billion for project-based rental assistance and housing for people with disabilities and older Americans, and \$180 million for the development of new units for those groups.

The President's budget advances energy efficiency and prepares our existing housing infrastructure for the impacts of climate change. This budget builds on the administration's commitment to investing in rural communities. It makes crucial investments in our public housing supply and supports the removal of dangerous health hazards from our homes.

The President's budget also recognizes that to meet the needs of our communities we need an appropriate level of staffing at HUD. HUD's mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all. Every day folks across our agency work to improve our citizens' quality of life through housing. The budget delivers on these promises, and I am pleased to share this request with the subcommittee.

Thank you.

Mr. PRICE. Thank you, Madam Secretary.

Well, we will now turn to the questions, and I will start with one, which relates both to your statement and the things I said to begin today. I know you share the conviction of members of this subcommittee that housing is infrastructure and that both the demand for housing and the supply of affordable housing need to be addressed in any kind of balanced approach, and I do think your budget does that and you acknowledged it just now.

I would like to ask you about getting some of these dollars at work in our communities and what kind of progress we have made in doing that. I mentioned in my opening statement the work this subcommittee has done to bring the Choice Neighborhoods program back to a scale, for example, the 202 housing for the elderly, 811 housing for the disabled, and, of course, the HOME Investment

Partnership is a feature of your budget. It has been a mainstay of people putting together affordable housing projects for years now.

What kind of progress have we made in getting those dollars not just appropriated but also getting them into the communities? I mentioned the Winston-Salem Choice Neighborhoods ordeal, 5 years trying to get that money. They finally got it. How are we doing? And I wonder, you can do part of this for the record, but what can you say about the kind of work you have done in getting the notices of funding availability out, getting the grant processes cranking, getting these awards made? And I will focus particularly on those programs that I mentioned, Choice Neighborhoods and 202 and 811.

Secretary FUDGE. You are exactly right in your assessment of Choice Neighborhoods. It is a transformational program. When you think about cities having resources in the \$30 million to \$35 million amount at one time, it gives them not only the opportunity to think big, to plan for larger projects, but it also includes the communities. It includes all the stakeholders. And so it becomes not just a project for housing; it becomes a community project.

Winston-Salem is a perfect example of what can happen, but let me give you another one. I was in Philadelphia not too long ago where they were just finishing up one of their—finishing up the Choice Neighborhoods grant. Within that area, they have a training facility. They are working with Temple University as partners for their residents. They have increased the amount of public housing available. It is truly transformational. The neighborhood is now a neighborhood of choice. It is where people want to live. And they did it without displacing the former residents on that site. So that is one of the things that we are extremely pleased about.

And, throughout this whole program, what Choice has done is replaced about 9,300 housing units with now 30,000 housing units, so we are expanding the amount of housing. We are making the housing safe. We are making the housing desirable, and we are changing neighborhoods. So I think that that is an excellent example of success from these kinds of programs.

Mr. PRICE. I would appreciate your furnishing for the record some accounting of the way that the grant process has gone with, you know, the—a recounting of the notices that have gone out, the kind of application levels that you have seen, the awards that have actually been granted, and if you could do that for Choice Neighborhoods and for 202 and 811 in particular to give us a sense of what happens after we appropriate the funds—

Secretary FUDGE. We would be happy to do it.

Mr. PRICE [continuing]. And how expeditiously we are able to get those awards made.

Secretary FUDGE. Mr. Chairman, we are happy to do it. We are currently working on formulating our fiscal year 2022 notices of funding. But I would suggest to you that, as we look at housing in general across this country, 202 and 811 housing is going to be more and more important because, as our society continues to age and people wanting to age in place, the fact that, as you discussed earlier, our homeless population is growing; however, a large portion of that is senior citizens as well and disabled.

So we have to look at all of the ways that we affect those populations, and that is why we are asking for an increase in 202 and 811 because I think that we have for many—too many years not done the kind of work in those particular areas that we should have. So we will be happy to get you the information.

Mr. PRICE. I can tell you, in the district I represent, the landscape is dotted with 202 projects that congregations undertook in cooperation with HUD years ago. And I think it is important, of course, to get those programs back in business and also to generate the activity locally where, once again, we retain the kind of muscle memory about how to go after these funds and how to put these deals together.

Well, thank you. Now, Mr. Diaz-Balart.

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

You know, I am really proud of the work that the subcommittee has done, that we have all done together to address homelessness. And if you look at, for example, Miami-Dade county as example, with HUD's assistance, it has really become a model for the entire country. Homeless rates remain remarkably low in Miami-Dade county particularly among veterans, but I am obviously concerned about the dramatic rise in housing costs in southern Florida.

But it says a lot about our community leaders that we have not seen a surge in homelessness, even, you know, with all of the people moving into Florida, et cetera. We can't keep our—we can't stop focusing on that, but so far I am actually really, really pleased with how the community has responded.

But there are dramatic differences when you look across the country, right. While in Florida, many rural and in other—many rural areas have not seen a significant rise in unsheltered homeless population. The situation, according to what you see in the press in places like L.A. And elsewhere, particularly in the West coast, seems to be heading towards frankly a crisis where many communities are almost now unlivable, right, and they are going to be so for generations. So we provided \$4 billion in the CARES Act for homeless assistance. That is, again, over 2 years now after that, about half of that funding has been spent. So funding is not the issue. The money is there.

So, Madam Secretary, can you provide us with a candid assessment as of now as to how these COVID relief funds have been used—again, half has not been spent—what was the most effective use of these funds, and what types of programs were less effective so we can kind of have a good idea as to where we should be focusing? I would invite any specific local examples that you can provide as well.

Secretary FUDGE. Thank you very much, Mr. Diaz-Balart. And I am happy to discuss it because I think it is a good story, and it is one that we should be telling more.

As of the end of March of 2022, CARES Act funding has provided 828,000 people who have been served in emergency shelters; 154,000 of them are children, and 62,000 of them are elderly. 162,000 people have been served through our Street Outreach Programs. Another 137,000 people have been assisted with rapid housing—rehousing, of which 39,000 are in permanent housing and no longer need the rapid rehousing assistance.

146,000 people have been assisted with homelessness prevention, and hundreds of thousands of people have been sheltered or we are preventing homelessness. I think it is a great story, and I can't thank the committee enough for the resources that you have given us to make that kind of an impact. And even though it seems like a long time, you know, CARES was actually designed to be a 5-year program. So I think that we are doing extremely well, and I thank you for the question.

Mr. DIAZ-BALART. Yeah. Madam Secretary, there are—obviously, for a number of years now, there has been a big push for what we call housing first, right. And should we look at other models that should be considered to improve on housing first practices? Again, my concern is that, in some areas, like in Florida and others, we are seeing great success, but in other areas, like what you see, I mean, you know, you see the tent cities in places like L.A., something is not working, Madam Secretary.

So any ideas as to what we might be able to do to make sure that—and again, it is not an issue of money because the money is there—of how we can have better outcomes because we have obviously parts in this country where we have a crisis?

Secretary FUDGE. Well, certainly, I am always willing to look at things that are going to make us better. There is no question about that. But let me also say to you that housing first doesn't mean housing only. We are looking at all—at many different things that we know can be helpful.

Every single community is different, so we certainly do try to tailor our programs based upon what Congress allows us to do to be sure that we can address the problems of those various communities. And so I am always open to new ideas, absolutely.

Mr. DIAZ-BALART. Madam Secretary, I look forward to working with you to look at what is working, what is not working. We can always improve, right? We can always do better.

Secretary FUDGE. Right.

Mr. DIAZ-BALART. And, again, obviously, what we have now is an issue where the money is there, so an opportunity to figure out what is working, what is not working as well and maybe do some serious changes. I look forward to working with you.

Mr. Chairman, I yield back, actually 13 seconds before the end of my time.

Mr. PRICE. Setting a good example for sure.

Ms. Clark.

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

And wonderful to be here with you, Madam Secretary. And I have to say that I thought you were the most popular figure coming out of Ohio, but on a recent trip, I got to meet your mom, and I do know that she takes a little precedence over even you. But so grateful for your work.

An issue that I know you are committed to and that we have talked about before is that of childcare. In States like Massachusetts, where the cost of childcare can exceed \$20,000 a year, it is out of reach for many middle-income families and certainly for HUD-assisted families. It is inaccessible in far too many parts of this country.

That is why this committee funded a research collaboration between your department and HHS on how we can prioritize and promote on-site childcare supportive services for people in HUD-supported housing. I am hoping you can provide me an update on the status of this report and when you might think we would have the final.

Secretary FUDGE. We are putting out the solicitation call very soon. I can't tell you exactly when it will be back at this point, but we are working with HHS because we know how important health care is, especially to marginalized families and communities.

Ms. CLARK. Yep.

Secretary FUDGE. So we are just as excited about getting the opportunity to really take a deep dive into it, and we thank you for allowing us to do it as well.

Ms. CLARK. Great. Thank you for that.

Secretary FUDGE. Oh, we expect for that to happen this summer.

Ms. CLARK. This summer the RFP will go out or the solicitation—

Secretary FUDGE. Yes. That is right.

Ms. CLARK. Okay. All right. Thank you.

Also, I know and thank you for your support of survivors of domestic violence, and I especially want to thank you for appointing a director of gender-based violence prevention in equity and your support of the continuum of care set aside to rehouse victims of domestic violence.

In your budget, you have requested \$1.6 billion for an additional 200,000 housing choice vouchers, and that includes prioritizing survivors of domestic violence. I am hoping you can comment on why this priority is so important and if you can talk about your department's efforts to collaborate with other agencies, like HHS and DOJ, to address this intersection of domestic violence, homelessness, and housing.

Secretary FUDGE. Let me first thank you for your being a champion for VAWA, for the vouchers for these emergency situations. We know that violence, whether it be sexual assault or domestic violence, is increasing in this country. We know that we have for too long not really addressed not just the causes but trying to assist people in getting to safe places.

So that is why we were so excited about bringing on someone who can look at this, can advise us. I think we are probably the first agency to do it because we know what fleeing from sexual assault or domestic violence can mean to one of our residents. And so we have done everything we can to provide not just the vouchers but other assistance as well and to move them and house them safely and quickly.

Ms. CLARK. Thank you. And, speaking of all this important work that you are trying to do and how fundamental it is to our recovery and meeting the need out there, it is alarming how much staff that HUD has lost. I think you are leading from 1991 to 2019. Almost 50 percent of the staff has been lost, and you have nearly half of your workforce eligible for retirement by the end of the year.

I know you are committed to turning this around, and I wonder if you can talk to me about your strategy a little bit, what more we can do to support you in this critical work, and are there also

ways that you are thinking about turning around and shortening the turnaround for hiring? And I see that I have 20 seconds left for this answer, so we can also take it up offline as well.

Secretary FUDGE. I will try as quickly as possible. Over the last 2 years, it is the first time in many, many years that we have gained more employees than we have lost.

Ms. CLARK. Amazing.

Secretary FUDGE. That goes to show you how long the situation has been going on. We cannot do our work, the work that Congress has directed us to do, without the proper staffing. So thank you for bringing it up. I am not going to extend your time, but I would say that it is probably one of the most important things we are asking for in this budget so that we can serve the people the way we should.

Ms. CLARK. Thank you for that. I yield back.

Mr. PRICE. Thank you.

Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

And, Madam Secretary, thank you for being here with us this morning. I want to talk a little bit about, you know, the price of homes across the U.S. are just skyrocketing, and many of our dedicated first responders are finding it increasingly difficult to purchase a home in the communities in which they work.

I have a bill called the HELPER Act, which would create an FHA-type loan program for law enforcement, EMTs, firefighters, and teachers that would give them a one-time opportunity to purchase a home. And it is similar to the Good Neighbor Next Door program within HUD, and it would—but this provides greater flexibility and more home ownership opportunities for our first responders.

So I have a two-part question here for you: First, I think I know the answer, but I would like to ask, do you see the value in first responders living in the communities that they serve; and then, secondly, has HUD looked at ways beyond the existing Good Neighbor Next Door program to actually assist first responders and teachers in obtaining homes?

And I would like to ask you if you would take a look at the HELPER Act and see if that is something that you could get behind to help our first responders and others, the teachers and all of that, to be able to buy a first-time home so that they can stay in the neighborhoods where they serve.

Secretary FUDGE. Thank you, Mr. Rutherford. I absolutely will take a look at it. I have had a cursory review of it and would love to work with your staff on it.

One of the things that we are finding across the board because of this housing crisis, and it really is a crisis when you look at the cost of housing across the country, is that affordable housing is a problem for almost every worker in this country. We have places where the cost of housing is so high that businesses are complaining they can't get help because people can't afford to live in their neighborhoods. So we know it is a crisis, and I am more than willing to have our teams look at your HELPER Act.

Mr. RUTHERFORD. Thank you, Madam Secretary. I appreciate that.

I want to kind of switch gears. In recent months, I am sure you have seen, there has been some heartbreaking examples of deadly fires in residential buildings, such as the ones in New York and Philadelphia. These fires really highlight the continued need for fire safety in residential buildings.

And last year, my good friend, Representative Coleman, and I joined forces in the Public Housing Fire Safety Act, and it incentivizes the installment of fire sprinkling inside—in the old established public housing. And so I would like to ask, \$65 million was appropriated in this year and for these competitive grants to public housing. What kind of fire safety initiatives, if any, have these grants gone to, the competitive grants, that were issued? Do you have any idea how much of that is going on?

Secretary FUDGE. Well, it is our intention to award these grants later this year or at the very beginning of next year, so I can't give you an update at this point. But I will suggest to you that, out of that \$65 million, we are able to do better inspections as it relates to all health hazards but particularly fire safety. So we will have a better answer for you later in the year. We will make sure we get that back to you.

Mr. RUTHERFORD. Okay. Thank you very much. And so it is good to know that that is a priority.

Secretary FUDGE. Yes.

Mr. RUTHERFORD. And I tell you, you know, Bonnie and I are—you know, we just believe this bill really needs to move forward as well because children and adults dying in these fires is just atrocious.

So, with that, Mr. Chairman, I see my time is about expired. I will yield back.

Mr. PRICE. I thank you.

I turn to Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Madam Secretary, it is great seeing you and appreciate the amazing job you are doing. Love serving with you. And right out of the box, you helped us change an important practice for our trans community in shelter, so we thank you for that.

I want to turn to the issue that I know you cared a lot about still—as a Member and care a lot about now, that is HOPWA funding. You know, the administration is proposing a funding level that might actually cause a reduction in the number of people living with HIV who will be served by the program. I think the difference between the proposal and what we are going to be asking for is \$455 million to \$600 million.

The estimate in the congressional justification is about 45,640 households, which is about 10 households lower than the fiscal year 2022 proposed amount of 56,355. As you know, my district, similar to yours, has—this is a big issue. So we are asking you to take a look at that and give us your thoughts on how we might be able to work together to get that number up to the current need, if possible.

Secretary FUDGE. I would be happy to take a look at it. I mean, we are putting a little attention on it now because we do know that there are—some programs are going on that just have not requested their reimbursement. We know that there are some issues

in just the implementation just because of staffing and capacity, but we will do whatever we can to get you the information.

Mr. QUIGLEY. I appreciate that. And, as you know, people living with HIV face incredible stigma and discrimination in housing, but HOPWA was the only housing program dedicated to the population, particularly for people living with HIV. You know, housing is healthcare.

Is there anything else HUD is working on to expand other forms of rental assistance to serve people living with HIV?

Secretary FUDGE. Yes. We are working with our homeless programs. We are working with youth programs. We are providing seminars and webinars. We are doing all that we know how to do to reach the proper populations, as well as we are working, of course, with HHS and other agencies that affect these populations as well. And, just last week, we actually had a webinar with the CDC and with our foster youth. So we are doing the work. It is just, at this point, I don't have the data to give you that you are asking for.

Mr. QUIGLEY. No, and I understand. I am just curious too, are there steps being taken to make people living with HIV a priority population for HUD programs like housing choice vouchers?

Secretary FUDGE. Well, I think that when you were talking about our budget request, the President's budget request is at a \$455 million level, which we believe is very good. But it also proposes \$1.6 billion in incremental housing choice vouchers, which then gives us the opportunity to house more people with AIDS or other populations, of course, as well. But certainly that becomes a priority within those incremental housing vouchers.

Mr. QUIGLEY. No, we certainly want to work with you to make that a priority. And we would love to have, you know, when you come back to Chicago, meet with the populations and talk about these issues. I know you care deeply about it, and we look forward to working with you and your staff on an ongoing basis. But thank you so much for your service.

Secretary FUDGE. Thank you. Thank you so much.

Mr. PRICE. Mr. Garcia.

Mr. GARCIA. Thank you, Mr. Chairman.

Thank you, Madam Secretary, for your service to our beautiful Nation. I support this mission that HUD has. I believe in safety nets. I believe it is a noble mission. But I am a numbers guy, and as an appropriator, especially right now where our Nation is seeing record inflation, 8.5 percent, and a debt of \$30 trillion at the Federal level, we have got to pay attention to these numbers a little closer than we have maybe historically.

And I think you are operating woefully inefficiently right now as an agency. \$61 billion rounding up, \$60.8 billion, would be sufficient. If you assume 500,000 homeless people in our country right now, which is a rough estimate plus or minus, that \$61 billion is enough to give every homeless person in our Nation \$122,000 every year, each and every year. The average rent right now in our Nation is about \$1,100, maybe \$1,200 right now per month. So, when you spread that \$122,000, you are actually paying for about 110 months of rent for every homeless person each and every year within your specific budget.

These numbers don't make sense, and I think—I think you are not getting all of the power to the ground, the power of the American taxpayer dollar to the ground in these neighborhoods where we need to be making the investments that you described. I agree with everything that you said, but you are not getting the power to the ground.

Another way to look at it is, if the average home price right now is \$300,000 nationwide, that monthly payment, to include not only the mortgage but also taxes and insurance, comes out to about \$1,700 a month, which with your budget we can actually fully pay the mortgage for an entire year for 3 million families.

So, when we talk about staffing and when we talk about efficiencies within our Federal agencies, this is one of those agencies unfortunately that stands out as not necessarily getting the taxpayer dollars to the customers, in this case the families that need housing assistance, at the levels that they—that you should, frankly.

What is your current staff? You talked about your staffing challenges and the ramp down. What is your current staff at right now?

Secretary FUDGE. Let me just—thank you so much for your question, Mr. Garcia. Let me just say to you that we serve more than 500,000 people. We serve more than a homeless population.

Mr. GARCIA. How many do you serve—Madam Secretary, how many do you serve?

Secretary FUDGE. We serve almost 5 million people. We serve almost—

Mr. GARCIA. How many?

Secretary FUDGE. We serve almost 5 million people.

Mr. GARCIA. Five million?

Secretary FUDGE. Yes. And if there is something that you have specifically that you think we are not doing, I am certainly willing to listen to whatever that is.

Mr. GARCIA. No, I don't think it is a lack of what you are doing. I think you are doing it inefficiently. Even at 5 million, you are still putting about \$12,000 per year to each of these 5 million people, which is, again, enough to pay for their entire rent for an entire year. That is each and every year, by the way.

So, even if you are servicing 5 million—I am not saying we don't service 5 million. We should service everyone that needs the money, but let's service them and not necessarily bureaucrats who are making more money off of these programs in Washington, D.C., than the people who are benefiting from these programs in rural areas.

Secretary FUDGE. Mr. Garcia, if you have something specific, I certainly do—I am willing to listen to it. I mean, but you are talking in generalities. So tell me what we are not doing.

Mr. GARCIA. Well, it goes to my question, I guess, specifically—I am actually not talking in generalities. I am being very specific, Madam Secretary, not to argue with you. But I am asking you, how many people work for your agency right now?

Secretary FUDGE. 7,500.

Mr. GARCIA. 7,500. So you are asking for a 10-percent increase. And so what I would submit to you is that we need fewer bureau-

crats in the agency and maybe more focus on how do we get this money to the neighborhoods and to the people who need the assistance rather than people in your agency.

What is the average salary of a HUD worker right now?

Secretary FUDGE. Oh, I have no idea.

Mr. GARCIA. I would like to see that. And I am doing this in the vein of hopefully bringing solutions to the table because this is a lot of money. This is aggravating our Nation's debt. This budget is in the hole, a 13-percent increase I believe year over year while we are operating in this extremely high inflation rate.

This inflation actually hurts the poor, as you know, more than anyone. This is the equivalent of adding another month of rent to low-income family households. And so, in the interest of getting that money there, I think you need a task force to go look at how you maximize our taxpayer dollars, increase efficiencies, and get this money to the people that need it, rather than to the bureaucrats in Washington, D.C. I know that is a tall order and that is a massive endeavor, but we have got to figure out how to get your money to the ground in the areas that need it.

Mr. Chairman, I am out of time.

Secretary FUDGE. I am happy to do it, but I would say this to you, sir: Money on the ground is getting housing vouchers to VA people, veterans who are sleeping on the streets; money on the ground is taking care of making sure we get these encampments off street; money on the ground is making sure the people in public housing live decent; money on the ground is Choice Neighborhoods that we talked about. We get money on the ground. That is why I am saying, specifically, if there is something we are missing, tell me what that is.

Mr. GARCIA. I understand. Only about 15 percent of that gets to the ground, Madam Secretary. That is all I am saying. It is woefully inefficient, and we can do better.

Secretary FUDGE. Thank you.

Mr. PRICE. Mrs. Watson Coleman.

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

Secretary Fudge, thank you for your service. I am so glad that you are at the Housing and Urban Development Department, and I am certain under your leadership and under the vision of the President of the United States, you will be able to get people to want to work there and want to be part of your workforce.

Housing is really important to me. It was important to me when I worked in the executive branch in the State of New Jersey and when I worked in the legislative branch. I have a couple of questions that are at the opposite end of the spectrum. I have seen the value of neighborhood preservation programs where you go into a neighborhood that is kind of declining, you have got nice homes and then you have got a few homes that are in real trouble, and you apply those resources to those homes that are declining in that neighborhood.

So I am wondering, is there any emphasis in your department in working with States to spend their resources strategically in trying to save, recoup these neighborhoods under neighborhood preservation?

Secretary FUDGE. Thank you, my friend. It is nice to see you as well, Mrs. Coleman.

Preservation is one of the main paths that we have to take to be able to create enough housing in this country. We know that today there—we are probably about 4 million housing units short of housing all the people who need housing. We cannot build enough housing, even though this budget gives us a great start at trying to build new housing units.

But we also have to preserve communities. If you are from places like where I am from, Mrs. Watson Coleman, there are blocks and blocks and blocks and rows of vacant and abandoned homes. And part of the problem was that we, as an agency, were continuing to red line certain kinds of communities.

And so now we are changing that to make sure that we can get resources into those communities through those low-dollar loans that we hadn't been giving. We can make sure that we put a focus on trying to make sure that those properties go to people who want to live in them as opposed to going to investors and flippers. We are doing our part. We do need local governments to assist us with making those communities priorities, but we are providing resources and assistance to try to make it happen.

Mrs. WATSON COLEMAN. I think that is so vitally important. And if there is anything that you see from your perch now and from your former perch as a Congress Member as to what kind of legislation we could consider to be greater incentives for municipalities to look strategically at spending money that is available to them, I—Mr. Rutherford and I, we are partners in this sort of field, and we would very much like to look at it.

The other thing I wanted—

Secretary FUDGE. Mrs. Watson Coleman, if I could just say quickly, remember we used to have a program called Hardest Hit Money. We had a neighborhood stabilization program. So you might, as a legislative piece, want to go back and look at one of those.

Mrs. WATSON COLEMAN. Thank you very much. I will take note of that.

The other area that I want to talk to you about, because you do so much for the most vulnerable among us, is those returning citizens. Now, my understanding is that you had a task force that looked at what to do with returning citizens, how to best serve their needs. I know it is not just their needs for housing. I know when I was a legislator we looked at all the other things that they needed in order to qualify for Federal resources and programs. I am wondering where your department is with regard to that and what you think we are going to be hearing from you as recommendations to move forward.

Secretary FUDGE. Well, I would say this, Mrs. Watson Coleman, we know that too many people with criminal records are denied access to housing, and we know all that does is create a bigger problem. It doesn't help public housing either. It doesn't help Section 8 housing either. We know that one in three people in America have a criminal record of some sort. So we have to be realistic about the populations we serve.

So what we are doing is actually taking a look at what our screening processes have been to this point. We are in the process of doing it now. So we are hopeful that by October we will have some definitive answers for you, but we know it is a problem, and we know for too long we have just denied people simply because they have a criminal record. So we are looking at it.

Mrs. WATSON COLEMAN. Thank you. I know that this is a problem, and I know that it disproportionately impacts Black and Brown communities on so many levels and the economically depressed. That is such an important issue.

I also just want to take note of the fact that you have inherited a department that was basically raped of its resources and its vision under the former Presidency, and now we have both the President and a Secretary who understands the importance of housing and understands the communities that need to be served and the municipalities that need to be protected, and so I want to thank you for your service. I am so glad that you are there. And I certainly stand ready to be a partner in whatever I can do.

I yield back, Mr. Chairman.

Mr. PRICE. Thank you.

Mrs. Hinson.

Mrs. HINSON. Thank you, Mr. Chairman, for holding this hearing today.

And, thank you, Secretary Fudge. Good to see you again.

Secretary FUDGE. Nice to see you.

Mrs. HINSON. And I appreciate you appearing before our subcommittee again. And as you and I have already talked about before last year, ensuring that HUD is supporting our rural communities is a top priority for me. And you know much of my district is classified rural, and just want to make sure in our conversations we don't leave those communities behind.

I know you said earlier in the hearing, and it perked my ears, every single community is different. That couldn't be truer in Iowa. So, again, we know one-size-fits-all policies don't work best, so I look forward to continuing to work with you and HUD to make sure that we continue to target those resources efficiently.

So we know, as is the case with everything right now, cost of housing, labor and materials for building are steadily going up, consistently going up. And these rising costs, I do believe, are the result of Democrats overspending in Congress. It hurts our working-class families, seniors on fixed incomes the most right now. It is pricing out a lot of homebuyers in rural communities. And I am hearing this from a lot of our homebuilders back in Iowa; it is discouraging new construction.

In the past year, costs have risen, as we have heard, with inflation 8.3 percent and over 5 percent specifically for shelter. And this is something I am hearing directly from my constituents about. In Clayton County, where housing supply has been decimated by flooding, for example, a study found that over 100 unfilled jobs are tied directly to housing shortages there, a serious challenge in small rural communities much like where I was last week.

So we know this crisis isn't going away. Increased spending is worsening the challenges that are caused by inflation, and when we are talking about the President's budget request calling for \$7

billion more than last year, I do want to make sure we are being efficient with those dollars.

So in what ways is HUD working to address rising costs in this case without further overspending? I just want to follow up on my colleague's comments there about targeted and efficient spending.

Secretary FUDGE. Thank you so very much. I mean, I think we have to also put in context the fact that during the COVID crisis, especially over the last 2 years, what has happened is that production of materials that are needed in housing just have not been available, whether it is manufactured housing, which we thought great option, but we don't have enough plastic, we don't have enough wood, we don't have enough of all of the things—

Mrs. HINSON. So are you working to help with supply chain? I guess that would be just—you know, as I am asking about what ways you are working to help address these costs, even if it is supply chain and driving that down and increasing—

Secretary FUDGE. Well, that is what we are doing. We are right now trying to help the supply chain. So what we are doing is we are helping, we are meeting with the homebuilders and the manufacturing home, all of these people, to talk about how we can increase and speed up the supply chain because we know it is a problem, as do they.

Mrs. HINSON. Okay.

Secretary FUDGE. We also—

Mrs. HINSON. So, if you are meeting with them, you are probably hearing about regulation as a huge cost driver for them too in housing costs. Have you been looking at regulations there? I know manufactured housing is an affordable housing option many people rely on in my district. Just looking at ways to lower those costs through regulatory reform there at all?

Secretary FUDGE. Well, we haven't been hearing about regulation, but what we have been hearing about with manufactured housing is how excited they are about the fact that we are getting ready to find more ways to give mortgages on manufactured housing, how we are going to finance manufactured housing, because it is a big, big issue with us right now.

Mrs. HINSON. Yeah.

Secretary FUDGE. So we have been getting more input on that than we have—no one has mentioned regulations to me, quite honestly. But we are talking about—

Mrs. HINSON. Okay. I would encourage you, in those future conversations, ask them about that, because they regular express to us that that is driving up their costs of building and that, as we know, gets passed on to the consumer. We want to make housing and that dream a reality for everyone in every working family, and that is a priority I think we all share. So I would just encourage you, in those conversations, make sure you are talking to them about that because they are definitely flagging that.

One of the regulations that they also flagged continually for us, DavisBacon, because right now HUD applies DavisBacon to repairs over \$2,000. I think that is an outdated threshold. It has been in place almost 100 years. So would you support raising that threshold to help lower costs for housing repairs as well?

Secretary FUDGE. I am certainly willing to look at it, because I don't know what it is right now off the top of my head. So I wouldn't say yes, not having any background—

Mrs. HINSON. Repairs over \$2,000. Again, that was set back in 1931. So I think, ultimately, we are just trying to look for flexibility to help drive down those costs, regulatory flexibility.

And then another area, and I know I am short on time, but disaster repairs is another area where it is incredibly important to my district. So I would encourage you to look at flexibility. Have you heard anything about that?

Secretary FUDGE. We're hoping that you are going to pass for us our disaster recovery with the CDBG. We absolutely agree with you 100 percent. But the one thing that I would suggest too that might help is zoning changes too, because a lot of these communities, the cost of building is so high because of zoning regulations and planning board regulations, not so much regulations coming from the Federal Government but from local government.

Mrs. HINSON. All right. Up and down the spectrum. So thank you, Madam Secretary. I appreciate it.

Mr. Chair, I yield back.

Secretary FUDGE. Thank you so much.

Mr. PRICE. Thank you.

I am going to recognize Mr. Trone, and I am going to ask Mr. Quigley to take the gavel for a brief period while I make a quick visit to the SFOP Subcommittee next door.

But, Mr. Trone, you are recognized.

Mr. Trone, you may be muted.

Mr. TRONE. Okay. Thank you, Chairman Price.

And, Secretary Fudge, thank you very much for joining us today.

The President's fiscal year 2023 budget, 9.4 percent increase over 2022. We are thrilled to see the invested resource expanding housing, assistance, and availability.

I would like to talk today about Recovery Housing Program. Twenty million Americans identify as being in recovery from substance abuse—substance use disorder. Many of these Americans rely on, quote/unquote, sober homes. We know there is a shortage of beds in recovery housing, and I know you are focused on this issue.

Can you talk about how HUD collaborates with SAMHSA on recovery housing, and what does this collaboration look like, and who handles it?

Secretary FUDGE. Well, we do work with SAMHSA. One of the things that we are trying to do is determine what best practices are right now, so that we can make sure that we put in place the kinds of processes that we need to be sure that we are handling it properly.

But I would also say that housing for, not just persons who have substance abuse problems, but the mentally ill, the disabled, all of them right now are at the top of our agenda because we know that there is such a lack of them. But we are, in fact, working on a daily basis with HHS, with SAMHSA, to be sure that we are looking at whatever the best practices are.

And I can't tell you off the top of my head, Representative Trone, but I will make sure that I can get that information to you exactly what we are doing between the two of us.

Mr. TRONE. That would be great. And the availability, you know, continues to be an issue, but we really don't have in writing what great quality recovery housing for those in addiction looks like. You know, how many people do we have in a house? Should it be two? Should it be 10? You know, is it all same sex? You know, what type of activities should happen together? How does that sober living, you know, business—it has really become a business. What is the best way to do it? And, secondly, you know, how much of it do we have in America? How do we measure how much we have? And then third, how do we measure the demand?

So it seems like the demand, you know, the availability we have, and then what it looks like, do you have enough resources, or how can we help you in this area?

We lost 107,000 Americans, the number came out today from the CDC, last year, to overdoses. 1.2 million expected in the next 10 years. So this is a problem, unfortunately is not going away, and we want to be there to work with you.

Secretary FUDGE. Well, excellent, because right now we don't have a handle on really how much of that housing is needed. We know that some of the resources that we are talking about come under Medicaid and Medicare. We are talking about SAMHSA. So it is a whole of government approach to this process, as well as certain institutions are restricted as to the number of beds that they can use for this particular purpose. So we are still trying to work together to be sure we know what the real need is, because at this point, quite frankly, we don't know.

And as soon as we get a better handle on that, I can probably give you a better answer. But anything that you can do to provide us with assistance, we are willing to take.

Mr. TRONE. We would love to work with your staff on that, and we will reach out. And you guys have been great to work with. Really good.

Secretary FUDGE. Thank you so much. Perfect.

Mr. TRONE. So what recovery housing really means is there isn't any inpatient treatment, which means simply insurance doesn't pay for a doggone thing. So do you have any suggestions how we can make it more affordable and, you know, what can Congress do to, you know, again, help you support people in recovery housing?

Secretary FUDGE. You know, well, SAMHSA has block grant funding so that we can also use CDBG Recovery Housing Program funds. There are things that are available. Again, we just don't have a good handle on how much is really needed.

I don't know that I really have a good answer for you at this point, other than just to say to you that we will get as much information as we possibly can and get it to you as quickly as we can.

Mr. TRONE. Sometimes the best answer is we don't have the answer yet, let's work together to get it. So that is a really great answer. So, Secretary Fudge, thank you.

You know, we've seen these spikes in overdoses, you know, all over the country. They followed COVID-19. The President has listed this as the number one thing in his unity agenda is the fight

on addiction, and number two was mental health. And as you said, they are so connected. And the housing is—if we can get the housing for these folks in addiction and mental health crisis, then we can really help move them on a way to recovery.

So we love to work with you, and keep up the great work. We are lucky to have you there. Thank you, ma'am.

I yield back.

Secretary FUDGE. Thank you. And we are looking forward to working with you as well.

Mr. QUIGLEY [presiding]. Mr. Gonzales.

Mr. GONZALES. Thank you, Chairman. Thank you, Secretary Fudge.

You know, I represent Texas' 23rd District. It stretches from San Antonio to El Paso, 800 miles of the southern border.

My first question is, have you visited the city of San Antonio since you have been Secretary?

Secretary FUDGE. I have not.

Mr. GONZALES. I would love to have you visit. It is the seventh largest city in the United States. It is not a Black city, a White city. It is a Brown city. And I think I would love to work more with the Hispanic community.

You know, I recently toured a few different facilities there in San Antonio, the Cassiano Homes and the Alazan Apache Courts. And when I was child, I actually spent some time in the housing area. And, you know, I look back on it, and I want to make sure that we have all the resources we need, that they have all the tools possible to be successful.

What I saw during that time—it was as if I was walking back in time. You know, there were—in these specific areas, they didn't have washers and dryers. You know, they had to dry their clothes outside on a clothespin hanger. I mean, it is just—it is very—it is not very dignified.

And I want to be—I would love to work together to see how we can maybe put some resources towards this area. Like I said, seventh largest city, the area is only growing.

I want to also talk about the Family Self-Sufficiency Program, FSS. And, you know, I recently had a constituent reach out, a single-parent woman that was working two jobs, you know, just doing everything right. And she was part of this program where she was trying to own her own home. And she had put \$16,000 towards this fund, towards this FSS fund, and it was taking forever to work through the bureaucracy in getting that done.

We worked with SAHA, San Antonio Housing Authority, and on a closing day, she was able to get \$16,000. Well, guess what? That \$16,000 is transformational for that family. You know, she—and I just—I can't highlight enough how much of an advocate I am on that FSS Program. And I would love to hear your thoughts on just kind of where you think that program is going or what priority it is.

Secretary FUDGE. First let me say, I am happy to come to San Antonio. You invite me, and I will come.

Mr. GONZALES. Great.

Secretary FUDGE. I have been to Texas; I just haven't made it to San Antonio.

Secondly, the FSS Program is exceptional. Just about a month ago, I had a virtual call with four women, three of whom were very successful in getting their own homes through this program. They just ranted and raved about what a great program it was. The fourth is back in the program. They talked about the pride it gives them and it gives their children to own their own home. I am very supportive of FSS.

Mr. GONZALES. I love it. I love it. Maybe we can work together on streamlining it or making some of the bureaucracy, that way folks can, you know, just access it and understand it more, a little bit more. So thank you for that.

My next—you know, a different part of my district is the El Paso area. You know, along the border, the need for these critical areas is key. And, you know, there is communities called colonias. And what I have really seen is these areas in particular have really been forgotten. I mean, they lack running water, they lack electricity, they lack sewage, they lack paved roads. I mean, they really need a lot of support.

And, once again, in the El Paso area, this is a community, you know, the housing community is growing. It is not shrinking. And without the basic kind of needs of that, it makes it very difficult.

And, you know, I mention that—you know, I have tried to be helpful with community projects, but that is just Band-Aid work. I mean, I really would love to maybe have a deeper conversation on these colonias and how we could work together to maybe help with some infrastructural needs on there.

Secretary FUDGE. Mr. Gonzales, that is a great topic for us to have a discussion about because we know that it has been a problem. The President's 2023 budget in its CDBG allocation sets aside for the State of Texas 10 percent of those CDBG dollars to deal specifically with colonias. And so I would be happy to have a conversation with you or our teams talk about how those resources are used and how they have been used in the past.

Mr. GONZALES. I appreciate it.

And then the last thing I want to mention is, in previous years, the HUD Administrator had a program known as the Border Community Capital Initiative. And I would just ask maybe take a look at that and see if that is something worth spending, you know, energy and resources towards. I just look at it as, you know, the country is very different, but the communities along the border, I mean, they are really in need of some basic, basic infrastructure needs.

So thank you for taking my questions, Madam Secretary. I look forward to working with you.

And I yield back.

Secretary FUDGE. Thank you.

Mr. QUIGLEY. Mrs. Torres.

Mrs. TORRES. Thank you, Chairman Quigley.

And, Secretary Fudge, it is so nice to see you. Thank you for your commitment to affordable housing.

As you already know, climate change has brought us many challenges. The drought throughout the western States is devastating so many communities. And at times it almost feels like we are losing more housing units to fires than we are able to build.

In my home State of California, a State of nearly 30 million people, 37 million are living in severe drought areas. An estimated 120,000 affordable homes need to be built each year through 2030 to keep up with our housing needs, particularly for extremely low-income residents. And as a former mayor, I know too well that housing permits will not be approved or cannot be approved in these severe drought areas.

So my questions to you are: What steps has HUD taken to coordinate expanding water access with affordable housing needs? And has HUD been working with other agencies on issues surrounding affordable housing and droughts or water shortages?

Secretary FUDGE. We work with other agencies all the time. It is one thing that is good about this administration, Representative Torres, is that we don't work in silos. We know that it is a crisis, but we do work specifically with Department of Transportation. We work with EPA and then HUD. And so I work a lot with EPA on some of these issues.

We know that the President's budget includes more than a billion dollars in programs that support energy, climate, and resilience programs, which includes about \$250 million for multifamily Green and Resilient Retrofit Program. So we are on the same page with you.

We know that it is a problem, especially out West, whether it be wildfires, whether it be drought. We know that it is a huge problem in your part of the country. So, yes, we are looking at it.

And if you have got some ideas, we would be happy to talk to your team too, because I am sure you are closer to it on a daily basis than we are.

Mrs. TORRES. Yes. Thank you. I know that you are committed, and I often, you know, see you working directly with other—with our agencies and other secretaries.

I hope that you prioritize this issue of water availability as a challenge to all of the things that you already have on your plate.

In fiscal year 2022, enacted bill provided \$30 million for new Thriving Communities Initiative. Of this, I secured \$5 million for HUD to work directly with DOT on this initiative and provide technical assistance to communities to strengthen housing development as part of their transportation solutions.

So what steps are you taking with Secretary Buttigieg to establish this initiative? And can you provide a timeline for when HUD will enter into any necessary interagency agreements on the Thriving Communities Initiative?

Secretary FUDGE. We don't have a timeline right now, but what I will do is contact Secretary Buttigieg. They do have the bulk of the resources, as you said. We got our \$5 million. But let's put together something to get to you. Because he and I are going to be talking anyway, so let me see if we can put a little fire under getting that moving more quickly.

Mrs. TORRES. Thank you so much for being with us today.

And I yield back.

Secretary FUDGE. Thank you.

Mr. QUIGLEY. Ms. Wexton.

Ms. WEXTON. Thank you, Mr. Chairman.

And thank you, Secretary, for joining us today. It is good to have you back before us.

First of all, I would like to thank you and the Department for rescinding the deceptively named Preserving Community and Neighborhood Choice Rule and restoring the Affirmatively Furthering Fair Housing rule we talked about last year. That has made a huge difference in the lives of so many people. And I just want to thank you for, you know, helping the marginalized communities and expanding access to opportunity, addressing inequity and discrimination in housing and community development. I just want to say thanks.

Secretary FUDGE. Our pleasure. Thank you.

Ms. WEXTON. I want to pick up a little bit where Mr. Trone left off, talk about homelessness and mental health, because there is so much intersectionality between those two phenomena.

I recently met with the head of a homeless shelter in Winchester, Virginia, which is in my district. He told me a story about one of the clients there, a 19-year-old young man who suffered from significant mental illness. He had been in foster care since he was 11. He was abused and neglected throughout his childhood, and he had a severe mental health crisis at the shelter where he was refusing to take his medications, he was threatening staffers, and things like that. So he was taken to the hospital. They did not end up—they did not end up admitting him. I don't know whether he didn't meet the criteria for TDO or if it also was because there just weren't any beds available. And that story is something that we see throughout America right now.

So there were no beds available, so a relative picked him up and took him to stay with his grandmother, who had looked out for him all his life. And 4 days later, he killed her over a minor disagreement. And he is now in—you know, this young man is now in jail awaiting trial for his grandmother's murder.

And this sad story is not an isolated incident that happened in my district in Virginia. I mean, we see it happen all around the country.

And homelessness has been shown to cause both physical and mental problems, as well as substance abuse, and people are trapped in this endless cycle that has only been made worse by the pandemic. We have far from enough psych beds and mental health workers to care for all these people, and the burden is increasingly falling on unequipped people at—working at homeless shelters, jails, and prisons to do whatever they can, often with tragic consequences, as we saw in that case.

And I am glad to hear that you are working with HHS and SAMHSA on these issues, but how can HUD's various technical assistance programs help its partners on the ground to address this crisis, and is there a role that HUD can play in working with State and local governments as well?

Secretary FUDGE. I mean, certainly we work with State and local governments on a lot of things. But right now, Representative, what we really do in that regard, besides working on the housing aspect of it, is we do try to provide technical assistance to let different governments know where they should go to get help, because we do work all together.

But we know that a lot of this comes too as a result of homelessness. So, obviously, our homelessness programs are going to be helpful. We know that our youth-focused programs foster youth, those aging out of foster care are going to be useful. We know that when we start to talk about, as we did earlier, about what we do with childcare and how we deal with victims of domestic violence and sexual abuse and what happens to their children, I think all of those things come together to give us some idea. But we don't specifically directly focus on mental health, other than housing those people who are in need.

Ms. WEXTON. Right. But one of the things—and that is one of the problems I see what is happening right now, because everything seems to be siloed. You know, you have mental health treatment, you have SAMHSA, you have substance abuse treatment, and then you have homelessness, and they are all kind of siloed right now. And I think it might be an area that is kind of ripe for some pilot programs or something like that to really determine, you know, the ways that we can help at a deeper level. Because I think that this phenomenon is happening all over America, and it is getting worse. So that is just my thought on that. I hope that you will take that to heart.

Secretary FUDGE. Oh, I will.

Ms. WEXTON. About the community projects, I want to thank the HUD employees who have worked incredibly hard over the last 2 years and have taken on the additional task of administering these community projects that the House and Senate enacted into law with the recent omnibus bill.

I know you are working hard and you are working as quickly as possible, but I want—some of the recipients in my district are trying to make critical budget decisions in the coming weeks, and they are waiting on HUD to give them guidance on the projects first. So do you have some indication of how things are going with those community projects and when we can expect an answer for our localities during the process of budgeting right now?

Secretary FUDGE. Well, we know that Congress designated over a thousand projects with the \$1.5 billion that has been funded through our economic development initiatives. We don't select the grantees and we don't determine the funding amount for the project. But let me see what we can do to get you an answer to your question and get that back to you.

Ms. WEXTON. Wonderful. Thank you so much. I would love to be able to report that to my localities.

Thank you, Mr. Chairman. And, with that, I will yield back.

Mr. PRICE [presiding]. Thank you.

And thanks to Mr. Quigley for taking the gavel here for a few minutes.

And I think we are ready for the second round, unless there is some member who hasn't been recognized.

We are ready for the second round. Okay.

Let's begin with manufactured housing. That has been mentioned today several times, but I want to focus as directly on it as we can.

Manufactured housing is an essential part of our Nation's affordable housing stock and I think the solution. More than 3 million

people in America live in manufactured homes, with over 50 percent of all manufactured homes located in the South and in rural areas across the country. Median annual household income of manufactured home residents who own their homes is about \$35,000. That is roughly half the median annual income of site build homeowners. Over one-quarter of manufacturer homeowners earn less than \$20,000 annually. Those are statistics, I am sure, Madam Secretary, that are familiar to you.

Many of these are older people, live on fixed incomes. I visited a number of these allotments in my district. It is striking how long people have lived there, how attached they are to those communities, how much they care about those communities. It is also striking what kind of pressures they are under, because in many cases, there is a challenge to preserve and protect manufactured housing. These tracts of land are closed in. They, of course, have increased in value, and that sometimes has meant that the rents have increased.

The fees for community services have increased. And there has been sometimes a purchase of these properties by investment firms, with questions about what then happens to the manufactured housing? Does it become unaffordable or does it actually go away and displaced by other uses?

So there are a lot of questions surrounding manufactured housing in this country, and HUD is—our Federal programs are, I think, imperfectly configured to deal with this, although I know you have thought about it. And so that is what I want to ask you to elaborate on today.

How are communities using HUD programs to expand the preservation and affordability of manufactured housing? What barriers do they face in doing so? Are there incentives we should consider that would help level the playing field for these communities, to make sure that private investment firms—to influence the way they handle this and make sure people aren't displaced, to incentivize keeping affordable housing uses in place? And how could we work with State and local partners to address this issue, the preservation and the affordability of manufactured housing?

Secretary FUDGE. Thank you so much, Mr. Chairman. Let me first give you some good news, I think, that—you know, HUD is now working closely with the Federal Housing Finance Agency on the interagency manufactured housing task force, which is designed to figure out how we can expand access to affordable financing from manufactured housing purchases, including manufactured homes that are titled as personal property.

Part of the problem that we have had over the years is how these homes were titled. So now we believe that they should be titled just as homes are basically titled. The problem was because most of the time the land was not owned by the person with the actual manufactured home and/or trailer. So we are looking at how we can make that process more streamlined and make it more beneficial to the homeowner.

Secondly, what we are looking at is the fact that manufactured housing is more affordable. It can be installed much, much faster. It is more efficient than it was in the past. So it becomes a place where people desire to live, as you say, especially elderly people or

people—because they downsize to a place that is comfortable. It is generally all one level. They are in communities that are similar with similar people.

But let me just give you also a good story. I was in Portland, Oregon, with Representative Schrader about 2 or 3 weeks ago, where the city of Portland actually loaned CDBG dollars to a nonprofit so that they could purchase a manufactured home neighborhood basically, and they used those resources instead of giving—letting a for-profit buyer buy it, the nonprofit purchased it. They had enough resources of their own, and with some private investment as well, to rehabilitate those units. So people stayed in their homes. Nobody got evicted, and they had received—

Mr. PRICE. And that was using CDBG dollars? That was using CDBG dollars?

Secretary FUDGE. Absolutely. CDBG.

Mr. PRICE. I see.

Secretary FUDGE. The other thing that can be used is the 108 Loan Program as well. But this was CDBG dollars that the city of Portland gave to a nonprofit—or loaned to a nonprofit to purchase the land and to do the rehabilitation. And it is beautiful.

And it is an alternative that I think we need to look more into, because it may be where we go for more low income and moderate and affordable income housing because it can be done quickly and at a good price point.

Mr. PRICE. Thank you. That is very helpful.

The ranking member and I, I think, agree with you that this is an area that is due for scrutiny and it is under a lot of pressure right now. And we need to figure out in this bill what initial steps we can take to improve our ability to work with manufactured housing communities. Long way from the old trailer park stereotypical—

Secretary FUDGE. Long way.

Mr. PRICE. Long way from that for sure.

Mr. Diaz-Balart.

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

Madam Secretary, let me talk about—hold on. I am coughing, so I have got a lozenge. Give me a second. Sorry about that.

I want to talk to you about the HOTMA, which is the Housing Opportunity Through Modernization Act. Almost 6 years ago, Congress passed the Housing Opportunity Through Modernization Act by unanimous vote. This bill streamlined HUD's tenant income certification and unit inspection process, and also makes other improvements—administrative improvements. But the Department has yet to issue a rule implementing the law.

And so to be helpful, can you give us a status on the implementation of this law and potential timeline for a final rulemaking?

Secretary FUDGE. Yes. Thank you, Mr. Ranking Member. We have issued actually two rounds of proposed regulations. We did that in 2020. And we expect to issue final the regulations later this year or, at the very latest, early 2023.

Mr. DIAZ-BALART. That is great to hear, Madam Secretary. I think it is helpful.

Once it is finally implemented, do you think you will be able to measure dollars saved or additional families served because of the legislation?

Secretary FUDGE. You know, I really am having a little trouble hearing. If you could just repeat for me, please?

Mr. DIAZ-BALART. Yes. I am sorry. Let me get closer.

Secretary FUDGE. It might be on our end.

Mr. DIAZ-BALART. All right. Once it is implemented, do you foresee being able to measure savings and actual dollars or additional families served?

Secretary FUDGE. I mean, I think that just like every other program, we do assess them. So I am sure that we can probably come with some kind of an assessment, because we do that for every program. That is just a part of our accountability measures throughout our programs. So, yes, I would say we—

Mr. DIAZ-BALART. And I appreciate that you are moving forward on actually the rulemaking part.

Let me talk about something that is pretty sensitive. I am hearing a lot about growing concern from public housing authorities about, you know, during the whole COVID thing, some tenants opted not to pay rent during the eviction moratorium. And so my understanding now is that some PHAs now have not been able to collect legitimate tenant contributions and it is creating a dire financial situation for some PHAs.

I don't know if you have heard about this, but if so, what actions are you taking or looking at taking to help PHAs address the challenge of collecting these due rents, and, obviously, you know, while preventing hardship to families that have played by the rules and paid their fair share?

Secretary FUDGE. I am a bit familiar with it, Mr. Ranking Member. And what we are doing from HUD's point of view, because actually we are working with Treasury, and Treasury is the actual agency that handles the Emergency Rental Assistance. So we are working with Treasury, have brought it to their attention. And they are now in the process of connecting with State and local agencies, and grantees, to ask them to work with our PHAs, as well as to be sure that the emergency rental dollars do get into the PHAs for those who are in a position where they have not received significant sums of money.

I have not heard that it is a major problem. I have heard that it has happened in some PHAs, but we are working with Treasury to make sure that we can get some direct access to them.

Mr. DIAZ-BALART. And I am glad to hear that you are working with Treasury, because, obviously—

Secretary FUDGE. Yes.

Mr. DIAZ-BALART [continuing]. Treasury has a different role than you do.

Secretary FUDGE. Yes.

Mr. DIAZ-BALART. And you feel confident that that interaction with Treasury will allow you to have the input necessary to make sure that this is done correctly, right?

Secretary FUDGE. Oh, absolutely. I mean, because we stay in constant contact with PHAs. So if the situation worsens, certainly we

will know. But I am confident that we can take care of this problem.

Mr. DIAZ-BALART. All right. And, obviously, as I hear things, we will let you know as well.

Secretary FUDGE. Thank you.

Mr. DIAZ-BALART. Right. Thank you.

Thank you, Mr. Chairman.

Mr. PRICE. Mr. Espailat.

Mr. ESPAILLAT. Thank you, Mr. Chairman.

Secretary, thank you so much. I must admit, I am a little bit jealous because you have taken Elizabeth de Leon from us, and she will be your assistant secretary. And I hope I can be with you tomorrow as she gets sworn in.

Secretary FUDGE. I hope so.

Mr. ESPAILLAT. Let me just warn you, she is a star. She is a shooting star, and I am sure she will be great for you.

Madam Secretary, broadband access continues to be a major, major issue for the districts like the one that I represent that has Harlem, East Harlem, Washington Heights, Hamilton Heights, Northern Manhattan, and Northwest Bronx. And I know that there was moneys in the infrastructure bill for the implementation of broadband in cities and rural areas. And so I want to know what HUD is doing to roll that out and to implement it. I think it is important that we have a roadmap towards that. That is the first question.

The second question is a housing question, a public housing—I represent a district with the highest concentration of public housing, particularly in Harlem and East Harlem, NYCHA housing. And we asked for \$36.5 billion in the Build Back Better program, but we know where that is at right now. And you have included an \$8.8 billion ask for public housing.

What is the plan to bring capital help to NYCHA that needs new elevators, new boilers, new roofs, new pointing, new windows? I mean, really the condition of the housing stack is horrible and they need immediate help. And so what is the plan to bring about assistance to those families that are now really living in inhuman conditions?

But thank you, Madam Secretary, for all the work, the great work so far you have been doing.

Secretary FUDGE. If I may, Mr. Espailat, let me start at the second question. The President's 2023 budget is requesting almost an additional billion dollar increase in the Public Housing Fund. Certainly, we, early on, had been talking about resources in excess of some \$40 billion to \$50 billion.

Mr. ESPAILLAT. Right.

Secretary FUDGE. So that doesn't exist today, unless Congress decides in its wisdom to do something different. So we are kind of at your mercy at this point in terms of what kind of resources Congress is willing to allocate. I am with you. We need to have much more. But the President, knowing that this was a major problem, did ask for an increase of a billion dollars, and we are hopeful that that will be something that this subcommittee will be supportive of.

As it relates to broadband, of course, through the infrastructure bill, you know, we have the Connect Home USA program, but more importantly for your residents, I would suggest that if they have not already heard from us, they will. But we are making sure that they have information about a program through the FCC, which is the Affordability Connectivity Program. And what it does is it makes getting that broadband more affordable. And we are also asking all of our public housing authorities to extend broadband throughout the public housing facilities. So those are two things.

And the third thing that I think is most important for these communities is that, if they get resources from the Affordability Connectivity Program, it does not count against their income calculations for programs. So they can get it and still be in compliance with their income requirements.

Mr. ESPAILLAT. Well, thank you. I hope to work with you. As you know, connectivities—we have organizations like Silicon Harlem and the Bronx Foundation that are working on that on the ground, and that is a—through the pandemic, we saw our inability to get young people connected to distance learning. It was just an incredible crisis. You would think that in New York City and in our country, that would be readily available. That wasn't the case. In fact, I think the city of New York had to give out 300,000 laptops to students because they didn't even have that.

And so I hope that I can work with you and HUD and the FCC in making sure that we connect district. And with regards to the public housing, I hope we get that full billion dollars, Madam Secretary.

I am gonna be extremely, extremely selfish, and I want it all to myself, Mr. Price.

Thank you. I yield back.

Secretary FUDGE. Thank you, Mr. Espailat.

Mr. PRICE. All right. Thank you. Thank you.

Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Madam Secretary, I want to go back to the conversation very briefly and just make a point about crime within Federal housing units. I have to say as a former sheriff, a lot of those tight guidelines that you see now in HUD really developed as a result of the incredible amount of violence and property destruction that we saw in the late 1980s and early nineties.

Then in 2016, some of those guidelines were loosened, and I think rightly so. You know, they began to look more at, not just the fact that there was a criminal history, but, number one, that it was a conviction; number two, that it was a violent crime, not a property crime; and number three was the proximity to the time. You know, if it was 20 years ago or 15 years ago, then they took that into account.

And I just want to make sure that we don't go back to the eighties and nineties, because I saw that violence and that destruction and would never want to go back there. Now——

Secretary FUDGE. Can I just——

Mr. RUTHERFORD. Sure. Go ahead.

Secretary FUDGE. Let me just say, Mr. Rutherford, I am a former prosecutor, and we are looking very, very closely at what those re-

quirements would be, how we do assessments. Certainly, we do not want people who have committed violent crimes, sexual crimes, et cetera. So I would be happy to—since I know that this is your background, let's talk about it at some point. I would love to get the benefit of your thinking on it.

Mr. RUTHERFORD. Thank you, Madam Secretary. I would love to talk about that.

Also, in the colloquy that you were having earlier with Chairman Price, you mentioned CDBG grants and some of the great successes. You know, I think one of the amazing things about CDBG grants is they give us that flexibility to actually use it to draw in private investment. In fact, you were talking about that with Chairman Price.

I have seen that work in my city. But I have to ask, and I hope maybe it is an oversight, but CDBG grants in this budget are cut 22 percent. And I think it is one of the best tools that HUD has. And so I would ask that somebody would look at the 22 percent cut and maybe take—if we just took half of the project-based rental assistance increase and half of the new implemental vouchers increase, if we just took half of each of those increases, we could get back to level funding with CDBG.

I am a big proponent of CDBG. And I, Madam Secretary, I would just ask you look at that again, because I think it also goes to the issue that my good friend, David Trone, brought up earlier, and that is on the—it gives you the flexibility when you are trying to work with people who are coming out of jail, out of the criminal justice system, or coming out of the mental health institutions, it gives us much more flexibility to set up housing for those folks. And I believe the housing, first, is a great idea. But as you said, it is not housing only. And so I would just ask you to relook at this 22 percent cut to CDBG.

Secretary FUDGE. You know, Mr. Rutherford, I agree with you 100 percent. CDBG—I am a former mayor. CDBG is the thing that all mayors want. It is the thing that we talk about, the thing that we fight for. But I would ask you to—I am going to look at it, but I think that maybe you are looking at two different things.

In the President's 2023 budget, CDBG is up a bit. I think you are counting some of the earmarks, which is making the numbers look different, but I will take a look myself and will get back to you on it.

Mr. RUTHERFORD. I would appreciate that.

Secretary FUDGE. Because I agree. CDBG is the most flexible,—between CDBG and HOME, the most flexible money you are going to get from us.

Mr. RUTHERFORD. Absolutely.

Secretary FUDGE. Okay. Perfect. I will take a look.

Mr. RUTHERFORD. Thank you very much.

And, Mr. Chairman, I think my time is just about out, so I yield back.

Mr. PRICE. Thank you.

Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman.

Good to see you, Madam Secretary. I apologize for being tardy. I did not want to miss this but had a few other things on the bill.

Madam Secretary, you and I have talked about this in the past. I am a huge supporter of increasing the FHA loan limit as a pathway for homeownership for so many people in our communities. And I appreciate the efforts that the Department has taken so far in areas like mine, neighboring Los Angeles and Orange County, where you have an FHA loan limit of \$970,000, ours being \$562,000, just the disparity there. And your staff has been amazing. And I want to continue to work with this. We have had report language to try to help, and I know this is an authorizing issue as well. So I appreciate your leadership and look forward to working with you on this.

But I also wanted to mention, talking about homeownership and the American Dream, the President's budget request additionally referenced the Home Equity Accelerator Loan pilot program under FHA to increase access to homeownership.

Can you elaborate on how FHA loans are important for minority and first-time home buyers, and how the HEAL pilot program will lower barriers to homeownership?

Secretary FUDGE. Always nice to see you, my friend, as well.

Let me just say to you that first-time borrowers really make up about 85 percent of FHA insured mortgages, and the majority of them are Black and Brown. So we are looking at Black and Hispanic borrowers at twice the rate of any private market, of anybody in the private market. So we are the place where communities of color come to get their—for our insured mortgages. And that is what lenders do. Lenders come to FHA. They know that that is what we do and we do well.

So that is what I think makes the difference between us and the private market. But I would also say that we work to be sure that persons who are going to ultimately get backed by FHA have a better opportunity to purchase. So we are doing things like addressing student loan debt. We are doing things like helping with down payment assistance. We are looking at lengthening some of the loan products we have.

So we are making an effort. We are looking at bias and appraisals of properties. So we truly are making an effort, Representative Aguilar, to be sure that we can address the populations that you are talking about.

Mr. AGUILAR. Thank you. I appreciate your commitment to that.

And you have also talked consistently about the need to increase access for affordable housing, and I am pleased that in addition to this priority, the President's budget request referenced the importance of funding mobility related supportive services.

How can Congress continue to support the administration's goals to fund mobility related supportive services for low-income individuals?

Secretary FUDGE. Well, we know that many people—we have a lot of elderly people within our portfolio. We certainly have a lot of persons who live in low-income housing who have mobility issues. So I am just hopeful that when you look at the President's budget, that it is something that you would support and even speak to, because I think many people do not understand why it is important. So I am glad that you raised it.

Mr. AGUILAR. I introduced a bill to address some of these same goals to create a funding stream for affordable housing properties that offer supportive services for their residents, and I look forward to working with the administration and hopefully hosting you in the future to talk about some of these things.

Secretary FUDGE. I am on my way. I am on my way.

Mr. AGUILAR. On your next trip. I love it. I love it.

And I think I kind of caught you talking about priorities with Mr. Rutherford as well. And I wanted to ask about the President's budget request referencing housing first approach and—which has been used by both Republican and Democratic administrations, I should remind folks, to address homelessness.

Can you share how implementing a housing first approach as mentioned in the President's budget has effectively combatted homelessness and what more we can do to support the administration's efforts?

Secretary FUDGE. You know, it is interesting, because I so appreciate Mr. Rutherford's understanding of how that process works. You know, when we say housing first, what he was saying is that I said it is housing first, it is not housing only. What we are trying to do is put people in a stable position so that we can bring in the services that they need. Because it is difficult to provide counseling or rehabilitation services to somebody that is not stable, that doesn't have a home.

So what we try to do is make sure that we can first get people housed so that we can then address the ongoing and underlying problems. But there are other ways to do it as well. I mean, I was talking with Representative Trone about how we address housing for those who are in drug rehabilitation. So, I mean, there are many things we can do. But housing first is, I think, one of the most important things we can look at. Because, first off, data shows that it has been proven to be effective.

We have geared our vouchers, a lot of the vouchers, especially the homelessness vouchers, to a housing first approach. So I think that once people understand that what we are talking about is just getting people in a position where we can be helpful, people look at housing first a different way.

Mr. AGUILAR. Thank you so much, Madam Secretary. Good to see you again.

Secretary FUDGE. Thank you. Good to see you.

Mr. AGUILAR. Thanks, Mr. Chairman. I yield back.

Mr. PRICE. Thank you.

Mrs. Hinson.

Mrs. HINSON. Thank you, Mr. Chair.

Madam Secretary, I represent the Meskwaki Tribe in Iowa, also known as the Sac & Fox Tribe of Mississippi in Iowa. Their settlement is in Tama County. And I just wanted to flag some things for you today in this hearing.

The Meskwaki Nation did suffer serious damage during the August 2020 derecho. We had like 140-mile hour winds, the costliest thunderstorm coming through our district ever in history. I have been having great difficulty in working with HUD's Office of Native American Programs in getting some assistance for severe derecho losses.

So happy to provide you with the timeline from the Tribe, their back and forth with HUD specifically. And I am sure you share those concerns, but I would just ask, Madam Secretary, if you will commit to working with me to help the people of the Sac & Fox Tribe work through this in Iowa?

Secretary FUDGE. Oh, absolutely. You have my commitment to do it. I know that we are looking now at a request that the Tribe submitted to give some more flexibility in the Indian Community Development Block Grants to help them with some of the buildings. So our teams can talk whenever you would like. We want to make sure that we can be helpful.

Mrs. HINSON. Great. Yeah. And I certainly appreciate your willingness to work with our office on this. You know, it is one of those cases where you talk about bureaucracy really getting in the way of moving forward, and this is a case where the Tribe really has been further harmed by that. So I am hopeful that we can get the Meskwaki people the resources they need to help rebuild on their settlement. And I know that disaster relief is complicated, but we need to be doing everything we can to simplify that process.

So would you be willing to consider reviewing some of the retroactive costs maybe for disaster cleanup and rebuilding relating to expenses that they incurred after the derecho came through but as they were working through the application period for assistance?

Secretary FUDGE. We are willing to review whatever they are willing to send us. But this is another reason why we need permanent authorization for CDBG-DR because then they know up front what they can expect. We know up front what we can provide without having to go back and delay the process, because we have to come up with a new set of rules every time there is a disaster. So I am certainly hopeful that you—

Mrs. HINSON. And that is not efficient for anyone.

Secretary FUDGE. Right. So I am hopeful that you can support our permanent authorization, because I think it will solve some of the problems that you are experiencing with bureaucracy.

Mrs. HINSON. Well, I am looking forward to following up, and I will make sure that our office follows up with your staff as well to continue to advance that so we can get that resolved for them because they have been waiting—it will be 2 years in August. And so that is certainly a long time for them.

Real quick, HUD also plays a role, as we have been talking about, disaster relief, billions of dollars in damage, they can leave homes in severe disrepair. And the budget request calls for \$5 million for climate-related research to help HUD properties prepare for disaster.

So what have you already discovered is most helpful in assisting communities in terms of preparedness efforts there?

Secretary FUDGE. Well, I don't know that I can give you that answer right now, but I will look and see. We collect data, no question about it. I wasn't prepared for that, but I will make sure I get you an answer very, very quickly.

Mrs. HINSON. That is okay. Well, and I—I was just—obviously, I mentioned the Tribe. They were impacted by that natural disaster, but we had just so much damage through our district. And

so just would flag and ask for your continued support to engage with our rural communities in this effort.

Another area where we are really focused is on flooding mitigation. How are you as an organization working to help our communities become more resilient to disasters like flooding?

Secretary FUDGE. Well, it is through a number of things. First off, with the resources that are in the infrastructure bill, we are going to be talking about how—and giving technical assistance on how we start to look at resiliency. Because what we don't want to do is continue to spend disaster resources and then turn around and not tell them this is going to happen again if you don't do ABC or XYZ.

So we are making sure that we coordinate with EPA, we coordinate with local governments to be sure that we can build back better, as it were, so that we don't go through the same situation again. But we are also talking about how we make our homes more energy efficient, more resilient. We are looking at the forces around them, the environment around it. So we are doing an awful lot of things. And if your team wants to reach out to us, we can give them all of the things that we are doing.

Mrs. HINSON. Okay. Well, I appreciate that, and look forward to continuing to work with you on the issue affecting the Meskwaki Tribe and disaster preparedness in our community. So thank you, Madam Secretary. Appreciate you being here today.

Secretary FUDGE. My pleasure.

Mrs. HINSON. Thank you.

Mr. PRICE. Madam Secretary, I would like to affirm a couple of things you have just said.

First of all, the case you make for the authorization—the permanent authorization or CDBG—DR, we do need that. And that will serve us well. And in another disaster-prone State, I can affirm that.

Also, very good idea to visit Mr. Aguilar's district. I just did that myself, and it is a great area. And I am glad you are going to be able to do that.

I want to propose an abbreviated third round, Mr. Rutherford, now sitting in for the ranking member. I do have an important question to raise, and he may as well. But if we could have that abbreviated third round, then we will let you go. But I would like to take a few more minutes.

Secretary FUDGE. Okay.

Mr. PRICE. All right. My question has to do with the Rental Assistance Demonstration program, RAD, as we call it. It is a tool, as you know, to preserve and improve public housing properties and to address the significant nationwide backlog of deferred maintenance. This is a tool that has been used very successfully by major housing authorities in North Carolina.

We do have to insist, of course, that it be done right, that it not have displacement, other negative effects. But I think the cities of Durham, Charlotte, others, have shown that it can work in a positive way.

The President's budget reflects this view. It requests an expansion of the RAD for the second year in a row and proposes to elimi-

nate the public housing unit cap and the sunset date that now applies.

So I wonder, Madam Secretary, if you could just fill us in how many units are currently in the pipeline, how long it will be before it reaches the current unit cap, what challenges does the current sunset date present, the public housing agencies looking to participate in the program? In other words, what is the rationale for your request in this regard, and what more can Congress do to support the administration's goals within the Rental Assistance Demonstration program?

Secretary FUDGE. Well, I don't know that I have the specifics as to the numbers in front of me. I don't have that, Mr. Chairman. But what I can say to you is three things.

One, the Federal Government cannot alone build our way out of this housing crisis. We need support from the private sector. And what the RAD projects do is allow us to leverage our own resources to make sure that we can provide better and more housing to people who need it.

Because what we find is that when we do RAD projects, the people who live in those projects become—they feel better about the fact that they are upgraded. They are better equipped to address issues like climate change or address issues like resiliency, energy efficiency. And so people tend to like them once they are in them, because what they realize is that HUD still has a great deal of control over what happens. They think they are private, but they are really still publicly run.

So we are supportive of it, and I know in the President's budget there is about \$60 million in addition to the renewals we had before, and that includes about \$10 million just for elderly housing alone. So we are excited about making sure that we can continue these RAD projects, but I will have to get you the actual numbers and the replacement numbers because I don't have that in front of me.

Mr. PRICE. Well, I would appreciate that, and we will make good use of it. Because the specific request regarding the cap and the question of sunset date, those are very specific requests and we need to evaluate those. And, of course, as you just indicated, a RAD applies not just to a public housing property, it also applies to 202 and 811 properties, and this subcommittee is taking the lead in making those applications. And so we do want to work with you on it.

We appreciate your defense of this effort, and we know you share our goals as to how to make it work right and to make sure that it—that we get more bang for the buck out of public housing and that we—that not only don't displace people, but actually serve more people and serve them well. So thank you for that.

Secretary FUDGE. Thank you.

Mr. PRICE. Mr. Rutherford.

Mr. RUTHERFORD. Mr. Chairman, I will just defer to my colleague, Mr. Aguilar, and then I will just close for the ranking member.

Mr. AGUILAR. I am fine, Mr. Rutherford.

Mr. RUTHERFORD. Then let me say, Madam Secretary, I have really enjoyed your openness and your willingness to engage indi-

vidually with Members of Congress. I guess it goes back to your former life, right.

But, honestly, thank you very much for that. And I really look forward to working with you on these issues that help our homeless, what we can do for that population, because I know the impact that it has on quality of life, not just for them, but for an entire community. So thank you very much.

And, with that, Mr. Chairman, I yield back.

Mr. PRICE. Thank you, Mr. Rutherford.

And that does conclude our hearing this—I guess we are still this morning by a few minutes.

But, Secretary, thank you for participating with us today. It was a good hearing and a good exchange with a number of members from all over the place in terms of the issues and policies that we are concerned about. So we look forward to continuing to work with you as we now move ahead with the 2023 appropriations bill.

The committee staff will be in contact with your budget office regarding questions for the record. Members will no doubt have some of those. We have a number to submit, in fact, and I would imagine that will be pretty widespread.

In any case, if you will work with OMB to return the information for the record within 30 days from Friday, we will be able to publish the transcript of today's hearing. That will help us make informed decisions for fiscal 2023.

So thank you again. Thanks to all the members for another good hearing, all within 24 hours. You probably know we heard from Secretary Buttigieg yesterday afternoon. So we have had a lot going, but I think a very productive period here hearing from our two distinguished secretaries and giving us a kind of focus on the work ahead.

Secretary FUDGE. Thank you.

Mr. PRICE. So thank you very much. And, with that, the—any parting words, Madam Secretary? I do want to give you a chance to do that.

Secretary FUDGE. I just want to say thank you. I mean, I really do honestly want to work with the members of this committee. I think that better than anybody in Congress, you all get it. And so I am willing to do whatever it takes to be responsive, and look forward to working with you all. So thank you so much.

Mr. PRICE. Thank you. Well, I, once again, agree with you about the quality of this subcommittee. I absolutely agree. And we will hope to prove that in the weeks ahead.

With that, the hearing is adjourned.

[Answers to submitted questions follow:]

Department of Housing and Urban Development Fiscal Year 2023 Questions for the Record Chairman David E. Price Subcommittee on Transportation, Housing and Urban Development, and Related Agencies House Committee on Appropriations

Advisory Committees

Price #1

Question: Please provide a list of all advisory committees, panels, task forces, and commissions that are funded in fiscal years 2021 and 2022. Indicate those that are mandated by law and those that are discretionary, the funding level of each, and the expiration date of the most recent charter. Also list each advisory committee, panel, task force, and commission that you propose to operate in fiscal year 2023, and the proposed budget for each.

HUD Response:

Name	Program Office	Mandated by Law or Discretionary	Charter Expiration Date	FY 2021 Cost	FY 2022 Cost	FY 2023 Cost	Comment
Cityscape Panel	PDR	Discretionary	N/A	\$0	\$22,000	\$22,700	New Charter to be developed once PDR Assistant Secretary is onboard.
Research Contract/Study Design Panel	PDR	Discretionary	N/A	\$5,768	\$15,000	\$15,500	Paid via Research and Technology Fund
MTW Research Federal Advisory	PDR	Mandated by Law	May 31, 2024	\$2,984	\$10,775	\$11,100	
Housing Counseling Federal Advisory	Housing	Mandated by Law	May 22, 2024	\$570	\$723		

Committee (HCFAC)						\$731	
Manufactured Housing Consensus Committee (MHCC)	Housing	Mandated by Law	Sept 17, 2022	\$653	\$856	\$935	

Reorganization Plans

Price #2

Question: Please provide an update on any plans or planning the Department has to reorganize the Department.

HUD Response: Recent and proposed HUD reorganizations are as follows:

Reorganizations Approved for FY 2022

- Realignment of the Disaster Emergency Management and Security Functions. This reorganization creates an Office of Disaster Management that reports directly to the Deputy Secretary.
- Within the ACFO for Accounting, realignment and consolidation of the Reports and Control Division with the Payments and Collections Division, as well as associated renaming of multiple branches; and to create the Financial Data Reporting and Analysis Division within the Assistant CFO for Systems.
- Realignment to establish an Office of Disaster Recovery and realign existing functions of the Disaster Recovery and Special Issues Division, and realign the Office of Grant Programs Coordinating Officer for Disaster Recovery and associated staff to this new office.
- Realignment to relocate the Office of Manufactured Housing Programs to the Office of the Assistant Secretary for Housing-FHA Commissioner.

Reorganizations Proposed for FY 2023 (excludes proposals that were approved in 2022)

The 2023 Budget proposes the following reorganizations:

- Office of Departmental Equal Employment Opportunity
 - The Office of Departmental Equal Employment Opportunity (ODEEO) is renamed the Office of Equal Employment and Equity Advancement (OEEEA). The Diversity, Equity and Inclusion programs are realigned to this office from the Office of the Chief Human Capital Officer (OCHCO).
- Office of Administration

- Realigns the Diversity Equity and Inclusion programs from OCHCO to the OEEEE.
- Creates a Deputy Assistant Secretary for Operations to oversee all administrative, budgetary, and overhead functions for the OCAO, OCHCO, and the Office the Chief Procurement Officer (OCPO).
- Office of the Chief Financial Officer
 - Realigns the Grants Management and Oversight Division from the Assistant Chief Financial Officer (ACFO) for Systems to the ACFO for Budget.
- Office of Community Planning and Development/Office of Policy Development and Research
 - The Department proposes to move the Technical Assistance Division (TAD), which is currently located in Community Planning and Development (CPD) Operations, Office of Technical Assistance and Management to the Office of Policy Development and Research.
 - Additionally, CPD proposes to reorganize its structure to align functions properly, foster better communication, effective succession planning, and employee engagement. These realignments are as follows:
 - Establish the Deputy Assistant Secretary (DAS) for Field Operations (Senior Executive Service) and the Associate Deputy Assistant Secretary (ADAS) for Field Operations.
 - Relocate the 43 field offices from the DAS for Operations to the DAS for Field Operations. Establish 10 Regions with 10 Regional CPD Directors that will report directly to the DAS for Field Operations and manage a select number of field offices.
 - Dissolve the Office of Technical Assistance and Management to reduce an unnecessary management level.
 - Elevate and change the Budget Division to the Office of Budget and Compliance with the following divisions:
 - Program Management Division.
 - Risk Management Division (managing CPDs Enterprise Risk, audits, and grants closeout).
 - Salaries and Expenses (S&E) Division.
 - Elevate and change the Management Division to the Office of Resource Management (led by the Administrative Officer) with the following divisions:
 - Administrative Services Division (managing space, travel, credit cards, printing, supplies, and the Correspondence Branch).
 - Human Resources Division (managing recruitment, workforce management, training, and performance management).
 - Strategic Transformation Division (managing continuous process improvements, strategic planning, and employee engagement).
 - Elevate and change the Systems Development and Evaluation Division to the Office of Technology, Innovation, and Evaluation with divisions:
 - Evaluation and Analytics Division
 - Operations Division
 - Systems Division

- Move the formula allocation process to PD&R.
- Move the Section 4 and Rural Capacity Building Programs to the DAS for Economic Development within CPD.

Additionally, the 2023 Budget repackages the following account structure and reorganizations identified in the 2022 President's Budget:

- Office of the Chief Financial Officer
 - Creates a Customer Experience Division reporting to the Director for Performance Management and Customer Experience within the ACFO for Budget.
- Office of Administration
 - The Office of Administration proposes to combine the Freedom of Information Act (FOIA) and the Privacy Divisions with the Office of Digital Enterprise. The name of the newly formed organization will be the Office of Government Information Management. Additionally, a new office named the Office of Administrative Services is proposed in 2022. This Office would include the Administrative Officer and support staff.
- Ginnie Mae
 - Ginnie Mae proposes several organizational changes to its structure to better align functions, workload, and operational missions. The changes proposed and outlined within Ginnie Mae's congressional justification will provide improved operational efficiencies and program support for all the affected offices.

The 2023 Budget proposes the following reorganizations for the Office of the Inspector General.

- The OIG is proposing a realignment of the Planning, Performance, Risk Management and Engagement (PPRiME) division within the Office of Evaluation to create the office of the Chief Strategy Officer (CSO) within the Immediate Office of the Inspector General to assist the IG with developing and executing strategic plans and initiatives, centralize oversight strategy, manage OIG organizational risk, and increase OIG quality assurance.
- The OIG is proposing realigning the Integrated Data Analytics Division (IDAD) from the Office of Evaluation to the OIG's Office of Information Technology.
- The OIG is proposing to realign the functions of the Joint Civil Frauds Division which was a group made up of both auditors and investigators tasked with oversight activities that at times called for cross functional involvement. The respective audit and investigation offices will absorb the staff that makes up this group.

Tenant-Based Rental Assistance

Price #3

Question: Please provide a list of all PHAs that have turned back HUD-VASH or any other special purpose vouchers in each of the past 3 fiscal years.

HUD Response: The following 2 PHAs turned back or consolidated (transferred) HUD-VASH vouchers October 1, 2018, and September 30, 2021. One of the two PHAs transferred HUD-VASH vouchers in more than one transaction. There were no other special-purpose vouchers that transferred during this period.

DIVESTING PHA NAME	EFFECTIVE DATE OF TRANSFER
CENTRAL TEXAS COUNCIL OF GOVTS	1/1/2021
CENTRAL TEXAS COUNCIL OF GOVTS	7/1/2020
HOUSING AUTHORITY OF THE CITY OF WILMINGTON	10/2/2019

Price #4

Question: How many HUD-VASH vouchers are currently available for use?

HUD Response: As of February 1, 2022, there are 78,983 HUD-VASH vouchers were reported under lease, which represents just over 74% of the 106,522 total HUD-VASH vouchers currently available.

Price #5

Question: Please provide a list of all PHAs that have terminated or consolidated their tenant-based Section 8 programs in each of the past 3 fiscal years.

HUD Response: The following 40 PHAs transferred or consolidated their tenant-based Section 8 between October 1, 2018, and September 30, 2021:

DIVESTING PHA NAME	EFFECTIVE DATE OF TRANSFER
FAYETTE COUNTY HA	7/1/2021
BELLINGHAM HSG AUTHORITY	7/1/2021
TUCUMCARI HOUSING AUTHORITY	4/1/2021
RUSK HOUSING AUTHORITY	1/1/2021
GREENVILLE HSG. COMM.	1/1/2021
DEVALLS BLUFF HOUSING AUTHORITY	1/1/2021

BRINKLEY HOUSING AUTHORITY	1/1/2021
CABOT PUBLIC HOUSING AGENCY	1/1/2021
VILLAGE OF FARMINGDALE HOUSING AUTHORITY	1/1/2021
ISLAND PARK HOUSING AUTHORITY	1/1/2021
MASON COUNTY HOUSING AUTHORITY	1/1/2021
CAMBRIDGE ECONOMIC DEVELOPMENT AUTHORITY	1/1/2021
TOWN OF HEMPSTEAD DEPARTMENT OF URBAN RENEWAL	9/1/2020
HSG AUTH CITY OF MARBLE FALLS	7/1/2020
JASONVILLE HOUSING AUTHORITY	7/1/2020
BALCH SPRINGS HOUSING AUTHORITY	7/1/2020
MAYWOOD HOUSING AUTHORITY	7/1/2020
LRHA OF DECORAH IOWA	1/1/2020
SIOUXLAND REGIONAL HOUSING AUTH	1/1/2020
CHADRON HOUSING AUTHORITY	1/1/2020
WINONA HRA	1/1/2020
PUERTO RICO DEPT OF HOUSING	1/1/2020
PUERTO RICO HOUSING FINANCE CORP	1/1/2020
NORTHEAST NEBRASKA JOINT HSG AUTH	1/1/2020
CITY OF RICHMOND HSG AUTH	7/1/2019
PORTLAND HSG AUTH	7/1/2019
BARBOURVILLE HOUSING AUTHORITY	7/1/2019
PLAQUEMINE (CITY OF) SEC.8 HOUSING AGENCY	7/1/2019
BATON ROUGE (CITY OF) COMMUNITY DEVELOPMENT	7/1/2019
SCHOOLCRAFT COUNTY HSG. COMM.	7/1/2019
TOWN OF JAY	7/1/2019
BURNETT COUNTY HA	7/1/2019
JEANERETTE SECTION 8 HOUSING AGENCY	7/1/2019
WHITEHALL HOUSING AUTHORITY	7/1/2019

TOWN OF EASTCHESTER	4/1/2019
GONZALES HOUSING AUTHORITY	1/1/2019
WASHINGTON COUNTY HRA	1/1/2019
DEARBORN HOUSING COMMISSION	1/1/2019
CRISFIELD HOUSING AUTHORITY	1/1/2019
VERMILION COUNTY HOUSING AUTHORITY	1/1/2019

IT System Decommissioning

Price #6

Question: Please provide a list of all IT systems, subsystems, or IT contracts decommissioned or terminated in FY2021 and FY2022. Provide the cost of each system, subsystem, or contract in each of the past 3 fiscal years.

HUD Response: OCIO initiated a “Decommissioning Push Project” with the goal to complete the decommissioning of around 60 systems by December 2022. Most of these systems have been inactive and without support. HUD is currently going through all the internal decommissioning steps for these systems. As shown in the table below, OCIO has completed the decommissioning of 22 systems in FY21 and year-to-date FY22. There were no contract cost reductions for the last three years from these decommissioned systems.

In addition, the Unisys Mainframe was decommissioned in 2022. HUD estimates the annual contract infrastructure costs for Unisys were \$8.5 million.

System Code	System Acronym	System Name
A39	HCFSS	HUD's Consolidated Financial Statement System
D05	OPTIS	OHR Office of Personnel & Training Inquiry System
D091	OCFO-CAP	OCFO WebFocus CAP Reports System
D101	CHAMP	Centralized HUD Account Management Process
D11A	HAVS	HUD Application Virtualization System
D49	HCM	HUD Communication Manager
F42D	SFDMS (legacy)	Single Family Default Monitoring System

System Code	System Acronym	System Name
F51Q	QDLS	Quality Assurance Document Library System
H05	ACORN II	Automated Correspondence On-Line Response Network
H18	mLNQS	moveLINQ System
H27A	CMS	Correspondence Management System
P017	GIMS	Grants Interface Management System
P120	SCATS	Security Control and Tracking System
P130	QMRP	Quality Management Review Program
P138	PACS	Performance Accountability and Communication System (PACS/EPACS)
P195	OGC-ETS	Office of General Counsel Enterprise Tracking System
P198	HREPIC	Human Resources Entry Processing Inquiry & Correction System
P229	CompareA76	CompareA76
P231	HEMDB	HUD Electronic Metering DASH Board
P254	NHLS	National Housing Locator System
P273	HIAMS	HUD Integrated Acquisition Management System
U23	ADPSEC	ADP Security Staff

Price #7

Question: Please provide a list of all IT systems, subsystems, or IT contracts planned for decommissioning or termination in FY2022. Provide the cost of each system, subsystem or contract in each of the past 3 fiscal years.

HUD Response: As part of the “Decommissioning Push Project” referenced in Question #6, there are 38 systems, shown in the table below, planned for decommissioning through December 2022 (this does extend into the first quarter of FY23). These systems were inactive and there were no contract cost reductions for the last three years.

System Code	System Acronym	System Name
A75I	PSCRS	Personal Svcs Cost Rpt Subsystem
C39	EZ/RC PERMS	Empowerment Zones/Renewal Communities Performance Measurement System
D04	ACRS	Administrative Client Request/Response System
D04A	ANSRS	Administrative National Services Supplies Request System
D74A	DDS	Direct Distribution System
D90A	TMMS	Total Maintenance Management System
D91A	TEAM-REAP	Total Estimation & Allocation Mechanism - Resource Estimation & Allocation Process (TEAM-REAP)
F24F	HERFORU	HEREMS Field Office Reporting Utility
F42	CSFSS	Consolidated Single Family Statistical System
F51A	ARRTS	Approval & Recertification Tracking System
P017	GIMS	Grants Interface Management System
P046	HMMIS	Hospital Mortgage Insurance Management Information System
P091	CASS	Customer Assessment Sub-System
P124	STARS	Service Ticket Action Resolution System
P145	NN	Neighborhood Networks
P157	OPMUSA	OPM USA STAFFING
P174	PHAPlans	PHA Plans
P196	ArcGIS	ArcGIS [Desktop license manager]
P203	P2P	Person To Person Chat
P233	SFI/ SFIIntegration	Single Family Integration System
P252	IOD	Innovation of the Day
P256	FHA-CRM	FHA-Customer Relationship Management
P258	FMC - RAD	Financial Management Center - Reports and Data System

System Code	System Acronym	System Name
P265	HUDMDR	HUD Metadata Repository
P2745	STraCAT	Sound Transmission Classification Assessment Tool
P280	AUSS	Application Underwriting Support System
P283	SFHB	Single Family Handbooks
P289	HUCI	HUD Unified Communications Initiative
P291	LAP	Location Affordability Portal
P294	GMS	Grants Management System
P297	CDMM	CARS Data Model Mart
P297	CDMM	CARS Data Model Mart
P323K	OpFund Portal Mod	PIH Operating Fund Portal Modernization
P324	HCVYES	Housing Choice Voucher Yearend Settlement
P327	TORCH	FHA Title II Forward Mortgage
V01A	ECIS	Enforcement Center Information
V02A	DECMS	Departmental Enforcement Center Management System
V03A	ECPCIS	Enforcement Center Program Compliance Integration System

PHAs in Receivership

Price #8

Question: How many PHAs in receivership does the Department plan to return to local control in FY2022?

HUD Response: Currently, there are three PHAs in receivership: Alexander County Housing Authority (Illinois), Highland Park Housing Commission (Michigan), and Irvington Housing Authority (New Jersey). The Department does not plan to return any PHAs in receivership to local control in FY 2022.

Price #9

Question: How many PHAs in receivership did the Department return to local control in FY2021?

HUD Response: One. The Department returned Gary Housing Authority to local governance on April 1, 2021.

Public Housing Reserves**Price #10**

Question: Please provide a list of all public housing authority reserves, by public housing agency.

HUD Response: See attached files for the list of individual PHA reserve balances. Summary tables for Public Housing Operating Subsidies and TBRA and Mainstream Vouchers HAP reserve balances are shown in the table below:



Price10_Mainstream
_Vouchers_Program



Price10_MTW_Progr
am_Reserves_by_PHA



Price10_NonMTW_P
rogram_Reserves_by



Price10_Pub_Housi
ng_Op_Reserves_20

<u>Program</u>	<u>Bal. as of 12/31/2021</u>	<u>Comments</u>
TBRA:		
MTW PHAs	\$ 1,416,987,507	
Non-MTW PHAs	\$ 1,875,570,491	Approximately \$200.8 million was offset for reallocation from 1,285 MTW New Cohorts and Non-MTW PHAs in CY 2022 to increase national proration to 100%.
Mainstream Vouchers:	\$265,778,912	
Public Housing Operating Subsidies:		
Reserves	\$ 4,942,823,009	

Working Capital Fund

Price #11

Question: Please provide a list of transfers into and out of the working capital fund. For each, provide the office charged and the intent of the transfer.

HUD Response:

Please see chart below:

Office - Salaries and Expenses Accounts	Account	Totals for FY2021 Services			Totals for FY2022 Services		
		Reimbursements	Non-Expenditure Transfers	Total	Anticipated Reimbursements	Non-Expenditure Transfers	Total
Office of Administration	86-0335	1,761,411		1,761,411	1,849,580		1,849,580
Community Planning and Development	86-0479	4,334,855		4,334,855	5,389,112		5,389,112
Executive Offices	86-0332	442,636		442,636	503,932		503,932
Fair Housing and Equal Opportunity	86-0479	1,756,336		1,756,336	2,662,931		2,662,931
Ginnie Mae	86-0186	899,004		899,004	1,368,117		1,368,117
Lead Hazard Control and Healthy Homes	86-0479	547,891		547,891	564,455		564,455
Office of Housing	86-0479	15,492,490		15,492,490	18,666,059		18,666,059

Office of the Chief Financial Officer	86-0335	3,799,514	3,799,514	3,847,491	3,847,491
Office of the Chief Human Capital Officer	86-0335	1,083,229	1,083,229	1,238,475	1,238,475
Office of the Chief Information Officer	86-0335	1,446,772	1,446,772	1,784,578	1,784,578
Office of the Chief Procurement Officer	86-0335	1,151,701	1,151,701	1,487,737	1,487,737
Office of Departmental Equal Employment Opportunity	86-0335	125,005	125,005	156,762	156,762
Office of Field Policy and Management	86-0335	1,589,807	1,589,807	1,803,111	1,803,111
Office of the General Counsel	86-0335	1,584,717	1,584,717	2,300,729	2,300,729
Policy Development and Research	86-0479	1,237,707	1,237,707	1,425,349	1,425,349
Office of Public and Indian Housing	86-0479	9,975,279	9,975,279	11,637,085	11,637,085
Total		47,228,354	-	56,685,503	-
56,685,503					

Note: All reimbursements into the WCF from Customer Offices are for services provided through the WCF in each respective year.

Fair Housing Enforcement

Price #12

Question: Please provide the total number of Fair Housing and Equal Opportunity investigations, settlements, closures, and dismissals that occurred in fiscal years 2021 and 2022, categorized by state. Please also provide the basis of the discrimination alleged in each complaint. How many complaints are referred to the Department of Justice and what are those outcomes?

HUD Response: Please see the attached spreadsheet for HUD's response to the question.



Investigations__Clo
sures_and_Transfers

Housing for the Elderly and Persons with Disabilities

Housing affordability is a major barrier for millions of Americans. For older individuals and people with disabilities, finding affordable housing that meets their diverse needs is even more of a challenge. More than one-third of publicly supported homes are occupied by an adult over the age of 62 and approximately 32 percent of assisted households include an individual with a disability. Understanding the overwhelming desire of older Americans to age in place, and for many individuals with disabilities to live independently within their community, I have made it a priority to fund new units in both section 202 and 811 programs each year in the THUD bill. Since fiscal year 2018, this Subcommittee has included a total of \$865 million in new capital advances and project rental assistance to expand the supply across both programs.

Price #13

Question: The FY22 enacted bill includes \$360 million to construct over 4,000 new units for seniors and persons with disabilities. What steps is HUD taking to administer these capital advances and get new units to the places where they need to be? Is the Department moving forward with issuing NOFOs for new construction funding for both Section 202 and 811?

HUD Response: The Department is moving forward with issuing NOFOs for Capital Advance in the Section 202 and 811 programs.

- The FY22 NOFO for Section 202 is expected to be released well before the end of calendar year 2022. Applications will be due approximately four months later, with awards expected to be released in the middle of calendar year 2023.
- The FY22 NOFO for Section 811 PRAC and Section 811 PRA are expected to be released around the end of calendar year 2022 with applications due four months later and awards expected in the spring of 2023.

Historically, the NOFOs for these programs have incorporated an assessment of the need for affordable housing to serve these populations in the communities in which developments are proposed. Nationally, the need for new housing for the elderly and housing for persons with disabilities greatly exceeds the available funding.

Price #14

Question: The FY23 budget request seeks \$180 million to support 2,000 new units for seniors and persons with disabilities, which is the same amount requested for FY22. How does HUD determine the number of units to request, and does this accurately reflect the actual need?

HUD Response: Waiting lists for dedicated affordable senior housing are quite long, reflecting the fact that there are at least two eligible households unable to find HUD-assisted senior housing for everyone that is currently served. However, HUD's budget request must balance a number of competing priorities, realizing that demand for affordable housing outstrips available budgetary resources for a single fiscal year. Therefore, the Department's request for 202 and 811 funding seeks to make incremental improvements to the limited supply of these vital housing units.

Price #15

Question: What impact will the proposed RAD expansion have on Section 202 and 811?

HUD Response: HUD thanks the Committees for the expansions of RAD to permit conversions of Section 202 Project Rental Assistance Contracts (implemented in the FY 2018 Appropriations Act) and to permit conversions of Section 811 PRACs (implemented in the FY 2022 Appropriations Act). Both portfolios have aging housing stock with growing capital needs and limited access to private and public financing. In addition, the Section 811 properties experience unique challenges as owners seek alignment with community integration mandates and supportive service program requirements.

The Section 202 owners that have participated to date have been able to place their properties on a stable and sustainable trajectory, with sufficient resources to address their current capital needs and to address future needs as they come due. They have done so while preserving and enhancing the resident services available for the seniors living in these communities. HUD is currently working to develop the implementing guidance for RAD conversions of Section 811 properties and expects parallel results. The RAD conversions improve the properties, secure their future as long-term affordable housing, extend their affordability periods, and ultimately improve the quality of life for these vulnerable residents.

There are two FY 2023 requests closely connected to the Section 202 and 811 portfolios which would further expand the applicability of RAD and would enhance the positive impact of the effort.

- 1) The first would make the 14 properties currently supported under Senior Project Rental Assistance Contracts (SPRACs) eligible for conversion under RAD, thereby

allowing the properties to access service coordinators and operate under standard Section 8 contracts. Currently, these SPRACs are funded out of the Housing for the Elderly account (which supports properties assisted under Section 202). While they are intended to operate like project-based Section 8 properties as much as possible, in practice they operate under a hybrid set of rules. For instance, they are unable to access service coordinators. Shifting these properties to standard Section 8 contracts would provide clarity and administrative relief to property owners and HUD and would open the door to service coordination for the elderly residents of these sites.

- 2) The second would provide \$10 million to further support the conversion of Section 202 PRACs so that, as these properties convert to Section 8 contracts, their initial contract rents can be set at a level that can support financing needed to make repairs and modernize the properties to best serve the elderly communities. The Department greatly appreciates the Congressional support for these efforts represented by a \$6 million appropriation in FY2022. The availability of this funding will be operationalized in the publication of a short Notice anticipated for Fall 2023. The \$6 million in available funding is extremely helpful. Absent this funding, some Section 202 PRACs do not have an adequate revenue stream to take on these capital improvement transactions, are unable to convert under RAD, and remain as-is in the Section 202 portfolio and the requested funds significantly amplify the number of PRACs that can overcome these barriers.

In sum, the FY2023 RAD proposals will create preservation opportunities for current and former Section 202 properties and will have no impact on the Section 202 or 811 properties which choose to remain in the PRAC portfolio.

CDBG-DR

The President's budget supports the authorization of the CDBG-Disaster Recovery program and includes guiding principles to inform a future authorization. Equity, resilience, transparency and equipping communities with the capacity to withstand the aftermath of a disaster are key components.

Price #16

Question: What are some of the challenges HUD faces in administering the more than \$83 billion in active CDBG-DR grants without an authorization of the program?

HUD Response: For more than 20 years, Congress has appropriated supplemental CDBG-DR to assist communities in long-term disaster recovery. The current practice significantly delays deployment of these critical resources to devastated communities. Each appropriation of CDBG-DR funds requires HUD to establish new requirements for the use of the funds. Permanent authorization of CDBG-DR is essential to allow HUD to promulgate rules that establish the requirements of all CDBG-DR grants going forward, including the formula used for the allocation of funds. CDBG-DR authorization would increase certainty among state and local

governments, as well as the public, with respect to the requirements associated with assistance. Permanent authorization would allow communities to better plan for the use of prospective CDBG-DR funds prior to a disaster, which would speed up the delivery of assistance. The U.S. Government Accountability Office, HUD's Office of the Inspector General, many state and local governments, and other organizations that work with communities to help them recover, have all endorsed the creation of a permanently authorized program that prioritizes the recovery needs of low- and moderate-income people.

The Department's \$83 billion CDBG-DR portfolio is comprised of 64 grantees who administer 160 CDBG-DR grants. HUD's Disaster Recovery and Special Issues Division implements the CDBG-DR funds and is comprised of 66 permanent and "term" (temporary) employees. In the supplemental appropriations of CDBG-DR funds, Congress has provided HUD with funds to support the administration of the grants, which in turn has allowed the Department to hire temporary employees. Permanent authorization of CDBG-DR and inclusion of CDBG-DR recovery funds and funding for permanent staff in the annual HUD budget would allow the Department to build its own long-term capacity to effectively oversee the use of the funds and to support the timely delivery of assistance to communities.

Discrimination and Barriers to Affordable Housing

Recent funding for emergency housing vouchers has illuminated challenges residents face in finding suitable, safe and available housing, even during an emergency or national crisis. Some of these barriers are unique to local housing markets, but issues such as source of income or other types of discrimination still make it difficult for low-income families to secure affordable housing.

Price #17

Question: How is HUD using its supplemental funding provided by the American Rescue Plan to help communities address barriers to affordable housing?

HUD Response: The American Rescue Plan's Emergency Vouchers provided additional waiver authorities as well as administrative and services fees that enable public housing agencies and their partners to help address barriers to rental housing. As noted in this recent [fact sheet](https://www.hud.gov/sites/dfiles/PA/documents/FactSheetEHVProgress.pdf) (available at <https://www.hud.gov/sites/dfiles/PA/documents/FactSheetEHVProgress.pdf>), HUD has been successfully utilizing these regulatory flexibilities and fees to assist PHAs and their partners to ensure lease-ups even as rental markets in many communities are experiencing increasing competition and low vacancy rates. For example, HUD has provided guidance and technical assistance to PHAs with EHV's to use services and administrative fees to fund additional housing search and navigation services, security and utility deposit assistance, and landlord incentives. HUD has also launched a landlord engagement technical assistance open to all PHAs and applicable to all voucher programs, using technical assistance funding from annual appropriations. This technical assistance emphasizes educating landlords regarding the numerous benefits of participating in the voucher program such as having a more stable source of rental income as well as the availability of tenancy services. HUD also recognizes that voucher holders

and other prospective renters continue to face housing discrimination. Over the last year, HUD has provided additional funds to strengthen the capacity among Fair Housing Initiatives Programs and Fair Housing Assistance Programs to conduct Fair Housing enforcement and increase Fair Housing compliance, including both through annual appropriations and American Rescue Plan resources.

Furthermore, many Tribal grantees elected to use their ARP funding to provide emergency housing assistance to low-income Native American and Native Hawaiian families. For example, the Department of Hawaiian Homelands deployed \$5 million in Native Hawaiian Housing Block Grant ARP (NHHBG-ARP) funding to provide emergency rental and mortgage assistance for low-income Native Hawaiian families that were struggling to pay their rent, utilities, property taxes, insurance, or association fees because of the COVID-19 pandemic. These significant investments enabled these communities to expand affordable housing options for more Native families while responding to COVID-19.

Price #18

Question: One of these barriers is a criminal background check – how does HUD plan to address barriers to housing for formerly incarcerated individuals?

HUD Response: Over the last year, HUD has been undertaking a process of examination and discernment to understand the relationship between housing, recidivism risk, and public safety, as well as how current HUD policies affect housing access for formerly incarcerated people and public safety. As part of this process, HUD conducted extensive engagement with people with lived experience of incarceration and criminal justice system involvement and has examined available research and evidence. Through this process, HUD has made three findings. First, HUD has determined that housing stability plays a foundational role in helping formerly incarcerated people to reenter the community, obtain treatment and employment, and avoid future criminal justice involvement. People who experience homelessness or housing instability after leaving prison or jail have a higher risk of re-offending and returning to incarceration. On the other hand, existing research demonstrates that targeted housing assistance to people reentering the community from prison or jail can help people avoid future arrests, jail and prison time, as well as engage in treatment and other supportive services. Second, HUD has determined that *broadly* excluding people with any criminal records from federal housing assistance does not actually contribute to increased public safety in housing or neighborhoods, but may in fact exacerbate crime and reduce public safety. When HUD-assisted housing providers or private landlords take criminal records at face value but fail to account for other circumstances or exclude people on the basis of criminal records that do not actually demonstrate a risk to safety, they may contribute to housing instability, which can in turn increase people’s risk of recidivism. Both the first and second set of findings were summarized in a recent set of articles published in HUD’s online publication, *The Edge*. Third, HUD has found that our current policies and guidance are inconsistent and unclear with regard to the appropriate use of criminal records as part of tenant screening and selection. For example, while HUD’s 2016 guidance from the Office of the General Counsel wrote that the overly broad use of criminal records in housing decisions could lead to violations of the Fair Housing Act, HUD’s current program guidance documents do

not reflect this concern. Nor does current program guidance reflect the prohibition in the Violence Against Women Act against denying housing on the basis of criminal records in cases where the housing applicant was a victim of domestic violence, or the Americans with Disabilities Act and Section 504 protections for people in recovery from substance use disorders.

Based on this discernment process, Secretary Fudge issued an internal directive to HUD principal staff in April 2022 to conduct a comprehensive review of HUD policies and guidance to make our programs as inclusive as possible of people with criminal records. This comprehensive review is currently underway and will be completed by October 2022. HUD staff have identified the full set of policy documents and guidance that references the use of criminal records in housing decisions. HUD principal staff will be reviewing these guidance documents and proposing revisions that reinforce the findings of the aforementioned discernment process, namely that HUD-assisted housing providers should: a) make all attempts to make HUD-assisted housing available to assist formerly incarcerated people to obtain stable housing in order to avoid recidivism and prevent homelessness, b) avoid overly broad or face value denials or exclusion on the basis of criminal records which may violate the Fair Housing Act and have no impact on reducing public safety risk, and c) when reviewing criminal records, conduct individualized assessments of risk that take into account other factors such as the amount of time that has passed since the conviction, the person's age at the time of the conviction, the nature of the conviction, and evidence of rehabilitation, employment, and community engagement.

Tenant Protection Vouchers

Tenant Protection Vouchers (TPVs) are meant to ensure there is no displacement of low-income residents as a result of various actions resulting in a loss of subsidy assistance. The FY22 enacted bill provided \$100 million for the program, which matched the FY22 budget request, and when combined with FY21 carryover funds was sufficient to meet the estimated need. The President's budget proposes to double the amount of funding for Tenant Protection Vouchers from the FY22 enacted level and includes a \$20 million set-aside for residents referred to HUD by USDA where their section 521 assistance is no longer available.

Price #19

Question: Why are we seeing an increased need for Tenant Protection Vouchers and are there other programs or demonstrations that we can expand on to alleviate the need for TPVs?

HUD Response: The increased need for Tenant Protection Vouchers (TPVs) is a **result** of the progress made on Public Housing repositioning actions. TPVs are a critical component to revitalizing public housing units. Increased costs are the result of the greater need and TPV applications coming from higher per-unit cost areas such as California and New York.

The TPVs are provided to families impacted by housing conversion actions, such as public housing demolition, disposition, and conversions. Moderate Rehabilitation property replacements, or when other private owners of multifamily developments choose to leave the

project-based rental assistance program or prepay their multifamily mortgages. The estimated number of TPV actions in 2022 was approximately 16,150 units. The FY 2023 estimated TPV need is 25,800 of which approximately 2,000 will be for the newly proposed TPV category eligible to USDA referred low-income tenants that will not receive Section 521 assistance after an eligibility event at a property with Section 515 assistance.

In previous years, carryover TPV funds have been available to supplement the current fiscal year TPV appropriation and absorb the impact of unexpected TPV requests and those generated from high-cost areas. HUD does not expect carryover funds available to TPVs in FY 2023.

Price #20

Question: Given the driving factors for this substantial increase, is the amount requested sufficient to meet this year's estimated need?

HUD Response: Given the progress made on Public Housing repositioning actions in high-cost localities such as California and New York, HUD expects a high level of demand on the TPV account in 2023. HUD expects that the \$220 million TPV request in the 2023 President's Budget should be sufficient, as HUD has the flexibility to apply cost-saving measures to TPV awards. For example, HUD usually supplies TPVs for all occupied units and those occupied in the past 24 months. When TPVs are in high demand, HUD could use its discretion to not fund unoccupied units.

Price #21

Question: HUD requests authority to use up to \$20 million to provide Tenant Protection Vouchers to low-income tenants referred by the Secretary of Agriculture. Why is this language needed and does the \$220 million requested amount for estimated needs of public housing units take into account this set-aside?

HUD Response: Under current law, the Department of Agriculture (USDA) has the obligation to provide tenant vouchers when Section 521 assistance is no longer available to protect tenants due to prepayment or foreclosure of a Section 515 loan covering the USDA development. At loan maturity, USDA is not able to continue providing assistance. The Budget proposes to allow Section 521 assistance to continue beyond Section 515 loan maturity, but in cases where USDA is unable to continue such assistance, they would issue these tenants HUD TPVs rather than USDA vouchers.

HUD and USDA believe that providing Housing Choice Vouchers administered through local PHAs who know the community and owners provide the best opportunity for families to be able to choose where to live post-conversion. Local PHAs often have self-sufficiency program and community connections that enable families to connect with other resources they may need as well. Based on estimates from USDA, there will be approximately 1,800 – 2,000 families requiring TPVs in 2023. The \$220 million TPV in the 2023 President's Budget request accounted for the estimated USDA need.

Price #22

Question: How will HUD balance the needs of HUD-assisted households that require TPVs with the needs of USDA-assisted households?

HUD Response: Whether it is through the multifamily conversion or enforcement actions or public housing demolition or other actions, HUD awards tenant protection vouchers (TPVs) on a first-come, first-serve basis. HUD expects this would also remain the case for the families living in USDA projects. The demand throughout the calendar year for TPVs differs due to varying contract expiration dates, enforcement action effective dates, and loan closing dates. To better manage the process and align with family needs, HUD will often ask for leasing schedules for tenant protection vouchers to ensure that vouchers are provided when families are preparing to find alternative units or utilize their vouchers at the project post-conversion.

Choice Neighborhoods Initiative

The Choice Neighborhoods Initiative takes a comprehensive locally driven approach to transforming underserved neighborhoods into neighborhoods of choice, where all residents can prosper. The three-pronged approach includes redeveloping distressed public or HUD-assisted housing into high quality mixed-income housing; making community-wide improvements; and providing supportive services for residents. These redevelopment activities take years to complete, with projects often including several phases. One of the hallmarks of the program has been the relatively low federal investment, leveraging \$7 of non-federal investment for every \$1 of implementation grant funding. I understand HUD increased the maximum grant award amount for applications in the FY21 Notice of Funding Opportunity, in part to address increased development costs for the replacement housing units.

Price #23

Question: While this will certainly help grantees going forward, what about active grantees that received a \$30 million or \$35 million award – the prior maximums – that are facing the same increased development costs as they work to complete their projects?

HUD Response: HUD is aware of the significant increases in construction costs that grantees have experienced, particularly during the COVID-19 pandemic, as well as recently rising interest rates. Choice Neighborhoods staff are constantly working with grantees to see how they can best address this issue.

Price #24

Question: Has HUD identified increased funding needs by current grantees that have not completed their Choice Neighborhoods project? What is the size and scope of this additional need?

HUD Response: Grantees have made Choice Neighborhoods (CN) staff aware of the impact of rising construction costs, rising interest rates, and increased competition for funding, including tax credits, on their projects. These factors have resulted in significant financing gaps for some projects. However, the needs of each grantee are different.

Choice Neighborhoods staff are working individually with each grantee to help structure housing phases to maximize available funding. In addition, HUD encourages CN grantees to apply for and utilize federal funding provided to States and local governments, such as HUD and Treasury Department resources appropriated in the CARES Act and the American Rescue Plan Act.

Price #25

Question: How is the Department working with grantees to effectively manage and address cost increases to ensure projects are completed and residents can realize the benefits of the new affordable housing and transformed neighborhoods?

HUD Response: The financial needs of grantees are all different and based on factors such as available sources of funding, tax credit Qualified Allocation Plans (QAPs), project timing, the number of units to be constructed or replaced, and the number of housing phases. The Choice Neighborhoods program office staff works with grantees to help them make the most effective use of Choice Neighborhoods grant funds by allowing such flexibilities as:

- reallocating funds from other activities;
- reallocating funds among phases;
- changing unit mix and configuration; and/or
- adjusting phasing; or redesigning buildings and units.

HUD does this without lowering the standards of the program and without delaying projects so that grant expenditure deadlines are missed. Grantees are actively looking at ways to reduce construction costs, lower or defer fees, reduce or reallocate administrative costs, and identify new sources of funding. HUD and communities regularly collaborate to find ways to cover financing gaps.

Price #26

Question: The FY22 enacted THUD bill provides a historic \$350 million for this program, the highest funding level since the program's creation. Could HUD utilize a portion of this funding to assist current grantees with these unexpected increased development costs?

HUD Response: HUD is evaluating the impact of economic changes on Choice Neighborhood grantees and will consider the need for supplemental funding.

Department of Housing and Urban Development
Fiscal Year 2023 Questions for the Record
 Congressman Mario Diaz-Balart
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

HECM Loans

Diaz-Balart #1

A September 19, 2017 HUD rule prescribes notification requirements for servicers of FHA reverse mortgage (HECM) loans when the last surviving borrower on the loan dies. Unfortunately, this rule failed to apply such requirements to earlier HECM loans, creating two inconsistent requirements, depending only on the date of the loan. In January, 2020, the problem was compounded when FHA started imposing interest curtailment penalties which now total tens of millions of dollars (and growing) for servicers' failure to comply with the requirement on older loans to notify estates within 30 days of death. This is in spite of the fact that such requirement is commonly operationally impossible to comply with.

This 30-day after death notification requirement for older loans serves no consumer or financial purpose, and in a May 2015 teleconference HUD characterized this requirement as a "drafting error." Unfortunately, 7 years later, this drafting error remains uncorrected.

Question: Is HUD working on correcting this problem, including establishing a supplemental claim process for prior interest curtailments, by creating consistent and operationally feasible borrower notification requirements for servicers? If so, when do you project that this will be corrected?"

HUD Response: HUD is planning to modify this policy in an upcoming policy issuance and is considering extending the current requirement (which requires servicers to provide notice to the estate of a HECM borrower that the HECM has become due and payable within 30 days of the borrower's death) that the servicers provide:

- notice to the Secretary of the borrower's death within 60 days from the date of death, and
- notice to the estate within 30 days of the notice to the Secretary.

This policy will apply to all HECM loans regardless of the case number assignment date.

Manufactured Housing

Diaz-Balart #02

Manufactured housing is the most affordable homeownership option for American families. Last fall, HUD made some changes to the FHA insurance program for personal property loans for manufactured housing. In FY 2021, FHA insured a total of 5 loans under this program.

Question: Have the changes you made last year helped to improve access to this financing thus far? Are there other changes you expect to make, such as increasing the loan limits for these loans (which despite Congressional action haven't been updated since 2009)?

HUD Response: FHA has not seen any change in participation in the Title I Manufactured Housing (MH) loan insurance program. This continues to be driven in part by the program's insufficient loan limits that render the program unusable for the purchase of most new manufactured homes. FHA is actively working to propose regulations to index the Title I MH loan limits under existing authority to better accord with current manufactured housing unit prices. FHA is also seeking additional statutory authority to allow further flexibility in establishing Title I loan limit indexing, which the Department believes is necessary to maximize the usefulness of the Title I product for MH homebuyers.

Diaz-Balart #03

Question: Mortgage Letter 2020-48 was written to expand access to CrossMod homes – which are the newest generation of HUD Code manufactured homes that are indistinguishable from their site built neighbors. These homes have higher roof pitches, permanent foundations, and features like garages and porches. The mortgage letter expires at the end of this calendar year. Further, it is my understanding that the language provided has not done anything to improve access to these affordable homes, because they don't provide clear guidance to appraisers. Are you reviewing this mortgage letter to ensure it meets the desired result of expanding access to CrossMod homes?

HUD Response: FHA has updated this guidance to provide more clarity to appraisers and to align with the policies from the Government Sponsored Enterprises for consistency throughout the mortgage finance market. FHA plans to address the expiration of this guidance prior to the end of the calendar year. The guidance is below and can be found in the latest (June 29, 2022) version of [HUD Handbook 4000.1](#) on page 617 (page 642 of the PDF):

Exception (Expires on December 31, 2022) For a Manufactured Home certified based on the construction requirements of Fannie Mae's MH Advantage® or Freddie Mac's CHOICEHome® program, the Appraiser must include at least two comparable sales with similar certification, when available. If less than two comparable MH Advantage® or CHOICEHome® sales are available, the Appraiser must supplement with the most appropriate sales available, which may include site-built homes, and must provide detailed justification to support the Appraiser's selection of comparable Properties and

the adjustments made for dissimilarities to the subject Property. A Manufactured Home certified based on the construction requirements of Fannie Mae's MH Advantage® or Freddie Mac's CHOICEHome® programs must have Fannie Mae's MH Advantage® Sticker or Freddie Mac's CHOICEHome® Label affixed near the HUD data plate. The Appraiser must include photos of the Fannie Mae's MH Advantage® Manufacturer Sticker or Freddie Mac's CHOICEHome® Label in the appraisal report for the Manufactured Home to meet the documentation requirement.

Diaz-Balart #04

Question: The Department of Energy is poised to publish final energy efficiency standards for manufactured homes. DOE has acknowledged these will raise the price of a new manufactured home and there is strong evidence that the annual costs to borrowers will exceed any hypothetical energy savings. DOE was required by statute to consult with HUD in drafting these. Did HUD provide DOE with detailed estimates of the average increases in mortgage costs for a typical homebuyer because of the standards – or the projected number of potential homebuyers that will no longer qualify for a mortgage because of a higher debt to income ratio? What steps will HUD be undertaking when this rule is finalized to ensure it does not hamper the construction of manufactured homes at a time when affordable housing is in such high demand?

HUD Response: The final DOE rule “Energy Conservation Standards for Manufactured Housing” published on May 31, 2022, reflects the culmination of the rulemaking process, which included broad interagency review and consultation between DOE and HUD on the energy efficiency standards and their impacts on affordability. Manufactured Housing is a critically important source of affordable housing for low- and moderate-income homeowners and renters, and ensuring this housing remains affordable is a goal of the Department, taking into account both upfront and ongoing operational costs and savings enabled by lower utility bills.

HUD is now in the process of incorporating DOE’s energy rule with our Manufactured Housing standards. HUD’s goal is to align as closely as possible with DOE’s standards to help streamline the regulatory oversight process, thereby mitigating confusion and cost impacts to consumers and the industry. HUD is developing draft recommendations for consideration by the Manufactured Housing Consensus Committee, and we will follow our consultation and rulemaking process requirements, including affordability considerations, as we work expeditiously to finalize our new standards.

Housing and Urban Development
Fiscal Year 2023 Questions for the Record
 Congressman Pete Aguilar
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Homeownership Funding under the HOME Investment Partnership program

Aguilar #01

Homeownership is a key component of realizing the American Dream. Closing the nation's homeownership gap is essential to closing its wealth gap and the HOME Investment Partnership program was created to increase the supply of homes for renters and homeowners.

Unfortunately, I have heard from housing practitioners in the Inland Empire that the current regulations of HOME Investment Partnership funding make it difficult to use this funding for homeownership activities.

The contribution of funds in the HOME Investment Partnership program used for homeownership activities has decreased by over 30% since 1990, and regulatory barriers within the program continue to disincentivize grantees to use these affordable housing funds to support homeownership.

Question: How does HUD plan to ease regulatory barriers for grantees to allow more homebuyer units to be built and sustained?

HUD Response: As part of the President's Housing Supply Action Plan, the Department is examining the HOME statute and regulations to identify potential modifications to simplify both the rental housing and homeownership components of the program. Because the HOME statute contains many explicit program requirements, substantial changes to the program would require legislative changes because the effect of regulatory changes alone would likely be modest. However, HUD is in the process of identifying changes to both the HOME statute and regulations that would modernize and streamline the program. As reflected in HUD's spring regulatory agenda, HUD will develop and issue a proposed HOME program regulation for public comment.

Housing and Urban Development
Fiscal Year 2023 Questions for the Record
 Congresswoman Norma J. Torres
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Thriving Communities Initiative

Torres #01

When it comes to transportation and housing, low-income people in America are more likely to pay up to 50 percent of their income on transportation expenses. The FY22 enacted bill provided \$30 million for a new Thriving Communities initiative which will provide technical assistance to improve access to opportunity through transportation infrastructure improvements. Of this, the Committee secured \$5 million for HUD to work with DOT on this initiative and provide technical assistance to communities to strengthen housing development as part of their transportation solutions, because I believe housing and transportation must be developed together in successful communities.

Question: What steps are you taking with Secretary Buttigieg to establish this initiative?

HUD Response: Senior leadership have identified the general parameters of the initiative. A team of HUD and DOT staff, consisting of career and political staff, meets weekly to design the initiative and ensure alignment between the two Departments.

In addition, the Thriving Communities Technical Assistance NOFO, currently in development at HUD, will provide funding to technical assistance providers and capacity building teams to help jurisdictions consider housing needs as part of their larger infrastructure investment plans. For example, such technical assistance would help a local government identify land near a planned transportation project that is suitable for housing development. This technical assistance will enable more communities to thoughtfully plan and execute transformative infrastructure investments that boost housing supply.

Torres #02

Question: Can you provide a timeline for when HUD will enter into any necessary inter-agency agreements on the Thriving Communities initiative?

HUD Response: HUD is not expecting to enter into an Interagency Agreement related to the Thriving Communities initiative, rather HUD intends to continue to work in close coordination with DOT to ensure the agencies' activities are aligned to meet the goals of the Thriving Communities initiative.

Torres #03

Question: What types of activities, best practices, or capacity building can HUD provide to rural and urban underserved communities as they seek to better connect their transportation and affordable housing needs?

HUD Response: HUD has been actively engaged in a series of working groups with DOT dedicated to better connecting the needs of residents and small businesses with access to quality, affordable transportation and transit options. This includes partnering with DOT on the establishment of technical assistance resources dedicated to the Thriving Communities initiative. HUD plans to issue a Notice of Funding Opportunity (NOFO) to award \$5 million in Thriving Communities Technical Assistance (TA) resources to TA providers that can support capacity building and technical assistance for underserved communities. The NOFO is still under development. The assistance could take the form of needs assessment, direct TA, tools and products, training, data analysis, and knowledge management.

HUD is committed to rural and underserved communities. As a partner of the White House-initiated and USDA-led Rural Partners Network (RPN), HUD has recently established the Rural Prosperity Coordinating Council (RP Coordinating Council) dedicated to increasing HUD's commitment to rural communities. The purpose of the Rural Prosperity Coordinating Council is to bring together all relevant HUD workstreams to strengthen the ways that HUD invests in rural America. The establishment of the RP Coordinating Council represents HUD developing a new way and system to support rural communities. HUD is working very closely with USDA on this initiative. The RP Coordinating Council is primarily comprised of HUD career staff across every HUD program office who have expertise in rural issues across America to ensure that the council is sustainable.

The RP Coordinating Council is charged with listening to and learning from HUD grantees and beneficiaries in rural areas to capture challenges and opportunities in working with HUD to improve rural communities, cataloguing HUD's support to rural communities to lift up what works and identify and address gaps in service, and support HUD's role in a federal whole-of-government initiative to advance equitable rural prosperity by improving community capacity, engagement, and access to resources. The HUD RP Coordinating Council works closely with the RPN, an interagency initiative established by the White House Domestic Policy Council and led by USDA to align federal resources and tools in support of America's rural communities. The Council serves as the intermediary between HUD's cross agency resources and the work of the RPN to provide resources at national and local place-based levels.

Affordable Housing and California Drought

Torres #04

Over thirty-seven million Californians living in drought areas. And an estimated 120,000 affordable homes need to be built each year through 2030 to meeting housing needs, particularly for extremely low-income residents. I am concerned that the Inland Empire, which desperately needs more affordable housing, has many projects that cannot get necessary permits because there is no guarantee of a reasonable water supply. This is an issue

in the City of Pomona today and across the country.

Question: What steps has HUD taken to coordinate expanding water access with affordable housing needs?

HUD Response: In the review of new HUD-assisted developments, adequate water supply is a factor considered in the environmental assessment. Housing supply and water availability are combined challenges facing California and other parts of the country going through a sustained drought. The public housing program works with our public housing agency partners to reduce water consumption through energy and water conservation measures, and drought-tolerant landscaping at existing public housing properties. Several ongoing RAD projects that are rehabilitating old housing will use less water than the obsolete water appliances, boilers, and pipes it replaced. Most public housing authorities have already implemented energy-saving measures to reduce utility costs in past years, which includes water reduction actions.

Construction and reconstruction of public improvements and facilities, such as water lines and pumping stations is eligible for Community Development Block Grant (CDBG) funding by grantees, provided program benefit requirements are met. California's State CDBG program reported benefiting 31,677 persons with water/sewer improvements in the program year between July 1, 2020, and June 30, 2021. CDBG city and county grantees can also fund CDBG water/sewer improvements. For example, Los Angeles County reported that 10,580 persons benefited from such improvements during that same period.

Torres #05

Question: Has HUD been working with other agencies on issues surrounding affordable housing and droughts/water shortages?

HUD Response: Yes. HUD has hosted a few webcasts on water efficiency in multifamily buildings, including: [*What's Next in Water Efficiency for Multifamily Housing*](#).

Previously, HUD conducted a series of [webcasts](#) (use the drop-down under "Campaign" to find HUD webinars) with the EPA WaterSense program for California multifamily housing during California's 2015 water shortage. This provided some great best practices and water savings and included a focus on landscaping/green infrastructure.

The Better Buildings Challenge also includes a water savings target of 20% reduction (portfolio wide) in water consumption over 10 years.

Torres #06

Question: What actions has HUD taken to ensure affordable housing projects, including permit processing, are not stalled amid the drought?

HUD Response: Permit processing related to droughts/water shortages would be addressed through City or County local ordinance and/or code and is not addressed at the Federal level.

Department of Housing and Urban Development
Fiscal Year 2023 Questions for the Record
 Congresswoman DeLauro
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Evictions

DeLauro #01

On average in Connecticut, 93% of landlords have an attorney for evictions processing compared to 7% of tenants. In addition, Connecticut one type of eviction — the “no-cause” eviction, typically involving expiring lease agreements — has become increasingly common and is actually used as a work around to the rental assistance program that we included the American Rescue Plan Act. From August 2019 to February 2020, there were 992 no-cause evictions filed, about 9% of total eviction filings. From August 2021 to February 2022, there were 2,511 no-cause evictions filed, nearly 35% of total filings. In Fiscal Year 2022, we provided \$145.4 million to the Department of Housing and Urban Development for Policy Development and Research, including \$20 million to continue legal aid assistance for eviction prevention.

Question: What is the Department of Housing and Urban Development doing to protect renters from eviction?

HUD’s Response: HUD’s Eviction Protection Grant program funds local organizations to provide legal assistance at no cost to low-income tenants at risk of or subject to eviction. Through this program, HUD has funded a total of 21 legal service grantees providing eviction protection legal assistance in 19 states, including the Connecticut Fair Housing Center, which received \$2.4 million to provide statewide eviction protection legal assistance in Connecticut. The Eviction Protection Grant Program is part of HUD’s continued work, as part of a whole of government approach, to support families recovering from the public health and economic impacts of the COVID-19 pandemic and expand resolution options for clients at risk of eviction.

DeLauro #02

Question: Does the Department have any plans on specifically addressing “no-cause” evictions?

HUD Response: First, for HUD’s rental assistance programs, the program regulations specify the circumstances under which a public housing agency, landlord, or owner may evict a HUD-assisted tenant. While there are some differences across programs, the regulations generally require the owner to terminate the tenancy in some circumstances and permit the owner to terminate the tenancy for lease violations and other good cause. No-cause evictions are not permitted.

In general, for all renters, HUD's Eviction Protection Grant program funds local organizations to provide legal assistance to help families undergoing or at risk of eviction. Grantees receiving Eviction Protection Grant Program funds are not restricted from assisting tenants based on the cause of the eviction. Grantees may provide legal assistance to tenants who are facing "no cause" evictions if the tenants meet the eligibility criteria of the grant -- that they are low-income and at risk of or subject to eviction, as defined in HUD's Notice of Funding Opportunity.

Affordable Housing

DeLauro #03

No state in the country has enough housing that is available and affordable for the lowest income renters. Connecticut lacks 86,717 rental units that are available and affordable to tenants with extremely low incomes and the wait list in my home of the City of New Haven for a Section 8 voucher is nine years. This means that Connecticut residents with low to moderate incomes are rent burdened — paying more than a third of their income to housing costs. Through the pandemic, both HUD and developers (separate developers and HUD) have seen rising costs of materials and labor for new construction projects. Developers are mainly building luxury housing, which is not affordable for people with lower incomes.

Question: What is the Department of Housing and Urban Development doing to ensure that we are building new affordable housing units and what sort of resources would the agency need to make up the deficit?

HUD Response: Additional vouchers and project-based subsidies are essential to creating new deeply affordable rental homes.

HUD continues to use its appropriated resources to create new affordable units. HUD will continue to use the annually appropriated Section 202 and 811 capital advance and project rental assistance contract funding to create new affordable units for seniors and disabled persons. In addition, the 2023 HOME request is expected to result in an additional 17,909 units of affordable housing for new homebuyers and an estimated 15,169 units of newly constructed and rehabilitated affordable rental units. The current 2023 estimated Housing Trust Fund budget authority would result in the production of an estimated 3,593 units of affordable rental housing for extremely low-income households over time. The Department will also continue to use multifamily FHA mortgage insurance to support the new construction of thousands of new homes, many of them assisted by Low Income Housing Tax Credits and other resources, to create deeper affordability.

In May, the Biden-Harris Administration released a Housing Supply Action Plan to ease the burden of housing costs for American families. Specific HUD actions included within the Administration's plan include supporting the production and availability of manufactured housing, updating HOME regulations to increase program effectiveness, providing reduced interest rate loans to state and local housing finance agencies via the Federal Financing Bank's

Risk Sharing Program, supporting affordable housing in Indian Country, directing the sale of mortgage notes to owner-occupants and mission-driven entities, and encouraging the use of CDBG for local acquisition and sales to families, not investors.

HUD also launched the Our Way Home initiative, which will uplift the actions that communities and HUD grantees are taking to create more affordable homes. This initiative is also an opportunity for HUD to gather feedback and ideas for improvements on HUD-managed programs from partners and the people served.

Lead Paint and Hazards

DeLauro #04

It is estimated that 71% of the housing stock in Connecticut was built before 1980 and that 69% of homes built prior to 1960 and 87% of homes built prior to 1940 contain some lead paint; so, the majority of homes in Connecticut are at-risk of still containing some lead paint. In Fiscal Year 2022, the Committee provided \$415 million for the Office of Lead Hazard Control and Healthy Homes, an increase of \$55 million above fiscal year 2021, including \$25 million to initiate a new demonstration program to conduct inspections for lead in housing choice voucher units.

Question: What is the current status of the new demonstration program to conduct these inspections in housing choice voucher units? If lead is found in these units, what will the Department do about it?

HUD Response: The Office of Lead Hazard Control and Healthy Homes segment of the Consolidated Appropriations Act, 2022, Division L, Title II (Public Law 117-103), includes the following provision:

(5) \$25,000,000 shall be for a lead-risk assessment demonstration for public housing agencies to conduct lead hazard screenings or lead-risk assessments during housing quality standards inspections of units in which a family receiving assistance under section 8(o) of the U.S. Housing Act of 1937 (42 U.S.C. 1437f(o)) resides or expects to reside, and has or expects to have a child under age 6 residing in the unit, while preserving rental housing availability and affordability.

HUD is preparing the Lead Risk Assessment Demonstration notice of funding opportunity (scheduled to be published this calendar year) for public housing agencies that administer the Housing Choice Voucher program to participate in the demonstration. Under its FY 2022 appropriation, above, and the implementing grant program, the demonstration would entail HUD funding, through the public housing agency, of:

- A lead risk assessment of a target (i.e., most pre-1978) housing unit for which a family that has or expects to have a child under age 6 residing in the unit wishes to have the owner accept a housing choice voucher; and
- Interim controls of any lead-based paint hazards identified by the risk assessment.

HUD will be conducting the demonstration to determine whether, with such HUD funding, owners of target housing in which subject families wish to reside using a housing choice voucher will be amenable to accepting the voucher or decline to accept it. (HUD is currently not authorized (per the Housing and Community Development Act of 1992, Title X, § 1012(a)(1); 42 U.S.C. § 4822(a)(1)) to require a risk assessment in the subject housing.)

The findings from this demonstration would set the stage for HUD being able to make a data-informed recommendation to Congress on the subject.

Housing and Urban Development
Fiscal Year 2023 Questions for the Record
 Congresswoman Ashley Hinson
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Operating Cost Adjustment Factor

Hinson #01

Question: Regarding the 2022 Operating Cost Adjustment Factor (OCAF), do you have any guidance on how Congress could offer new authority so that during extraordinary economic times multiple adjustments during the contract period (between property owner and HUD which varies per property) could be considered when costs differ plus or minus 4%, as an example. Further, when reviewing cost indicators to calculate the adjustment, would HUD consider including data from quarter four of the previous year through the end of quarter three in the current year for all OCAF increases? Using this period will reflect more accurate OCAFs, and better prevent OCAFs year being significantly lower than inflation, which we have seen this year.

HUD Response: The authority described in the question would provide additional flexibility. Currently, HUD's statute only allows for one annual rent adjustment, so HUD is unable to change rents in the situation described above. HUD would be glad to work with your staff and the Committee through a technical drafting service request. HUD's Office of Policy Development and Research uses the most current data available when calculating the OCAFs subject to the time constraints of calculating the factors, reviewing and approving the factors, and making the factors available to the housing providers with sufficient time for the property owners and managers to set their financials for the upcoming year. Updating the OCAFs more frequently would have budgetary implications which could be hard to predict.

[Housing and Urban Development]

Fiscal Year 2023 Questions for the Record

Congressman Steve Womack

Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations***Homeless Assistance Grants – FY23 Funding*****Womack #01**

HUD is requesting \$3.6 billion for Homeless Assistance Grants for FY23. This is also in addition to the \$4 billion we provided for homeless assistance in the CARES Act—of which, over two years later, only half has been spent—and the \$46.5 billion provided in the CARES Act and the American Rescue Plan for Emergency Rental Assistance, of which only 56% has been spent.

Question: Did you take the un-spent Covid funding and the low execution rate into account when crafting the FY23 request?

HUD Response: As of the end of March 2022, ESG-CV funds have helped hundreds of thousands of people with shelter and housing, including:

- 873,000 people served in emergency shelters, over 160,000 of whom are children and over 65,000 of whom are elderly (62 and over);
- 169,000 people have been served through Street Outreach programs;
- 142,000 people have been assisted with Rapid Re-Housing; and
- 155,000 have been assisted with homelessness prevention.

State and local governments had to scale up services at an unprecedented rate in order to respond to and begin recovery from the COVID-19 pandemic. At the same time, the Federal government made available myriad funding sources, each with their own eligible uses, administering agency, and expenditure deadlines. For example, the Department of Treasury’s Coronavirus Relief Fund is the most flexible but originally had an expenditure deadline of December 31, 2020. FEMA Public Assistance covers eligible emergency protective measures (including vaccinations, testing, and outreach) for eligible facilities and reimbursement for non-congregate sheltering (primarily hotels and motels) and has no maximum funding amount. CDC Epidemiology and Laboratory Capacity grants cover testing, contract tracing, surveillance, containment, and mitigation. Congress made the ESG CARES funds comparatively flexible, with a later spending deadline compared to other funds provided in the CARES Act. HUD is seeing great progress, with 62.5percent of the ESG-CV funds spent as of August 9, 2022, and recipients finding ways to balance the many funding streams.

The FY 2023 President's Budget request is primarily to fund the CoC Program which is the core source for funding permanent housing solutions, including for those who are living in encampments or other unsheltered locations. This was not part of the CARES Act funding. As we progress in the pandemic, communities have identified the need for more permanent supportive housing to serve people with significant health needs, and this request would provide that through the CoC Program.

The Department of Treasury's Emergency Rental Assistance (ERA) program, while having complementary goals to ESG, serves individuals with rental arrears, versus ESG's target population of people experiencing homelessness. Over the course of calendar year 2021, the ERA program has served over 955,000 people.

Womack #02

Question: Can you elaborate for the Committee on how HUD and Treasury coordinated to provide homeless, housing, and rental assistance resources during the pandemic?

HUD Response: The Emergency Solutions Grants CARES Act (ESG-CV) is primarily used to serve people who were already experiencing homelessness or were already going through the eviction process. With eviction moratoria in place, many households that were not able to pay their full rent, due to the prolonged shutdowns and loss of jobs, were not being evicted. Communities needed resources to address the tens of billions of dollars in accumulated rental arrears. The Emergency Rental Assistance (ERA) program addressed that need. HUD and Treasury coordinated to help communities understand the needs of those at risk of homelessness and to coordinate on documentation needs to determine eligibility for the various CARES Act programs. Because HUD has prior expertise with working with grantees on how to address grant timelines, documentation requirements, and other internal knowledge through the Continuum of Care program, HUD provided this experience to Treasury in standing up their ERA program. HUD worked with communities to help them utilize Treasury funds for households at risk of homelessness while targeting ESG-CV funds to provide life-saving emergency shelter and rapid rehousing resources for those already experiencing homelessness.

Wednesday, May 25, 2022.

MEMBERS' DAY

Mr. PRICE. This hearing of the Subcommittee on Transportation and HUD will come to order. This hearing is fully virtual, so I will address very quickly a few housekeeping matters.

The chair or staff designated by the chair might mute participants' microphones when they are not under recognition for the purpose of eliminating background noise. Members are responsible for muting and unmuting themselves. If you notice when you are recognized that you have not unmuted yourself, we will ask the staff to send you a request to unmute yourself. Please then accept that request.

I remind all members and all witnesses that the 5-minute clock still applies. If there is a technology issue, we will move along and come back to you so you cannot lose your time. You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock turns yellow. At 30 seconds, I will remind the member by tapping the gavel that their time is almost expired. Then the clock turns red when the time is up.

In terms of the speaking order, we will begin with the chair and ranking member, and then any other members in order of arrival.

Finally, House rules require me to remind you we set up an email address which members can send anything they wish to submit in writing at any of our hearings or markups. That email address is available to your staff.

The subcommittee will now come to order. Transportation, Housing and Urban Development Subcommittee funds programs that affect every district in the country, from building and repairing our Nation's affordable housing to improving our airports, roads, and bridges. The programs in our bill improve safety and provides stable housing for our most vulnerable, and create jobs that further America's economy. We are the infrastructure committee, both transportation and housing infrastructure, and we take that very seriously.

Today, we will hear testimony from Members on programs in the bill. We will use this information to guide the subcommittee as we assemble our fiscal 2023 bill. I would like to recognize our ranking member, Mario Diaz-Balart, my friend, for any comments he may have before we begin.

Mr. DIAZ-BALART. Thank you very much, Mr. Chairman. Actually, I just want to thank you for having this. You know, the Appropriations Committee is always constantly trying to get feedback from the Members to make sure we have a better product. I know that the chairman is a little bit under the weather and he is still doing this, so, again, Mr. Chairman, thank you for your willingness to always be open to all of the Members of Congress and also your

willingness to always work with us on the committee. And with that I welcome our first witness, and I yield back, Mr. Chairman.

Mr. PRICE. All right, thank you very much. And we will turn to that first witness, who is Elaine Luria of Virginia. Mrs. Luria, welcome to the subcommittee. You are recognized for 5 minutes. And we will, of course, put your full statement in the hearing record.

WEDNESDAY, MAY 25, 2022.

THE HONORABLE ELAINE G. LURIA, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

Mrs. LURIA. Thank you, Chairman Price and Ranking Member Diaz-Balart, and my colleagues on the subcommittee for this opportunity. Transportation, infrastructure, and housing are the backbone of safe communities and a thriving economy, and Virginia's Second District is the gateway to transport goods from the Chesapeake Bay and the Port of Virginia to the rest of the United States. Annually, the port and its related maritime industries are responsible for 530,000 jobs and 88 billion in spending across the Commonwealth, and generates 10 percent of our Gross State Product.

I would like to thank the subcommittee on supporting the Rebuilding American Infrastructure with Sustainability and Equity, or RAISED, grants, and the predecessor programs. My district has received over 29 million in these grants, which were key in improving the ability to transport people and goods from the Port of Virginia.

I would also like to highlight several projects that are important to our constituents. First, Laskin Road, which is part of the National Highway System that is in Virginia Beach, federally identified as a road important to the Nation's economy, defense, and mobility. I requested 2 million to improve the existing alignment of Laskin Road from Red Robin Road to Oriole Drive, for a length of approximately 0.6 miles, as well as minor improvements at Birdneck Road. Improvements to Laskin Road will widen it to four lanes—from four lanes to a traditional six-lane divided highway with a median, as well as a sidewalk and shared-use path for bicycles and pedestrians.

I am also requesting 3 million for the Nimmo Parkway Phase VII-B project to improve access to the Sandbridge area and provide a more resilient hurricane evacuation route for the residents. In the event of an obstruction that blocks the road completely, to include flooding, vehicle crashes, fallen trees, Sandbridge Road is impassable, and the only current detour is through the high-security military facility of Naval Air Station Oceana and Dam Neck. The detour can only be opened with permission from the U.S. Navy. With this funding, we will bring greater transportation reliability and safety to the residents and visitors of Virginia Beach.

For many individuals, including coastal Virginia and across the Nation, sidewalks and bike lanes are crucial commutes and vital for accessing services.

The Duffy's Lane Transit Center Relocation in Norfolk requests 500,000 to construct the Hampton Roads Transit Bus Center on West Ocean View Avenue at a highly visible location to ensure a safer environment for the nearly 1,000 daily bus patrons.

In Virginia Beach, I am requesting 2 million for the Virginia Beach Trail, which would connect different city centers and zones for further economic development and ease. It will also connect low- and moderate-income areas to a larger trail system.

In Williamsburg, which was the first municipality founded in the Commonwealth in 1632 and became the capital of the Virginia Colony in 1699, the Williamsburg African American Heritage Trail will tell a fuller story of its history by highlighting African American history and a storytelling that will unite us in a thread and understanding and respect for all those who came before us.

Essential investments in infrastructure cannot be forgotten for rural America. This includes projects such as expanding and modernizing our sewer system on Virginia's Eastern Shore. This is why I ask for your support for two projects on Virginia's Eastern Shore: the Exmore Sewage Collection System and the Wachapreague Sewer Line & Pump Station. The Exmore Sewage Collection System project will not only serve Exmore but will impact the entire Northampton County. The \$3 million project will be used to rebuild the sanitary sewer collection system and expand the system to provide service for affordable housing.

Moving north into Accomack County is my request for 3.09 million for the Wachapreague Sewer Line & Pump Station. The average age of Wachapreague township's septic tanks and drainage fields is over 50 years, exceeding by more than a decade the expected lifespan of these septic systems. This situation poses a health risk to privately owned wells and an environmental risk to the Atlantic Ocean and its barrier islands that are adjacent to Wachapreague.

I would like to highlight several programs that are critical not only for Coastal Virginia, but for America. As a 20-year Navy veteran, I appreciate the value of the subcommittee's funding brings to my top two program requests: the Department of Transportation's Maritime Security Program and the Housing and Urban Development's HUD-ASH program.

Again, I would like to extend my thanks to the prior support of RAISE grants and thank you for giving me the opportunity to highlight the importance of investing in infrastructure to our districts, our constituents, and our nation. And I yield back.

Mr. PRICE. Well, thank you. I think it is fair to say you packed a good deal into a 5-minute statement. A number of requests, some for other subcommittees, most for ours. We will certainly take this under advisement. We appreciate all the work you have done to assess the needs of your district and to relate them to the opportunities in our bill. So, thank you. I don't have any further questions. We will look at your full statement printed in the record.

Mr. Diaz-Balart, do you have any questions?

Mr. DIAZ-BALART. Mr. Chairman, just I want to thank the Congressman Luria for bringing up these important issues. Look, it is important for Members to do this, right? We should never leave it up to the bureaucrats and the bureaucracy to fight for the issues that are important in our country, that, frankly, the Members tend to have a better grasp of it. Right? I thank her, and I hope that other Members will do the same as our witness has done today.

Mr. Chairman, she highlighted a number of specific projects in her district. She also highlighted a couple of general items. One of them is ports, ports funding. I do want to tell you, Mr. Chairman, you know, I guess we can pat ourselves on the back because it was you and I that, for the first time, actually set aside money for ports, something that we thought was important. This was a sub-committee priority; it had not happened before. And so, again, Mr. Chairman, just one of those areas where we had been saying for many, many years that this, you know, this tends to be the infrastructure committee, not that others are not important, but we get our job done. And so that is just another area that I wanted to highlight from her testimony this morning.

I want to thank you again for coming forward, for testifying, for bringing up issues that are important to you as the representative of the people in your area, and, as the Chairman said, we take this very seriously. We will be looking at both requests.

And, again, with that, Mr. Chairman, I yield back.

Mr. PRICE. Well, thank you very much. You are, of course, absolutely right about the ports funding and where that started; and, fortunately, others have picked up on it, including the bipartisan infrastructure bill. Now, there are other possibilities, but, still, this year-to-year funding in the appropriations bill is absolutely critical and will remain so.

Mrs. Luria, thank you for the testimony. I have no further questions. And if we have no further comments, we will adjourn the hearing. Thank you very much.

THURSDAY, MAY 26, 2022.

**MANUFACTURED HOUSING: SUPPORTING AMERICA'S
LARGEST UNSUBSIDIZED AFFORDABLE HOUSING
STOCK**

WITNESSES

LANCE GEORGE, DIRECTOR OF RESEARCH AND INFORMATION, HOUSING ASSISTANCE COUNCIL

MICHAEL LIU, DIRECTOR, MIAMI-DADE COUNTY PUBLIC HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

GEORGE MCCARTHY, PRESIDENT AND CEO, LINCOLN INSTITUTE OF LAND POLICY

CLEMENTE MOJICA, PRESIDENT AND CEO, NEIGHBORHOOD PARTNERSHIP HOUSING SERVICES, INC.

MARY O'HARA, EXECUTIVE VICE PRESIDENT, ROC USA

Mr. PRICE. Hello, Norma? Who else do we have besides John Rutherford. All right, good. Garcia? Okay, good. We got a good lineup. All right, we're ready to go.

Ms. SUBRAMANIAN. Okay. Now that we are all on. Let's begin. I ask that all members turn on their video feed and remain on mute. Good afternoon, my name is Samhita and I am the Zoom host for today's hearing. Prior to today's hearing, all of your offices received information and instructions to troubleshoot technical questions and concerns. If you have an issue that requires technical support, please call the systems administrator for your office.

When you are speaking, please keep in mind that it will take a few seconds before you appear on the large screen. Pause for one moment after unmuting yourself and before talking to allow the system to catch up. Please speak loudly and clearly. We ask that your video feed is turned on throughout the proceeding. Members are responsible for muting and unmuting themselves. If I noticed when you are recognized that you have not unmuted yourself, I will send you a request to unmute yourself. Please then accept that request so you are no longer muted.

Once I finish this introduction, I will double check to make sure that everyone is muted. It will be silent for everyone on the Zoom until Chairman Price dabbles in the hearing. Any questions before we go live? Okay, great. Thank you. Mr. Chairman, you may now begin the countdown.

Mr. PRICE. This meeting of the Sub-Committee on Transportation, Housing, and Urban Development will come to order. As this meeting is fully virtual, we have got to address a few housekeeping matters. I will do so quickly.

For today's meeting, the Chair or staff designated by the Chair, may mute participants' microphones when they are not under recognition for the purposes of eliminating background noise. Members are responsible for muting and unmuting themselves. If I no-

tice when you are recognized that you have not unmuted yourself, I will ask the staff to send you a request to unmute yourself and then you can accept that request. I remind all members and the witnesses and the 5 minute clock still applies. If there is a technology issue, we will move to the next witness and, of course, you can reclaim the balance of your time.

You will notice a clock on your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn yellow and when the time is expired, the clock will turn red. I ask members and witnesses to try to time your questions and responses so that they do fall within the 5 minutes allocated to each member.

In terms of the speaking order, we will begin with the Chair and Ranking Member, then members who will be recognized in order of seniority for questioning, alternating sides. Finally, House rules require to remind you that we set up an email address to which members can send anything they wish to submit in writing on any writings or markup. That email address is available with your staffs.

Well, colleagues, we are here today to discuss the important role that manufactured housing plays in response to our nation's affordable housing crisis and some challenges that face manufactured housing in our community. This is a policy hearing. We are having it early in the season, however, because we want it to be fully considered as we write next year's appropriations bill. And we have a group of witnesses today that I think will challenge us and inform us and we are very grateful for people making time in what I know is a busy week to have this hearing which is the sort of hearing we could have any time of the year, but we are timing it now because we do think these policy challenges are pressing and that they do warrant consideration as we write the bill.

What about manufactured housing? It is probably helpful to clear up a few misconceptions first. Long gone are the trailer parks of yore, some of us remember. Replaced, though, by manufactured or mobile home parks that are no longer usually transient. In fact, there are established communities. I visited some in my district recently that opened my eyes to this. These are places where people have lived for decades, where children have grown up, senior citizens have found a stable place to live and interact. And no longer are most manufactured homes flimsy tornado-magnets, as they used to be called. Modern day manufactured housing built to the standards laid out in HUD's regulatory framework are actually safer and stronger than many houses built on site. Although I should say, that we understand that their regulatory framework may be in need of some modification.

These are not just temporary or disposable structures. They are homes to more than three million people in America. Many live in communities or mobile home parks where they often own the home itself, but not the land that the home sits on. And we will, of course, return to that situation many times today. Though a higher prevalence of homes are located across the South and the Western states, manufactured homes exist all across the country in urban, suburban, and rural areas. North Carolina is particularly noteworthy in this regard. This is 13 percent of our housing stock is manufactured housing.

Nationally, almost two-thirds of manufactured homes are owner-occupied, are working class, elderly, and immigrant families looking to maintain a sense of place and community.

Nationally, the median annual household income of manufactured home residents who own their homes is roughly half that of site built homeowners. Over a quarter of these homeowners earn less than \$20,000 annually and yet, they are homeowners. The cost to own or rent a manufactured home is, of course, lower than most homes built on site, but there are still a lot of distinct challenges and problems that these residents face. Distinct of their homes and to their way of life.

The average community is over 40 years old. Many of these communities face significant infrastructure and resilience challenges. Struggles that are only made worse by rising threats of natural disasters and extreme weather events due to climate change. Historic and continued disinvestment in infrastructure for these communities which, all too often, has been the reality. That's only serving to exacerbate financial pressures on owners and residents alike. There is another equally serious threat as well. In recent years, large financial and private equity firms have begun purchasing manufactured home communities, particularly in high growth areas, subsequently raising rents on land and associated fees. For many homeowners, including a substantial portion who live on fixed incomes, this can force them into impossible decisions.

Some take on additional tenants to handle costs. Others have to decide to prioritize paying rent, other critical personal expenses. Those who can't cut enough corners to make the rent payments find themselves forced to leave their community or even be evicted including in the midst of the COVID-19 pandemic.

As the cost to move a manufactured home is thousands of dollars, and many cannot be moved without critical structural damage, that often isn't a choice. There's no choice sometimes than selling the home. And even here, homeowners are dealt another blow. Because of the way that manufactured homes are titled, in the vast majority of states, they depreciate in value even as the cost of the land underneath them increases in value. Just like your new car loses value when you drive it off the lot, manufactured homes titled as personal property, and that's the way they ordinarily are titled, they lose their value despite the fact that homes rarely move once initially placed. That is a legal holdover from the days of trailers.

Only a few states and with extra hurdles are these homes titled as real property, allowing manufactured homeowners the same financial benefits as site built homeowners. For homeowners in these communities, these pressures are all too real. Over the past few years, we have seen story after story of predatory takeovers of manufactured home communities and private investment firms seeking a means to a quick profit. The manufactured home community can, indeed, be a source of fast money. But the collateral damage is that they become unaffordable to their residents or are shuttered and rebuilt as strip malls or market rate housing. And that is a possibility. These tracts can be taken out of housing all together, converted for more lucrative uses and then residents, of course, are displaced.

Federal policy has long shied away from issues specific to mobile and manufactured homes, but I think there's some evidence, including this hearing, that that is about to change. A few weeks ago, Secretary Fudge relayed to this Sub-Committee some of the ways that HUD and local jurisdictions have begun to address manufactured homes. Just last week, the White House released a Housing Supply Action Plan that included specific proposals to expand the availability, preserve the affordability of manufactured homes as a major component in the needed increase in this country's housing supply.

The Federal Housing Finance Administration as well recently released the Duty to Serve Underserved Markets Report for 2022–24 for Fannie Mae and Freddie Mac. The report includes guidance on financing options for manufactured housing. And lest we forget, still pending before the Congress, is the Build Back Better Bill which includes \$500 million in additional CDBG funding dedicated to infrastructure improvements for manufactured housing communities.

So, a lot going on. A lot to attend to. And there is much work that needs to be done and done quickly to help preserve the affordability of manufactured homes and communities. Now, we all know this is not just a Federal matter. There is a task for local communities here, local governments, managing land use and zoning, enforcing safety and sanitation standards. There's a challenge to non-profits and to community-minded developers as well.

Our focus today, though, is on Federal policy. Policy that despite the breadth and diversity of HUD's portfolio, as often seen, the manufacturing housing sector fall through the cracks. How can existing programs and funding streams be adapted or should new ones be demonstrated or established to empower manufactured home residents and communities to incentivize the preservation of these communities and disincentivize displacement? To support rehabilitation and renovation where indicated. To keep properties and investors in the affordable housing sector. Big questions and we have an outstanding panel of witnesses today who can also help us understand these challenges and these areas of opportunity, and who can speak to what aspects of Federal policy and programs need to be modified and expanded so that we can productively support the Americans who make manufactured housing their homes.

Our first witness will be Dr. George McCarthy, the President and CEO of The Lincoln Institute of Land Policy. Then Michael, Liu, the Director of the Miami-Dade County Public Housing and Community Development Department. Clemente Mojica, the President and CEO of Neighborhood Partnership Housing Services, Inc. Lance George, Director of Research and Information of the Housing Assistance Council. And Mary O'Hara, the Executive Vice President of ROC USA. We look forward to hearing from these witnesses this afternoon and, of course, collaborating with all colleagues as we produce a fiscal 2023 THUD Bill that we can all support and then the rest addresses issues that we know we need to deal with.

Let me turn now to my friend and Ranking Member, Mario Diaz-Balart who has cooperated fully in putting this hearing together. Ask for his opening comments.

Mr. DIAZ-BALART. Mr. Chairman, thank you very much for holding this very important hearing. And I know, Mr. Chairman, that you are a little bit under the weather and I will tell you, but you have not skipped a beat. And so, again, thank you for your leadership. I also want to thank the witnesses for taking their time to engage in the Sub-Committee on the challenge and promise of manufacturing housing along with the options for redeveloping mobile home parks. The Chairman spoke at length right now in his opening statement on this issue something he and I have had multiple conversations about. The issues are complex and they extend way beyond the Sub-Committee and way beyond HUD, actually.

But I know that we all share a common goal of giving more household a share of the American dream through home ownership, if at all possible. And if I may, Mr. Chairman, I do want to especially thank Director Michael Liu, who has done really, frankly, an excellent job in Miami-Dade County.

I've seen first-hand, Mr. Chairman, what Director Liu has accomplished for thousands upon thousands of folks in Southern Florida. I really don't think that there is a more innovative or knowledgeable Public Housing Director in the entire country. And we are really blessed to have you, Mr. Liu, in Miami-Dade County. And I want to thank our Miami-Dade County Mayor—I went to her and I asked her if I could tap into you and into your knowledge, Director Liu, and she was amazingly accommodating. And so, again, thank her as well. But even as housing prices soar, you, Director Liu, have worked in partnership, by the way, with State and local officials and the private sector to expand affordable housing. Your tireless work has contributed really to our nation's prosperity. So, Director Liu, thank you for your service and for spending the time with us here today.

I don't want to make a, Mr. Chairman, a very lengthy opening statement because we do have some amazing witnesses today. I am fortunate to have a district that ranges from densely urban to rural and to agricultural. And in Southern Florida, I see both the challenges and the opportunities of mobile home park redevelopment, and the options for homeownership that quality manufacturing housing can provide to working families. And so, obviously, the bulk of this work is really at the local level and the organizations represented here by our witnesses today. You all play an important role in really helping with innovation and expanding homeownership opportunities.

So, I hope this hearing is a continuation of an ongoing conversation about how we can help find the right tools and the policies to meet this challenge. The Chairman mentioned some of those challenges. I look forward to hearing from our witnesses today and with that, Mr. Chairman, I yield back. Mr. Chairman, I believe you are still muted. I apologize.

Mr. PRICE. Thank you. Yes, let us turn to those witnesses and remind each of them that we are going to gladly print your full statement in the hearing record, but we do ask you to leave your oral presentation to 5 minutes, so that we will have plenty of time for discussion.

Let us start with Mr. McCarthy, Dr. George McCarthy, who is the President and CEO of The Lincoln Institute of Land Policy.

Mr. MCCARTHY. Thank you, Chairman Price, Ranking Member Diaz-Balart and members of the Sub-Committee. You will have to excuse me. I learned yesterday that I am positive for COVID and I am talking about one octave lower than I normally would be. But thank you for the opportunity to discuss the vital role of manufactured homes as the source of affordable housing.

I want to share just one essential fact that is really important to understand about manufactured housing. Manufactured housing started as travel trailers, providing temporary housing for workers after World War II. And this was done as a response to critical housing shortages as G.I.s returned from the war. The housing itself evolved dramatically and now, manufactured housing is virtually indistinguishable from site built housing, both in performance and durability.

However, the institutions that support the manufactured housing sector did not evolve as rapidly and we continue to treat homes like automobiles; sold on lots, financed as personal property, and as the Chairman pointed out, valued using a Blue Book as an asset of diminishing value.

Today, manufactured housing, obviously, brings and sometimes the only opportunity for families to achieve the American dream of owning a high quality, affordable home. But failed policies and market practices have increasingly prioritized shelter for capital investments over shelter for families.

We urgently need Federal action to overcome serious abuses of politic power in this sector. So now, I will just briefly discuss the benefits of manufactured housing and some of the current challenges in the sector and the need for reform to address them.

First of all, manufactured housing is the largest source of affordable housing in the nation. Importantly, manufactured housing dwarfs the national stock of subsidized housing by millions of units. There are 6.7 million units of manufactured housing and 4.8 million units of subsidized housing according to the Department of Census. With an average price of just over \$100,000, the average manufactured home costs roughly half the price per square foot of the average site built home and as the Chairman pointed out, it serves a population with a median income of around \$35,000 or half of the median income of people who live in site built homes.

But make no mistake, these homes have been built to high quality standards, now are built to high quality standards and often are indistinguishable from traditional homes built on site. But owners of manufactured homes are considered second class. In particular, under the law and in housing finance markets. And particularly, those who live in manufactured home communities who do not own the land underneath their homes. These communities are now an attractive target for acquisition by private equity investors. Using inexpensive public capital from Government-sponsored enterprises like Fannie Mae and Freddie Mac, these investors are buying entire communities and raising the land rents charged to the homeowners.

In the last 8 years, Fannie Mae alone, Freddie Mac alone, provided \$9.6 billion of financing for the purchase of more than 950 manufactured home communities across 44 states, while offering financing to only two resident-owned communities during that same

time. Second, these investors exploit residents by raising land rents significantly while neglecting the streets and other infrastructure to boost their profits. Others raise land rents so much, residents are forced out and what is worse, our own Government fuels this exploitation by tilting the playing field in the mortgage markets.

Federal solutions must drive toward a single goal. To provide residents of manufactured homes with the same access to stability, financial opportunity, and quality of life available to owners of traditional homes. So, first, the Federal Government needs a dedicated source of funding to repair a neglected infrastructure in manufactured home communities. As the Chairman pointed out, the Build Back Better had an appropriation for infrastructure manufactured home communities and we hope that the fiscal year 2023 HUD appropriation will set aside the same funding for the community development block grant program and to finance critically needed infrastructure in the manufactured housing communities.

Second, we need to reform the financing systems so we don't find ourselves in this position again. Fannie Mae and Freddie Mac need to develop new finance products to support the sale of the communities to their current residents. They also should be required to publicly disclose the details of every loan they purchase to support the sale of manufactured home communities to private investors.

In addition, any park purchased using public money should come with the requirement that land rents remain affordable for the long term. In other words, land lease protections. Third, the Government-sponsored enterprises and the Department of Housing and Urban Development should develop new loan products or approve existing products with loan to value requirements or interest rates on par with traditional mortgages for site built homes. Fannie Mae and Freddie Mac should introduce new chattel products to serve the affordable housing market. And although HUD theoretically provides manufactured housing chattel financing through Title I, it is unnecessarily restricted loan limits, less than \$70,000 for home financing. This number is too low for most buyers when the average sales price for a new manufactured without land is \$87,000.

In addition, the Government needs to relax unnecessarily strict net worth and capital requirements for Title I lending to address a shortage of issuers. Ginny Mae now requires lenders to have a minimum net worth of \$10 million plus 10 percent of outstanding obligations to participate in this manufactured housing program, several times the requirement for single family issuers.

Finally, we should impose stringent new energy standards for manufactured housing to reduce the acute energy cost burdens for residents and we should establish a Cash for Clunkers program to retire the one million plus pre-HUD code homes with new energy star homes. In short, while the Federal Government alone cannot address every challenge associated with manufactured housing, we still won't make progress without Federal leadership. Thank you for the opportunity to testify and I look forward to your questions.

Mr. PRICE. Thank you very much. Now let us turn to Michael Liu. And we appreciate your being here and will welcome your testimony. The director, let me say the director of the Miami Dade County Public Housing and Community Development Department.

Mr. LIU. Thank you very much, Chairman Price, Ranking Member Diaz-Balart, members of the committee. Like so many metro properties currently used as housing for those with lower incomes, Mobile Home Park, MHP, owners are under intense pressure to sell, whether it be for warehouses, light industrial uses, or housing purposes. Demolished and rebuild with anything, that seems to be the mantra.

"Specifically, we find that half of mobile home park residents surveyed would have no where to go if they had to leave their mobile home. They would likely end up homeless, particularly if sufficient relocation assistance is not provided." This is from a Miami Dade MHP research paper written by South Florida Jobs with Justice and Florida International University Research Institute on Social and Economic Policy. The date of the report, 2010. In 12 years, things have not gotten better.

As the director of the largest housing agency in Florida that manages all Federal HUD programs and state-authorized housing loan funds I live with the reality that none of these programs are designed to assist mobile home park residents that are forced to move. This in the highest cost burden jurisdiction in the country.

The one state program that exists and is funded by owners of MHPs allows for maximum compensation of only \$6,000. With MHP properties in Miami Dade County commanding offers of over \$4 million an acre, government will be hard pressed to compete as a buyer if it wants to get into that market.

Alternatively, we can focus on ways to incentivize owners of MHPs to instead of selling to the highest bidder, get them to redevelop taking into consideration the housing needs of those who will have to relocate based on a real plan and provide significant public benefits for the surrounding community. We have created programs for the building of affordable housing and transforming public housing with the avid involvement of the private sector. Why not bring that same mindset to the effort to prevent wholesale MHP resident displacement?

Examples: make flexible CBG programs and allow local entitlement communities to determine how much of their allocations can be utilized for relocation assistance. Infrastructure dollars should be made available for responsible MHP redevelopment. Low-income housing tax credits should be set aside for MHP development projects.

This is a very important beginning, Mr. Chairman, and I thank you for the opportunity to express my thoughts. Thank you.

Mr. PRICE. All right. Thank you. Now let is turn to Clemente Mojica, the president and CEO of the Neighborhood Partnership Housing Services, Inc.

Mr. MOJICA. Thank you, Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee for the opportunity to provide testimony on how our organization is using manufactured housing to create more affordable home ownership opportunities in our suburban communities. I would also like to acknowledge Representatives Norma Torres and Pete Aguilar whose districts include my organization service area, as well as thanking Congresswoman Torres for the invitation to appear before you today.

My name is Clemente Arturo Mojica and I am representing Neighborhood Partnership Housing Services, or NPHS for short. NPHS is a community development financial institution focused on the Inland Empire region of Southern California which includes Riverside, San Bernardino, and eastern Los Angeles Counties. And we are a proud member of the network of NeighborWorks America affiliated organizations. Our mission is to build equitable communities by creating innovative housing and economic solutions that advance the wellbeing of people and vitality of our neighborhoods. And thanks to our comprehensive approach to community development NPHS has stimulated more than 4.5 billion in direct investments back into our local communities over the past 31 years.

As our current housing crisis deepens with affordable housing supply at historic lows, NPHS is urgently rethinking how to meet our communities' housing needs, especially around affordable home ownership. We see manufactured housing as a viable solution of increasing the supply and availability of affordable home ownership.

NPHS has tested the viability of manufactured housing to address the shortfall of affordable home ownership in our neighborhoods. We have placed nine manufactured homes in the city of Chino and San Bernardino to date with an additional 10 in our development pipeline. Using manufactured housing to redevelopment vacant, scattered, and often very blighted lots in our suburban neighborhoods, we have seen that factory-built leverages the efficiencies of the manufacturing process to increase the housing supply at an affordable price point and shorter construction timelines. Manufactured homes are highly customizable and energy efficient as well.

Manufactured housing holds promise for economies of scale when developing scattered vacant lots in urban, suburban, and rural neighborhoods. In our initial developments, the cost of developing factory-built homes has been anywhere between 24 to 30 percent less than traditional site-built homes. For example, excluding land value and offsite construction costs because those vary, it is costing NPHS approximately \$300,000 to construct a 1,500 square foot, 3 bedroom, and 2 bathroom manufactured home with a 2-car garage that is attached. Whereas a traditional site-built home with the same configuration and similar amenities costs NPHS approximately \$390,000.

Based on the lessons learned from our initial experience with manufactured housing we have secured our own retailer license to build and test a scalable and replicable manufactured housing social enterprise to help increase the supply of affordable home ownership. Our manufactured housing social enterprise has a twofold scale strategy. First, at the regional level use our status as a factory direct conduit to recoup and partner with other developers to increase the supply of affordable manufactured homes. Secondly, working with our national partners, Next Step and NeighborWorks America, we hope to build a scalable, adaptable, and replicable business model.

We are also integrating additional strategies with the potential to increase and preserve the supply of affordable home ownership. These strategies include manufactured accessory dwelling units, ADUs, placing manufactured homes on a community land trust to

preserve affordability for the long-term, pushing design innovation and standardization, and integrating energy upgrades such as solar panels and energy storage on manufactured homes.

To test these strategies NPHS is about to break ground on a factory-built demonstration project in the city of San Bernardino, which entails a manufactured single-family home and a manufactured accessory dwelling unit on a community land trust with solar energy and energy storage. These strategies will test the potential to improve climate resiliency, protect affordability, and test the accessibility of first mortgage financing for homebuyers purchasing manufactured homes on a community land trust.

I would like to close by expressing my gratitude to the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies for its commitment to mitigating our Nation's affordable housing challenges, and for its ongoing support of NeighborWorks America. Without this Federal resource which provided critical funding support for our manufactured housing program, we would not have been able to develop and implement this strategy in Riverside and San Bernardino Counties.

Thank you for your time and the opportunity to have shared the work NPHS is doing to increase affordable home ownership using manufactured housing. I look forward to answering your questions. Thank you very much.

Mr. PRICE. Thank you. Now we turn to Lance George, the director of research and information at the Housing Assistance Council.

Mr. GEORGE. Good afternoon, Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee. Thank you for this opportunity to testify on the role of manufactured homes as affordable housing, especially in rural communities. The Housing Assistance Council, often referred to as HAC, is a national nonprofit corporation that supports affordable housing efforts in rural areas of the United States and Territories. HAC helps build homes and communities across rural America. We work with local community-based entities, including nonprofits, municipalities, Tribal entities, and for-profit developers. These groups know what is best for their community. HAC helps enable them to improve their housing conditions through the provision of financial products, training and technical assistance, and research data and information services.

A community's housing stock is one of its most important resources. Manufactured homes are often an important and vital element of that stock, especially in rural America. There are approximately 6.7 million occupied manufactured and mobile homes in the United States comprising about 6 percent of the Nation's housing stock. More than half of all manufactured homes are located in rural areas around the country, and manufactured homes comprise 14 percent of all occupied homes in rural communities, more than twice the national rate.

While important, manufactured housing is all too often overlooked and unfairly maligned. This is likely more a factor of who lives in manufactured homes than any structural or aesthetic element. Although the demographics of manufactured housing are changing, lower income households still occupy the majority of this stock. Underserved populations, like farmworkers and those living

in Native American communities, also disproportionately utilize manufactured homes as a source of affordable housing.

Living in manufactured homes is often characterized by unique financing and land tenure issues. While the purchase of a manufactured home can be relatively affordable, financing costs can be much greater than for conventionally built homes. A large portion of manufactured homes are financed with personal property or chattel loans. With shorter terms and higher interest rates, personal property loans are generally less beneficial for consumers than conventional mortgage financing. Approximately 64 percent of all manufactured home loans in 2020 were classified as high cost, essentially having a substantially high interest rate. This is more than five times the level of high-cost lending for all homes nationally, and for manufactured home loans secured by the home only, without the land, that figure jumps to a staggering 90 percent high-cost rate.

The challenges facing manufactured home consumers and communities are complex. There is no single solution to address them all. While direct services should be paramount, access to accurate data and information is an important and vital component of strategies and solutions. Manufactured housing challenges are often obscured by a lack of reliable data and information. This is a particular concern with this sector where much of the data is not publicly available, especially around the extent of private financing and equity investment.

The Housing Assistance Council respectfully recommends that this subcommittee invest in robust research on manufactured housing. With an understanding of the current state of the manufactured housing market, Congress and the public can track shifts in this market and make well-informed investments in its success. If Congress is considering swift action, pilots or demonstration programs to improve the state of manufactured housing, then an immediate investment in data and research is even more urgently needed. The timeline confronted by a vulnerable low-income households currently at risk demands no less than well-informed decisions from Congress.

Manufactured housing is already a significant source of housing in rural places and it should continue to be a high quality, affordable housing option. But ultimately and finally, I wish to reiterate that manufactured homes and communities are just that, homes and communities. No different than any other house or any other community, and consumers and residents in manufactured homes deserve the same access to quality financing as well as the respect and attention from every sector. HAC looks forward to continuing our work with Congress and the Federal agencies to support the subcommittee's effort.

Thank you again for the opportunity to testify today.

Mr. PRICE. Thank you. Finally, let us turn to Mary O'Hara, the executive vice president of ROC USA.

Ms. O'HARA. Good afternoon, Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee. Thank you for this opportunity to testify.

I would like to speak about the—I would like to speak to the demonstrated success of resident-owned communities, or ROCs for

short. Resident ownership has been a proven solution that permanently preserves affordability, corrects the structural issues in this critical affordable housing marketplace, makes the best of Federal investment and serves as the only bulwark against the recent onslaught of private equity into people's homes.

I speak today on behalf of the 294 resident-owned communities and the 20,000-plus homeowners and their families that ROC USA represents. In 38 years, we have not had a single ROC close or return to the speculative market. Just to bring it home, there are at least 1,500 manufactured home communities in the 14 districts of the T-HUD subcommittee. That includes nearly 50,000 home sites. These communities are at risk of being bought and sold to the highest bidder and quickly becoming unaffordable or worse, bulldozed and redeveloped.

Resident-owned communities realign the ownership of the home and land. ROC homeowners continue to own their own homes and an equal share of the cooperative that owns the land. Each ROC member has a proprietary lease to occupy their lot forever and has a say in how the community is operated. ROCs are professionally managed, usually by a local property management company. An elected board of directors oversees third-party vendors for snow plowing, trash removal, just like any other community operator.

True, there are good community operators out there who invest in capital improvements, but too often homeowners who successfully purchased their neighborhoods must immediately turn their attention underground to address decades of disinvestment in aging water, sewer, and stormwater systems. We are talking basic health and safety infrastructure here. Imagine the lowest income homeowners paying interest on millions in debt in order to have clean drinking water and safe sanitation.

I work with Pasadena Trails, a 13-year-old ROC just outside of Houston. It is 114-home community in one of the best school districts in Texas. Pasadena's board is six Mexican American women who work in schools, landscaping, one is a retired nurse. As interest rates came down from a high in 2009 they looked to refinance their commercial mortgage. They decided to borrow enough to hire an engineer and address the drainage issues that had plagued them since before they bought the park.

Two weeks after they pulled the final draw on their construction loan, Hurricane Harvey devastated the Houston area. Pasadena Trails didn't have a drop of standing water in their community. Instead, homeowners were out volunteering brining supplies to their neighboring communities. These are ordinary homeowners taking things into their own hands and using their own resources to pay for infrastructure that every other homeowner takes for granted.

The chairman asked, how can this T-HUD and Congress support existing ROCs and preserve more manufactured home communities? One, include the \$500 million Manufactured Housing Investment Grant in the HUD 2023 Appropriations Bill. This is a set-aside within the CDBG program to fund critical infrastructure upgrades. Along with the desperately needed storm shelters that some states require, in ROCs they double as community centers and remote learning sites.

Two, help more of these communities. Give would-be resident owners the same kind of cheap Fannie and Freddie financing widely used by investors to purchase communities. While investors are raising rents to earn exorbitant returns, resident owners are stabilizing rents, preserving affordability, and investing in their affordable housing asset. Acquisition financing can come from equity investments and CDFIs through the GSEs, FHFA or the CDFI fund, or through existing HUD programs.

Three, public investment in investor-owned communities, including financing by Fannie and Freddie, should include a requirement of long-term release provisions and the opportunity for homeowners to purchase the property when it is put up for sale. This preserves the public investment and creates permanent, long-term affordability.

Finally, Congress should create a manufactured home community capital gains credit to encourage community owners to sell to the homeowners who live there. Let us incentivize operators who want to sell to their residents.

On behalf of the thousands of homeowners living in manufactured home communities we thank you for shining a light on this critical issue and inviting us here to share our practitioner-based experience. We urge you to include funding for community infrastructure and acquisition in the HUD 2023 Appropriations Bill.

Mr. PRICE. Thank you very much. And that does conclude our testimony from five very impressive and helpful witnesses. We will proceed now to the questions.

The members will be recognized at the time the hearing was called in order of seniority, and we will proceed. I will ask the first questions, and then we will be on our way. Please be mindful of the time, Members, and allow the witness time to answer the question within the allocated 5 minutes.

So, with that, I will focus this first question on Ms. O'Hara and Dr. McCarthy, not meaning to exclude the others, but we have limited time, and I want to distill some of the things we have heard today. Many of you have touched on the themes I outlined in the opening statement, and I am grateful for that. I am going to ask you maybe to distill it even further, though, and to focus on the existing HUD portfolio, existing programs, and the way they are or are not serving manufactured housing communities, and the way that, with modifications, they might be. I realize there may be some new funding streams that are needed and so forth, but to focus on the existing CDBG, Section 108, Home, Choice Neighborhoods perhaps, and then LIHEAP other programs. Which of these are particularly important?

A lot of the discussion today has been about the threat to the homes that come when the developments are purchased, sold to new owners. Of course, we need to know what we can realistically do to address that, what communities can do. But there is also the question of infrastructure and the quality of manufactured housing and the way they are served by the infrastructure in the community: stable water, sewage, electricity to residents, protection against extreme weather events. And so many of these Federal programs are aimed at enhancing, of course, infrastructure, and they are used that way. CDBG programs support infrastructure for all

kinds of housing developments. So how can we build on these programs?

I am starting with you, Ms. O'Hara, particularly mindful of ROC's specific role in promoting resident-owned developments, and what kind of particular obstacles have perhaps been present in those situations in addressing their short- and long-term needs. Let me start with you, Ms. O'Hara.

Ms. O'HARA. Well, I thank you, Chairman. Thank you very much. I would say, in terms of the existing HUD programs, CDBG has been utilized very successfully by resident-owned communities in some states. As you know, CDBG is a very competitive program in most locales, and different states, different jurisdictions, all use their CDBG monies in different ways. To have a set-aside for resident-owned communities, for manufactured housing communities, that would directly place them in a situation where there would be money that was directed towards their infrastructure needs could be absolutely critical. And the issue sometimes with CDBG, as I said, is locales have different priorities, depending.

I would also say that some of the difficulties fall in the fact that manufactured housing communities fall between the cracks of multifamily versus single-family, or rental versus home ownership. They are home ownership, but they sometimes are not seen as home ownership even in resident-owned communities. Again, minor rule change to recognize limited equity housing cooperatives as home ownership and enabling the myriad of programs to be available in manufactured home communities, whether it is for infrastructure or the homes themselves. We have had issues trying to access weatherization, home repair, obviously, as many people here have spoken to, is the mortgage financing.

But the other piece in terms of being able to create new resident-owned communities is we need a source that is quick. You know, CDBG, home funding, all of those are based on rounds and based on significant time situations and the fact that they are competitive. In the ROC USA model, we are meeting community owners' real estate transaction timeframes. We are helping homeowners purchase these communities in 90 to 120 days. We need to be able to deliver financing in a very rapid timeframe.

So again, creating in the same way, honestly, that these investor-buyers are using Fannie and Freddie money, right, they have that money available to them in a commercial timeframe. We need the same to be available for homeowners purchasing their communities.

Mr. PRICE. Okay, thank you. Dr. McCarthy.

Mr. MCCARTHY. Yeah, I would focus on Title I because, you know, as you pointed out, Chairman Price, one of the biggest problems for manufactured housing owners is they get inferior access to inferior financing to buy their homes. But Title I is overly restrictive and they need to kind of increase the loan limits in Title I, and they also have to reduce the capital requirements for issuers.

One of the things that is always a problem in affordable housing is the small loan program. There is not issuers who want to make small mortgages, and then to add the additional burden that they have to have so much capitalization to make those small loans is just a bridge too far. And so for us, we think that increasing the

number of issuers, and particularly if we could find ways to get CDFIs to issue challenge mortgages through Title I, and then increasing the loan limits would go a long way towards making it possible for people not only to buy new manufactured homes as their first homes, but also to replace their homes when their homes aren't working so well.

The other thing is that, you know, you mentioned LIHEAP. Most of the energy programs, which I know are weatherization, which are done through the Department of Energy, are not very helpful in the manufactured housing space because very often the best treatment for manufactured housing is to replace the whole home. And we have actually shown that, using the Department of Energy formulas, home replacement is actually economical, meaning that the energy savings alone would pay the mortgage for the replaced home in many cases. And so we have worked with a few states that have made that happen, but generally that is, you know, hit-or-miss kind of retail level kind of work. So I would focus on those two for now.

Mr. PRICE. All right, thank you. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. Dr. Liu, let me start with you. You know, you have a unique role as an executive of a very large PHA that is also responsible for both CDBG and HOME funds. You talked a little bit about this in your introduction, but can you discuss some of the HUD programs and tools that potentially can be utilized to incentivize developers or property owners to redevelop aging mobile home parks into vibrant communities that also include affordable housing?

You mentioned the cost, for example, of moving residents, right, whether it is temporarily or full-time, and many of the folks that live in these parks probably are not HUD housing recipients. So how do you deal with that? What are some of the potential regulatory and statutory barriers that you face as you work to execute these types of redevelopment projects?

Mr. LIU. Congressman, Ranking Member Diaz-Balart, thank you. While CDBG certainly is useful, as has been mentioned for infrastructure, it is also a tool that can be used to address potential displacement, as well as being used for assistance in finding alternative housing. And some of those alternatives should be in the form of preference given by the developers of redeveloped sites if, in fact, they accept a package of assisting these residents.

But what needs to be done is to increase or eliminate, for the purposes of helping mobile home park residents, the 15 percent cap on public service categories of use of CDBG funds. That would give the local jurisdictions, and this is also another point, the local entitlement communities need to be given flexibility to manage the assistance provided through CDBG.

With all due respect to my brethren in HUD back in Washington, D.C., it just is not going work if the programs are managed from Washington. They have to be managed at the local jurisdictions.

Also, I do believe, and I want to mention this, that if the Federal Government is willing to make a significant investment in redeveloping and working with developers who are community-spirited and incentivizing them, I certainly do believe that it is appropriate for the Federal Government to require that local governments,

state governments provide some form of assistance in order to access Federal assistance, and Miami-Dade is willing to do that in the challenges that we face. Metro areas certainly have different pressures than rural areas. As I mentioned, the cost of land here is so large, we have to find ways to incentivize owners of the mobile home parks to, if indeed, rather than sell, redevelop in a way that is sensitive to their residents who are there, giving them options on the redeveloped properties certainly with the same concepts that we have done in the realm of public housing, et cetera.

Mr. DIAZ-BALART. So you have thought about this and you talked about incentives. What kind of incentives can be provided to the private sector in order to develop—you know, you mentioned not throw these people out, to hopefully also develop affordable housing on these properties? And how can they effectively work with DHS, PHAs like yours, community development agencies, and others, and other capacity building organizations?

Mr. LIU. Well, first of all, certainly, relocation assistance, as well as preferences given back onsite are key. If we can come up—if the government can provide enough assistance to work with the owners of mobile home parks to compassionately and fairly work with residents to provide the relocation assistance, that can go a long way. And what are we talking about? Well, we are talking about more than \$6,000. That is not going to work.

If we can provide significant, for instance, potential home ownership options, heavy-duty down payment assistance, special mortgage assistance, again, to incentivize then the developers to provide home ownership options for mobile home park residents on the new redeveloped properties, that certainly can work. And local jurisdictions, such as mine, have the ability to assist on that, along with the flexibility that can be given with CDBG.

Secondly, a significant relocation package similar to the concept behind the URA to provide mobile home tenants and residents who don't want to return or who are looking for other options offsite, we have to be ready to provide that kind of assistance. So counseling, relocation counseling and assistance, dealing with moving expenses, all of that needs to be packaged together for mobile home park residents.

And I think in combination with Federal Government support, state support, local government support, that it is possible to consider packages ranging anywhere from 30- to \$50,000 per family, which I then think would be a reasonable incentive then to the owners of these sites to say that makes sense, you know, I can do that. And along with potential assistance on infrastructure cost, as has been mentioned by others, I do think that we can come up with a program that doesn't exist today, that can help the situation regarding mobile home park redevelopment.

Mr. DIAZ-BALART. Thank you. Mr. Chairman, I know you have indulged us with extra time, and I greatly appreciate it. I know it is an issue that is near and dear with your heart, and it is an issue that is going to continue to get worse, not better unless we address it. So, again, thank you, Mr. Chairman, for allowing me to go over time.

Mr. PRICE. Sure. That was an important answer and we benefit from it. All right, Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman, and thank you to the ranking member for having this hearing. This issue goes back to when I was a Cook County commissioner and, you know, we started talking about how in our unincorporated areas in Cook County there was an extraordinary need for this kind of housing and the issues on a local basis that were challenging.

But I want to add, Mr. George, I appreciate the fact that you were referencing the need for comprehensive real-time data in your written testimony, and without a grasp of this nationwide we are really going to struggle to understand the breadth and depth of the challenges and to formulate really comprehensive policy. My question is if you could give a little deeper dive, and others including and Ms. O'Hare, talk about this. What are the gaps currently that exist we should be thinking about in the data to further understand these needs? And what are some of the things that, you know, we don't know about manufactured home communities, the challenges they face? And what can we do to expand this data?

Mr. GEORGE. Thank you, Vice Chairman Quigley. It is an excellent question. I think there are two really initial realms to look at in the access and utilization and procurement of data, the first of which would be in the private realm, in the private sector.

Candidly, this is largely, and it has been noted by several of the members and the witnesses that this housing largely operates in the private space. It is largely unsubsidized, and that also means much of the data is in that particular space, as well. But sometimes that market data, especially we have often noted, manufactured housing is often overlooked and noted as maligned, and that data is typically not available, especially to the public sector. So I think there are avenues for resources to procure and collect private market data, which will really help understand that side of the market.

On the public side, I do think there are, especially within the realm of the U.S. Department of Housing and Urban Development, there are also some improvements that can be made on that side. Notably is the manufactured home survey that has been conducted for many years, a very valuable and rich piece of information. But notably, some of that data is actually been taken away or restricted.

One good example is in the past it is a collection, because HUD has overview of basically the regulation of the siting and placement of manufactured homes, we would get data frequently on the placements and the siting and the shipments of manufactured homes from the factories. But a few years ago, the data, I think for cost-saving measures, were taken away on placements. And that is a pretty valuable piece of data information to access this type of housing.

Secondly, the American Housing Survey, which is a very rich source of information, a detailed source of rich information on America's housing stock, gives us a really valuable and rich source of information, and it is commissioned by the U.S. Department of Housing and Urban Development. Much of the data has been suppressed or taken away. Notably, just an example in this realm, it is much more difficult to access information on rural communities, but also just other characteristics related to manufactured housing.

For example, the variable that allows us to analyze, at least in the public use file, if a home is located in a manufactured home community or not. So those are a couple of examples.

And I will finally just mention that I think there have been some advances made in the data, particularly by the Office of the Consumer Financial Protection Bureau. They have made great advances. That is a good example where there have been some improvements in the Home Mortgage Disclosure Act. It has still not gone far enough, but it has given us some additional insights that we just simply didn't have a few years ago.

So those are a couple of examples, both on the private and the public side. Thank you.

Mr. QUIGLEY. Anyone else wish to add to that?

Ms. O'HARA. Just I would like to reinforce what Lance just said about understanding manufactured homes in communities versus manufactured homes on fee simple sites. Because so much of the data is mixed, it is very hard sometimes to be able to really see what is going on in communities versus in the fee simple sites themselves.

Also, just on the financing side and when things are bought and sold and who is doing the financing, Fannie and Freddie do have to disclose any information on the communities that they are financing, and that would be tremendously beneficial, I think, for all of us.

George, I wanted to give you a minute there, sorry.

Mr. MCCARTHY. No, Mary, you said what I was going to say, which is that we need better disclosure on the purchases of these manufactured housing communities using public money. I mean, we just need to know more.

Ms. O'HARA. Just the other thing is it is really hard to find the real owner of communities, and we struggle all the time because in states where we don't have opportunity to purchase, we are out there trying to get in touch with community owners, and often-times it is through, you know, a multilayer of LLCs in order to find who actually owns the community.

And finally, on the infrastructure side, nobody is tracking what is happening in manufactured home community infrastructure repair or replacement, and we are dealing with systems that are often 40, 50, and 60 years old. So an ability to look at that would be a tremendous help, I think, to a group like this, particularly.

Mr. QUIGLEY. Very good, thank you. I yield back.

Mr. PRICE. To be continued. Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chair and Ranking Member. I would like to begin with you, Director Liu. I know you really are on the front line of trying to ensure that families have safe and affordable places to call home. And I know you mentioned twice now the importance of having that local flexibility, and I think that is incredibly important, too, having been, you know, a former sheriff in my own community and understanding the engagement with the Federal Government in local affairs.

I want to ask you this, because one of the things that I saw happening in my community was a lot of our affordable housing, now this was an urban district, but a lot of our housing that was being refurbished by a lot of nonprofits who would go in and build afford-

able housing on vacant lots and in other places, some homes had to be torn down, and we actually saw tie-ins between crime and home ownership. And we overlaid those two, home ownership with the amount of crime in a community. And so what I would like to ask, and this kind of goes to the data question that I think Mr. George brought up earlier, as well, and that is are there any similar studies where we have redevelopment or can we use some information of redevelopment of either residentially-owned communities or just mobile home communities, in general?

Mr. LIU. That is an excellent question. I think there probably is a lack of specific information on that and that certainly would be a great area for research. But I think there is a fair amount of research on redevelopment, generally, outside of the mobile home park area, whether you are talking about public housing or low-income areas that have gone through redevelopment. And by and large, the data is overwhelming that, done well, done with the right planning, that redevelopment brings a huge drop in crime.

Mr. RUTHERFORD. Right. So, let me switch to Mr. Mojica for a minute. I know your organization has used HOME funds and particularly the Treasury's CDFI access. Can you talk a little bit about that really does bring some good flexibility into the situation. Am I correct in that? Or, I mean, CDFI seems to be one way to ensure you are getting the flexibility that you need in a community.

Mr. MOJICA. Yeah. Thank you for that question, Congressman. Absolutely. I mean, at least in the communities that we are serving here in Southern California, Inland Empire, Riverside, San Bernardino counties, we are working in very distressed areas, particularly in neighborhoods in the city of San Bernardino, where the cost of development supersedes the amount of the sales price that the home is going to be sold. So we are partnering with the local governments to go ahead and use HOME dollars to subsidize the difference, and get more of these units off the ground. Because there is a gap, so it is a construction equity.

Mr. RUTHERFORD. Oh, I hadn't even thought about that, yeah.

Mr. MOJICA. Yeah. And the good news is, as we are building these real estate markets through these infill developments, the subsidy that is needed is getting less and less and less. So, the idea, without gentrifying our neighborhoods, of course, is to elevate the—reduce the amount of public subsidy that is needed to subsidize the construction of these units.

Now, that is—and, again, it is all about leveraging public resources. But, you know, HOME, using HOME dollars means that the homes have to be sold to families at 80 percent or below the average median income. These homes are not being sold below market rate. We want to keep elevating, you know, and stabilizing the value of homes. So those families that are going to buy these factory-built homes at market rate are going to need down payment assistance. And as a CDFI, we use CDFI funds from the United States Treasury as down payment assistance to help these families purchase the home.

So a lot of flexibility and a lot of leveraging using these programs. So we utilize HOME a lot and CDFI funds quite a bit to help make the purchase of these homes sustainable.

Mr. RUTHERFORD. Awesome. Thank you for that information. I hadn't even thought about that aspect of it. So thank you very much. I assume my time has run out, Mr. Chairman. I yield back.

Mr. PRICE. Well, thank you. Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman. And thank you to all the witnesses for being here with us today on this important topic.

Dr. McCarthy, I sort of want to go back to talking about some of the financing for these homeowners. According to the Consumer Financial Protection Bureau, 60 percent of manufactured homes qualify for a mortgage, but almost 20 percent of those qualified homeowners opt to use a chattel loan instead. Can you explain why they are opting for more expensive financing? Is this a lack of access or understanding? Or are the consumers actually being pushed into less attractive financing?

Mr. MCCARTHY. Yeah. Thank you for that question. It is probably three things. One thing is that very often homes are sold on lots, very much like cars, and then the dealer arranges the financing. And almost always, when dealers arrange financing, they arrange them with private property chattel lenders.

The other thing is that there is a lot more, in the manufactured housing space, there is a lot more chattel lenders out there than there are mortgage lenders. And one of the reasons is because the loans are small and there is just not a lot of lenders who want to work in that small loan space. And so the execution is quick, and they know that housing sector very well, and so they can make the loans very quickly.

And a third reason is just because there is very little home ownership preparation offered to people who are buying manufactured homes. And so one of our partners, Next Step Homes, has developed an online home ownership education counseling program to give people kind of the background they need to make informed decisions when they buy a home.

But it is not required, but it is, of course, suggested that people find a way to those things kind of a little bit randomly, a little bit haphazardly, because there is no real incentive for people to get that kind of assistance unless they come through some mission-driven organization, like a NeighborWorks organization or something, to help them buy the home.

But as you know from the CFPB publication, the chattel loans are much more expensive and they have much worse terms, right? And the worst thing is, they also have much worse protections. So if you miss a payment on a chattel loan, you could lose your home within sometimes 15 days through repossession as opposed to the legal process of mortgage foreclosure, right?

Ms. CLARK. Yeah. Yeah. And, of course, we see these patterns played out in refinancing as well. Just—

Mr. MCCARTHY. Oh, absolutely. Absolutely.

Ms. CLARK. Far less refinancing. Here in Massachusetts, our attorney general has a manufactured home division, so that people can get information. Do you see that across the country? Is that common in other Attorneys General Offices?

Mr. MCCARTHY. No. And as a matter of fact, you know, I speak proudly, I am a Massachusetts person, too. And in Massachusetts, they have some of the best protections for manufactured home-

owners in the country. So people who live in manufactured housing communities get a right of first refusal if—and they are required to be notified if the home is—if their park is going to be sold. And the state takes a very active role in trying to help preserve the manufactured housing stock. Which is ironic because Massachusetts doesn't have a very large share of the manufactured homes in the country, but they have done a very good job of preserving them.

Ms. CLARK. Well, that is good to know. I know that when I worked at the Attorney General's Office we certainly—we dealt with this issue all the time.

And you sort of led me right over to Ms. O'Hara, who I think was raising her hand. A little Bay State question collaboration here, but I wondered if you could talk about those protections Dr. McCarthy was just—and, you know, what—if you can give us a little more detail about what happens to consumers when we see corporate investors coming in, taking over, raising rents?

Ms. O'HARA. Well, that is a—thank you very much, Representative Clark. And Massachusetts has had some of the most success with resident-owned communities. We have 27 resident-owned communities in Massachusetts, and some of the incredibly increasing markets in the state. And we have had great success with the Attorney General's Office. The attorney general has a commission which is staffed both by community owners and by homeowners in addition to the AG themselves. And they review all of the community rules of every community in the state. And they have a hotline. I think the only other state with sort of an equal protection is maybe New York and Oregon are the other two.

I would also say that Massachusetts is an awesome example of where homeowners who own their communities have done major infrastructure repairs and replacements that were never done by the prior owners or by those who have bought properties and then sold them quickly.

We always, you know, do Massachusetts like this. Well, everything up here drains into Buzzards Bay. The Department of Environmental Protection is one of resident-owned communities best friends because he has had properties that they have tried to get the community owners to fix the septic and sewer wastewater, and has never been corrected. And once the residents purchased the community, the first thing they want to do is address those issues.

We use a CDFI fund, as well. ROC USA Capital finances both the acquisition and these infrastructure improvements. So, as Representative Rutherford was talking about, CDFIs have been the quickest, most flexible in their ability to partner and leverage other financing. We had participation in ROC USA Capital loans from the Federal—the state housing finance agencies that have helped break down the cost of debt with their monies.

So I won't go on, because I can see the red. But I think there is just a lot that we could do.

Ms. CLARK. Thank you so much. Thank you for your indulgence, Mr. Chairman.

Mr. PRICE. Thank you. Mr. Garcia.

Mr. GARCIA. Thank you, Mr. Chairman and Ranking Member and all of our witnesses. I think these manufactured homes play

an important role, especially when it comes to some of the housing challenges that we have. As a former real estate investor myself, I do want to echo Director Liu's sentiments that we can't go after the landowners and we can't go after the investors who are looking to develop these parks. We need to incentivize them. In my endeavors, with more than 25 units of single-family homes and multi-family residences, I was able to do that because of the investment opportunities. I was still able to make a profit while providing housing below fair market value rents. And in some cases, actually sell that house to the tenants for as much as 20 percent below the fair market value. These are single-family homes, primarily, that I am talking about.

I get a little concerned when I hear folks start blending issues and starting to use different vernacular. And I just want to be very clear on this. This is about a housing shortage. This is about housing affordability. This is about enabling homeless families to get a roof over their head. And we all need to collectively figure out how to do that in a manner that is affordable and not completely government subsidized.

I get squeamish when you start blending in the term "home ownership" because in some cases home ownership is actually not the right thing for some of these families. It is better to rent. And I would submit that with something like manufactured homes that are typically, historically depreciating liabilities and not appreciating assets, saddling a family with a mortgage to something that is going down in value is very dangerous. It actually sets them up for failure in the future.

And so, I think the goal is to figure out how do we get more roofs over heads? How do we get more of these assets on the ground and incentivize landowners and developers to build more parks and get them rented out? And it's okay for them to make some profit in that endeavor, just to make sure that we are providing the housing. Otherwise they leave town and there are no more manufactured home parks as an option.

Mr. Mojica, I had a couple questions. Again, it just goes to the vernacular that we are using here. You said that the 1,500-square-foot house costs NPHS \$300,000 to make. What do you sell them for?

Mr. MOJICA. So when we sell these homes, we sell them at market rate. And because we are using HOME dollars to offset some of the construction costs, part of the financing, they are sold at 95 percent of the median home price. So, in this case, the homes that we are going to be selling, for example, the next three homes are going to sell for \$365,000. So they cost about \$300,000 to develop and we are going to sell them at \$365,000. Now—

Mr. GARCIA. So you have roughly close to 30 percent—or rather 20 percent profit margins on your sales, is that about right?

Mr. MOJICA. No. And actually, that is what I was about to go ahead and clarify. So that is not including land value. The total development, that was just explaining land value and offsite improvements. Because these lots are very distressed and awkward, the actual total development cost, total development cost, you know, they are about upwards to \$380,000. And during my testimony, I wanted to make sure I made that distinction because—

Mr. GARCIA. So you own the land and then—so you buy the land and then sell the land with the unit, is that right?

Mr. MOJICA. That is correct. Yes. Yes.

Mr. GARCIA. Okay.

Mr. MOJICA. We own the land and we sell it.

Mr. GARCIA. Where are you—where do you buy the land? I ask this because I am from Southern California, as well, so I am just curious—

Mr. MOJICA. Oh, okay.

Mr. GARCIA [continuing]. How you are saying in business with—yeah.

Mr. MOJICA. Yeah. So in this case, we are getting the land donated from the city of San Bernardino and other jurisdictions.

Mr. GARCIA. Okay. So this requires—your business model requires land to be donated. And then are you telling me that you are only profiting about \$10,000 per transaction then? With—

Mr. MOJICA. Well, in some cases, we are not profiting at all. And this is where the HOME dollars come in and subsidize that loss. The idea that—the reason we are in these neighborhoods, where we are operating at a loss is because we want to elevate the property values and be less dependent on public subsidies. And that is one of the big strategies of suburban infill development.

So I hope I clarified and answered your question. But this is your traditional single-family home ownership infill development using factory-built housing versus onsite-built housing because that would cost a lot more total, including land, including offsite. Yeah.

Mr. GARCIA. Yup. Understood. Okay. All right. I just get really squeamish when markets are peaking, rates are going high, and encouraging especially folks of lower income to purchase a home when they may be caught holding the bag with negative loan-to-value ratios here shortly.

So I am out of time. I yield back. Thank you, Mr. Chair.

Mr. PRICE. Mrs. Torres.

Mrs. TORRES. Here it is. Thank you, Mr. Chairman, and thank you so much to all of our guests. It has been quite a great conversation around manufactured homes and mobile home parks.

And, generally speaking, Mr. Mojica, in the Inland Empire, we have, you know, a big challenge of mobile home parks. And I am not just talking about the registered mobile home parks, but I am also speaking to unregistered parks that could be areas where they were, you know, desolate, no one was out there, there was absolutely nothing. People moved out. They might have parked their camper. They might have, you know, brought in, you know, a car and they might be sleeping in a car. And eventually they might have, you know, brought in a manufactured home.

Those are huge challenges for our communities. Because how do you help those communities or those people living in these unregistered areas? And I know the Coachella Valley has several of those. In my own home city of Pomona, when I was a local elected official there, we had 26 mobile home parks. All of them had issues with septic tanks. All of them had issues with lack of basic infrastructure, electricity, and all of that.

So we had quite a, you know, big conversation around CDBG and how that funding could be utilized to help improve this. Can you

talk a little bit more about rehabbing some of—the opportunities that could exist in rehabbing some of these parks and bringing them to compliance?

Mr. MOJICA. Thank you very much for that question, Congresswoman Torres. So, yeah, it is a big issue. I mean, the Inland Empire, you know, has a lot of mobile home parks. And working with the local governments, we have seen that one of the biggest issues for registered and unregistered mobile home parks is mobile home replacement programs. But one of the things that we are looking at doing in working with some of the local government is now that we ourselves are a retailer and can source a supply of manufactured housing, is how can we create a mobile home replacement program using private sector dollars versus CDBG or even HOME in order to do a mobile home replacement program? That is a huge problem in our area right now, that there is not a lot of resources and funding for aging, older mobile homes that need to be replaced. So that is a big issue, and that is one of the things that we are looking at doing as a CDFI working with local government.

Another issue that we are looking at, especially with the unregistered, and I am going to give you an example of that, mobile home parks is in the Coachella Valley, which you referenced, the Polanco Park Community, which you may be familiar with, right, I think, I believe that most of them are unregistered, right? But they have been recognized by the state as actual entities, right? And you have got basic infrastructure, you know.

I met with Pueblos Unidos, a nonprofit organization that incubates the Polanco Parks. You know, I think there is about 56 or so Polanco Parks in the Coachella Valley. It is quite a bit, totaling hundreds of units of, yeah, of housing. And we are looking at how can we as—not just NPHS, but other CDFIs, how can we be a better financial conduit to bring private sector dollars, leveraged with public subsidies, if we can, in order to bring infrastructure improvements?

And over there, in the Polanco Parks, for example, is basic infrastructure for sewage and water. There is a lot of issues with arsenic and not having sanitary water because they don't have access to that; and also electricity. When the Santa Ana winds come through, and this is about climate change as well, those parks get hit really, really hard.

So those are some ways that we are looking at working with both registered, unregistered mobile homes communities.

Mrs. TORRES. So should we be looking at a specific line item to help bring these parks, you know, to current standards?

Mr. GARCIA. Yeah. Absolutely. And from working with the Polanco Park community, the biggest thing is, can we bring in private sector capital, you know, and leverage that with Federal dollars, let us say CDFI ones, to offset the infrastructure improvements that are needed?

Mrs. TORRES. My time is up. I am going to yield back, but we are going to come back to this conversation on the second round. Thank you.

Mr. PRICE. Mr. Aguilar.

Mr. AGUILAR. Thank you so much, Mr. Chairman. I appreciate you having this panel. And as Congresswoman Torres noted, it is

an honor to have Mr. Mojica testify before the subcommittee and to highlight some of the great work that neighborhood partnership housing services does for our region. And I am going to put Mr. Rutherford as a supporter based on that previous exchange.

I was proud, Mr. Rutherford, to put forward a community project funding request on behalf of NPHS for their Sustainable Communities Catalyst Project. It is a 12-month project designed to create and preserve affordable housing by developing manufactured housing on a vacant lot in the city of San Bernardino and revitalizing the surrounding neighborhoods and local businesses.

So, Clemente, I wanted to ask you, you know, what Federal resources does NPHS currently leverage to redevelop projects like this, where vacant lots, working with local governments, and utilizing manufactured housing?

Mr. MOJICA. Thank you, Congressman Aguilar, for that question. We primarily use—and following back on Representative Garcia's question about sustainable home ownership, right? And we have to be very careful about getting homes in a position of success not failure. So, we used HOME dollars and very particularly to build up neighborhoods. Right now, it is costing us more to develop these homes, even using manufactured housing. And we don't recoup those, that initial investment unless we bring home dollars to subsidize some of that construction. And then we, to ensure that the family is in a sustainable home ownership, you know, we bring in CDFI funds in order to provide down payment assistance. And sometimes we layer that. So, the family goes in there with maybe it is one or sometimes two layers of down payment assistance to make sure that that mortgage is affordable.

Now, I will want to add something else. We are testing manufactured housing and we are seeing significant appreciation here in southern California. Maybe it is our market. Maybe it is the crazy market of California. It is, you know. But, I am going to give you an example. Three years ago, 4 years ago, we sold a home to a teacher, bought our first manufactured home. We sold it to her for \$255,000. Late last year, she sold it to—she sold it for \$376,000. So, that teacher, she had to move for other reasons to another state, but it clearly appreciated significantly.

Maybe it is the market. I am not quite sure. But there is just—but we are seeing that factory-built homes are appreciating. But again, I think that we also need to be mindful that all of these families need home ownership education to make sure this is a—we put these families in a sustainable homeownership position. I hope I answered your question.

Mr. AGUILAR. Yeah, no, I appreciate it. But could I follow-up and ask what are some of the challenges that you face with using Federal dollars for projects specific to this?

Mr. MOJICA. You know, with HOME—using HOME dollars, you know, the homes have to be sold to families at 80 percent of the average median income. And since these homes are sold somewhat at market rate, just a little less than that because of the HOME regulations, the challenge is also making sure that we have down payment assistance, right? To get the lower wealth home buyers to be able to purchase this.

Another challenge was making sure the families get affordable first mortgage financing. When we started testing the first homes, it was really hard for families to get conventional financing with less than 5 percent down payment required. It just wasn't available. Fannie and Freddie weren't doing 3 percent, you know, requiring families to—they were requiring families to come with 5 percent not 3 percent. So, now with a duty to serve and MH Advantage products, we are seeing now, you know, we are going to be testing for the first time, 3 percent requirement down payment for families using conventional mortgage under the new Fannie and Freddie MH Advantage products.

Mr. AGUILAR. And that will expand the opportunities for folks to be served?

Mr. MOJICA. Yes, absolutely, because back to the question of what are some challenges of using Federal dollars? The income requirements are, you know, are meant to help lower wealth families get into positions of home ownership. So, well, you know, if that is the case, the families need to be able to obtain an affordable first mortgage so they are in a very good position from the onset, right? You want them to go into it with cash reserves. If there is an emergency or something, you don't want these families to be vulnerable in an economic vulnerable position from the onset.

So, with affordable mortgages, with down payment assistance, you know, we are putting families in a very good space for long-term sustainable home ownership.

Mr. AGUILAR. Thanks, Mr. Mojica. Thank you, Mr. Chairman, yield back.

Mr. PRICE. Thank you. Ms. Wexton.

Ms. WEXTON. Thank you, Mr. Chairman. I also want to thank the witnesses for appearing today and for your testimony about this very important topic. And, Ms. O'Hara, you know, I haven't heard the term fee-simple probably since law school and I have to admit I had some very unpleasant flashbacks back to my 1L property exam. So, I am trying to get over that and just get back into the moment. But thank you so much for that.

So, this is a very important topic for us here in my hometown of Leesburg because we actually have a—we have several manufactured housing communities in my district including one in my hometown of Leesburg, Virginia. I see you nodding, Ms. O'Hara. I don't know if you are familiar with it or not, but. But we have Leesburg Mobile Home Park has been located just outside of—or inside of Historic Downtown Leesburg since the 1950s. There are 75 lots. Many people there have lived there for decades and simply can't afford to move out, you know, to another part in the surrounding area.

Affordable housing in this region is really basically nonexistent for so many of these people. And a lot of them for whatever reason don't have a driver's license or don't have automobiles. So, they need to be able to work, to walk to their medical appointments, to their jobs, and everything. And there is no other option for them.

So, Virginia law, you know, we don't have really the whole private equity coming into the town of Leesburg quite yet. But we do have the wealthy developers who saw a great opportunity on this parcel of land and made an offer to the owners for \$11 million.

Now, Virginia law, which we passed, while I was in the general assembly, requires that the owner accept a counteroffer is one if made by the owners of the—or by the unit owners if they wish to be able to do that. But they couldn't come up with \$11 million. I mean, these are people who work basically subsistence level jobs and saw their hours cut during the pandemic.

So, it was pretty challenging for them, but many of them really didn't have an option to leave to go elsewhere. They banded together and they started, they launched a PR campaign. And I have to say it worked because the buyer did pull out at that moment. But, you know, I just don't know whether it will happen again.

Ms. O'Hara, can you speak a little bit about what happens relocating a manufacturing home—manufactured home? It is exceedingly expensive. I mean, a lot of folks can't afford it. And even if they were to do it, I mean, a lot of those homes, and I have been in some of them, they are not going to be able to withstand that kind of trip. So, you know, could you talk about what happens to those families that are forced to relocate, especially for those areas, who live in an area with a high cost of living like northern Virginia?

Ms. O'HARA. Thank you for that question, Representative Wexton. I would say—and I do know we have talked to folks in Virginia about the manufactured housing communities and how important it would be to preserve them as they are. And I can talk a little bit about relocation. But I would say, first and foremost, is we have had communities where the purchase price is \$11 million and we have been able to finance the residents as a cooperative to purchase those communities.

And we have—I mean, it is interesting in terms of just talking about who is living in manufactured housing communities. You know, 80 percent of the folks that are living in resident owned communities make less than 80 percent median income. Close to 50 percent make less than 50 percent median. And we have got over one-third that are making less than 30 percent median income.

And these are already homeowners like the folks in the community you are talking about. They already own that home. Many of them own the home debt free. And so, the idea of moving a home that has been there for, you know, 10, 15, 20 years, generally speaking, it is settled into its where its been placed and on the pad or whatever their foundation is. People have built porches, and stairs, and decks, and sunrooms, and everything else. The idea that those homes could simply be picked up and moved somewhere else just is really, you know, absurd in some cases, most cases, I would say. And then there is—

Ms. WEXTON. I know the zoning policy has a lot to do with the ability to, you know, whether we are going to be able to get new manufactured home communities approved. And I doubt very much that any such thing would be approved in Loudoun County anytime soon.

But, Mr. George, I would ask you. Is zoning policy a big issue in the rural parts of America as well? Is there something that prohibits these communities from being built in the rural parts of America? Or is it something where they are friendlier to the zoning?

Mr. GEORGE. I would say, generally, I am not an expert and I might revert back to our initial inquiries around, you know, increased resources for research. For the most part, I think that probably relates to, or the issue of zoning is why there is such a large number of manufactured homes in many rural communities that there weren't restrictive policies to keep them out. Oftentimes, because of the spatial and land dynamics of rural communities. That is what I speculate, but I would say that greatly contributes to the larger concentration of manufactured homes in rural communities.

Ms. WEXTON. Thank you.

Ms. O'HARA. I just want to say, Representative Wexton, if this community comes up for sale again, and the residents are interested in purchasing, we should definitely talk.

Ms. WEXTON. Wonderful, great. I will let you know. I will let you know. That is fantastic news. Thank you. Wonderful. And, Mr. Chairman, I will yield back. I see my time has expired.

Mr. PRICE. Thank you. That does conclude our first round of questioning. I must say it was a good range of questions and answers. I think we are all learning a lot. We don't have indefinite time here, but we certainly have and want to take time for a second round. So, we will do that. And then we will all have a chance to submit questions for the record. I know I have a couple that I probably won't get to orally, but I certainly want to ask all our panelists to respond.

And I will just say in advance, one of those is a response to the President's housing supply report of a couple of weeks ago. A lot of which involves manufactured housing. And I think we could use your assessments of those proposals. And I will warn you in advance, we will want you to respond to that.

But let me start the second round and I will turn to Ms. O'Hara. I want to ask you something, and others can chime in on this, but I want to ask you something that seems counterintuitive, but I understand that it is real. And that is the eviction pressures that manufactured home residents were subject to during the pandemic. One would think with so many of these people owning their homes outright and paying rent only on the land underneath the home, that that would mitigate the likelihood of default and of eviction. But I wonder what kind of experience do we have? What kind of data do we have about the eviction experience of manufactured home residents during the pandemic? And to the extent there seems to be something wrong here, what can be done to remedy it at the local or Federal level? We paid a lot of attention to evictions at the Federal level, and did we somehow miss a beat on this housing sector?

And then, Ms. O'Hara, I would like to ask you, you are a very effective advocate for ROCs. I understand this kind of arrangement though, home resident ownership, it has declined over the last number of years, even though you have argued very powerfully for examples of success. And so, I wonder what your view is as to how this could be incentivized. Particularly when development pressures are occurring. What kind of first refusal or whatever could be required? And how could Federal policy somehow at least give resident owners a fighting chance?

Ms. O'HARA. Thank you. I greatly appreciate that question. First off, I would say that in terms of the—oh, I lost my train of thought there.

Mr. PRICE. The eviction aspect.

Ms. O'HARA. Evictions.

Mr. PRICE. Yeah.

Ms. O'HARA. Just as Lance George is talking about we don't have good data in manufactured home communities versus any other eviction tendencies across the country. I will say in resident owned communities, in the 294 resident owned communities that ROC USA supports, we didn't have a significant issue with either evictions or with non-rent payment.

Mr. PRICE. No, but other communities did. And that is what I am—I do want to get at that one way or another. But maybe others can chime in on this. But could you proceed then to say something about incentivizing resident ownership and why despite the possibilities here, this hasn't caught on more.

Ms. O'HARA. Yeah, it takes a couple of things. The first thing is, it takes a willing seller. So, it takes a community owner who is willing to sell their community to their homeowners. And we have got more and more of those. We have been trying to build that over these last 14 years that ROC USA has been around. And to get out into the marketplace, work with the industry. Go to all the tradeshows. Talk to the brokers.

Generally speaking, resident buyers are paying the same price as any other buyer for a community. In states where there is opportunity to purchase and where the homeowners are given notice that their community is for sale that there has been an offer of a certain dollar amount, they are required to meet that offer. And those are the communities that we have financed and support with technical assistance where the residents have bought their communities. So, any place where there is an opportunity to purchase, there is almost no situation where the homeowners have not made the choice to buy the community and where there is the financing available.

The issue currently is this influx of private investment that has started to drive prices to a place where we cannot compete with investors who are financed with Fannie and Freddie low-cost funds. We are bringing market rate funds through our CDFI. Sometimes we have an HFA, local HFA that has participated in those loans and driven down those dollars. But included in the Build Back Better was a housing investment fund that would provide that kind of low-cost debt for residents to purchase.

But I would say the biggest reason that we have not been able to expand this resident ownership model across the country has been a) the fact that most of these communities are sold without anyone knowing it. They are sold. The residents don't find out that the land under their homes is for sale until it is already done, and a new community owner comes in and issues them either a rent increase notice or 180 days to leave their home.

So, that process is incredibly important. It is one of the reasons that we are suggesting that any time the Federal Government invests in, even through Fannie and Freddie financing, in a private buyer buying a community, that they include a requirement that

if we have to do it community by community, let's do it community by community. Require that that new owner give the residents an opportunity to purchase when the community is going to be sold.

Mr. PRICE. Right, that is——

Ms. O'HARA. They have to be noticed——

Mr. PRICE. That is your proposal that that requirement be put in place?

Ms. O'HARA. Absolutely.

Mr. PRICE. Yeah. Just before moving to Mr. Diaz-Balart, I do want to, just a very quick question to Mr. George. Do we have the eviction data that I asked for or can you help us obtain it? And the question as to explaining the pattern?

Mr. GEORGE. Thank you, Chairman Price. Unfortunately, I don't know if we do. I know we have been personally, our organization has been contacted by larger entities that focus on this, the Eviction Lab, to try to garner information specifically about this type of housing. And I just think it is very difficult. I would also just note, relevant to many aspects of manufactured housing, there is a lot of variation by state. And I think many of the witnesses will attest to that. The State laws that govern this type of housing and units really varies a lot. So, you can see different protections in different parts of the country. But, unfortunately, I wish I had a better answer for you. I don't think that I do.

Mr. PRICE. Well, if you can come up with one between now and the printing of the record, we would welcome any data that is available. And, of course, any of the other witnesses who have—like to share on this.

Before we go further, I need to make a UC request, and turn to Mr. Diaz-Balart. But in addition to the testimony we have heard today, I have written testimony here from the Manufactured Housing Institute. And I need, before we lose a quorum here, to make certain that I ask for a UC to enter that into the record. Is there any objection?

Mr. PRICE. All right. Let's turn to Mr. Diaz-Balart. Mario, I think you are muted.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. I apologize. The question goes to Mr. George. I am aware of the work that your organization has done in Kentucky and other rural areas. Because of the Dean of the House who is on the Appropriations Committee as well, Mr. Rogers, and, you know, he has worked hard to ensure that you have the resources to serve rural areas, some of them which are deeply impoverished. And I understand, by the way, that you are also from Kentucky like Mr. Rogers.

But here is the question. How do you leverage seed funding that we provide to organizations like the Housing Assistance Council, as you work to provide, you know, quality affordable housing in rural areas?

Mr. GEORGE. Thank you, Ranking Member Diaz-Balart. If I could just ask for a clarification. Did you say state funding or did——

Mr. DIAZ-BALART. Seed money, I apologize.

Mr. GEORGE. Seed money.

Mr. DIAZ-BALART. Seed money. Yes, sir.

Mr. GEORGE. So, the Housing Assistance Council uses an array of resources. And I would just like to note that we do, we are active

in many of the communities that you mentioned. And, yes, I am a displaced Kentuckian. I miss Kentucky very much these days. But and the photo behind me is very close to my family farm in eastern Kentucky that actually has a manufactured home in the picture. I just randomly realized that in this discussion.

But to get to the question. The Housing Assistance Council, we work with local community-based organizations. And oftentimes bring an array of resources. As I noted before, research and information is just one of the elements of our work. We provide financing and technical assistance and training and actually we have funded the preservation of over 390 manufactured homes in five major parks in collaboration with ROC USA. So, we bring an array of resources both publicly and privately. One of the important resources that I would say to work with many of these communities is rural capacity building.

So, it has been mentioned before the dynamic between urban and rural communities. In some respect, there is no difference, but in this there is. The capacity for communities to address some of these issues is a major issue. And one of the focus of the Housing Assistance Council is to work with local community-based organizations in rural areas. They are among the most resourceful groups you will ever see. It is amazing the work they do, especially groups like those in Mr. Rogers' district. But they do not have, like many urban jurisdictions, planning departments, or sophisticated elements. And we often work with those communities to help provide technical assistance and training to address these type of housing needs that we are discussing today.

Mr. DIAZ-BALART. Well, look, I appreciate that. I don't have a lot of time, but let me now go to Mr. McCarthy, and obviously zoning is a local issue. And, you know, again, it can have a great impact on the affordability, right, on some communities. Now, I would never advocate for, you know, the Federal Government to try a heavy-handed approach, but I do think that communities can learn from each other as to where zoning changes can help increase housing supply or lead to greater affordability.

So what type of zoning changes do you think are most productive, obviously at the local level, especially as they relate to manufactured housing and the redevelopment of, you know, blighted mobile home communities?

Mr. MCCARTHY. So, yeah, so thank you for that, the questions.

First of all, back to the other question about rural areas. In unincorporated areas they are very often not zoned, and so it is much easier to kind of establish a new manufactured housing community in an unincorporated area because there is no kind of zoning that has been imposed. In areas that are incorporated that have zoning, there are a couple of things that are useful to think about. One is, if you want to preserve the manufactured housing communities as a component of your affordable housing stock, you can actually do zoning overlays that will then require that they be maintained as manufactured housing communities in perpetuity, and then it will incentivize people to then make those communities work as best they can as manufactured housing communities.

And then separately, you know, in places like Massachusetts and a few other states now are looking at some of the state-level pre-

emption, they are actually requiring that wealthier communities, you know, bear their share of the affordable housing burden for the region by requiring that they build affordable housing when they don't meet kind of normal kind of threshold standards.

So in Massachusetts, there is a thing called Proposition 40B. If you don't have 10 percent of your housing stock that is affordable, then if a developer comes in with a proposal to do a development, they can't be turned down by the local zoning board. The state can come in and preempt that and say they have to be able to do that if they are going to be building affordable housing with a minimum amount of units.

And similarly, where they are building around transit-rich areas, transit sites in different areas, they can actually add manufactured housing communities, especially if they are rural or, you know, exurban transit-rich areas. In Massachusetts, again, the commuter rail actually runs through what is older industrial areas that actually do not have a lot of housing, but actually have abandoned industrial sites, a lot of low-value commercial properties. And they could build manufactured housing communities which are relatively dense within walking distance of a commuter rail, which will give people access to jobs in the entire region, but they are very often prevented by the local jurisdictions.

And so now the state is coming in and saying they want to be able to do dense developments in these transit-rich areas for a variety of reasons, including kind of the need to build more affordable housing, but also, they need to get more cars off the road and reduce kind of congestion and reduce vehicle miles traveled and, you know, greenhouse gas emissions. And so there is that.

And then finally, there is just the plain old inclusionary zoning requirements that some places layer on, and sometimes that works to the benefit of manufactured housing. But now with the cost of land and the cost of housing so high, more often than not even inclusionary is going towards multifamily dense development and not towards manufactured housing.

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

Mr. PRICE. Thank you. Mrs. Torres.

Mrs. TORRES. Thank you, Mr. Chairman. Dr. McCarthy, in the fiscal year 2022 enacted bill, I worked secure transit-oriented development language requiring HUD and DOT to issue joint guidance outlining best practices for land-use policies to increase supply of affordable and market rate housing. The guidance, you know, should provide recommendations for both local and state land use agencies to improve their zoning. I was also really happy to see that the Biden administration included transit-oriented development as part of its housing supply action plan. So this plan includes transit-oriented development which will reward jurisdictions that have reformed their zoning and land-use policies.

Are there any other challenges that you see there? And if you can be brief, so I would like Mr. Mojica to also identify what challenges NPHS has encountered developing manufactured homes.

Mr. MCCARTHY. Yeah, I will be very brief. I mean, the biggest challenge we have for transit-oriented development is actually being able to plan regionally as opposed to jurisdiction by jurisdiction. And so very often you get some hyper-localized decisions that

are not really beneficial for the region, and you have to find a way to get the regions to kind of work together on the plan, right?

Mrs. TORRES. Yes.

Mr. MOJICA. The other thing is that some of the biggest land-owners in the country are actually transit authorities, and they don't have a strong incentive to develop their own land to make affordable housing. And if those incentives were pushed down to the transit authorities to do that, and it happened in the Bay area, BART actually did participate in the development of a lot of affordable housing in the Bay area, that would be really, really helpful. And they are not property developers, you know—they move people around on rails, right, so?

Mrs. TORRES. Right, but they could work with organizations such as NPHS.

Mr. MOJICA. Yeah, exactly. Yeah, and they do. In the Bay area that is what they did. They partnered up with affordable housing developers to develop thousands of housing on BART land in a co-development arrangement.

Mrs. TORRES. Mr. Mojica, do you have anything else that you want to add to this?

Mr. MOJICA. Sure, absolutely. First I want to thank the policy work that our colleagues are doing here, Dr. McCarthy, Ms. O'Hara from ROC USA. I think it has paved the way for us as a small developer place-base here to look at manufactured housing to, you know, help families build wealth through home ownership, so that has really helped a lot.

And we have, of course, some challenges. So, through the lens of suburban infill development, we don't primarily do work with factory-built and manufactured communities. We are more of an infill suburban developer.

And back to your point, Congresswoman Torres, we are looking at ways of replacing dilapidated, old mobile homes through the capacity that we are building in this space. But your question, the challenges that we are still addressing, working our way through, and you heard it today, the negative perception of inferior quality of manufactured homes. The homes that you see behind me, product placement, you know, those are the homes that we have built in the city of San Bernardino and the city of Chino. All of—

Mrs. TORRES. Yes, let me stop you there because I am going to add another challenge to this, and that is for California and the western states, you know, the fact that we have a severe drought. No water also means no permits that, you know, cities could allow you to build housing because where is the water going to come to service these families? Is that something that you see as a challenge moving forward?

Mr. MOJICA. No, we are not seeing that as a challenge moving forward. The biggest challenges that we are seeing is local government capacity to expedite the process of affordable homes, getting them quicker off the ground. Right now we are seeing a 5- to 6-month permitting process. And those holding times prevent me to get the home from the plant, you know, to the site. And so there are holding costs and, you know, it just adds a lot more to the bottom line and keeping the cost down on these developments. No, but we are not seeing that.

Another challenge that we are seeing is the valuation and appraisal issue, and one of the, yeah, representatives alluded to that. You know, do these home appraise and do they value like site-built homes? Probably not 100 percent like site-built homes, but they are, and there is no uniformity in the valuation of single-family manufactured homes. But Fannie and Freddie are looking at that under the new manufactured housing product financing that they are offering, getting appraisers to come be more on board.

Mrs. TORRES. Thank you, and I yield back.

Mr. PRICE. Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman. And, Mr. Mojica, I want to follow up on that because the earlier comment that I said about home ownership, what I am talking about we should all be working toward home ownership for these financially challenged families, I am not talking about just the home, I am also talking about the land that the home sits on. And I think that is an important issue because, yes, it is true, the home itself may actually depreciate, but the land that it is sitting on is appreciating. And I think when we at look at some of the investors who are coming in and buying the land, I think they see that. That is why this number has doubled, the number of investor-owned properties has doubled, which I think also might go to the issue that was brought up earlier about the declining number of people in resident-owned communities. It is going down because investor-owned properties are going up.

And so, I want to do what we can to help people own their property because I believe, particularly for these folks who are in a situation, yes, they may see depreciation in their home, but if they are seeing great appreciation in their property, then that is a good thing, and I think, you know, we need to continue to push that.

And, so, Ms. O'Hara, I was curious, in your comments you mentioned that you wanted to create a manufactured home community capital gains tax credit to incentivize selling homeowners and maintain long-term affordability. My issue with that, and I have to ask, wouldn't that bring in the investor community to the detriment of homeowners, or have I got something wrong on this?

Ms. O'HARA. Thank you very much, Representative Rutherford. First of all, I am not sure where people are getting the statistic that there are fewer people living in resident-owned communities now than there were before because I don't believe that that is true. I certainly haven't seen that, that there has been a decline in occupied resident-owned communities.

And I think that investor owners are actually not necessarily looking at the appreciation of the land. They are looking, those communities increase in value based on how much cash they can pull out of it. It is all based on cash flow.

Mr. RUTHERFORD. By raising the rent and all of that, yeah.

Ms. O'HARA. Raising the rent and taking the expenses and trying to deliver them directly. So, I buy the community, I raise the rent, and then I let you know that I am going to also directly bill you for water, I am going to directly bill you for a share of the property taxes, I am going to directly bill you for a share of the trash collection. So, your rent goes up and you have all of these other fees, and

that takes away any expense I have, so my cash flow increases dramatically.

But your other question is—about the tax credit.

The idea there is that there are a lot of mom-and-pop community owners out there. You know, they have built those communities or they have inherited them from their parents, and they have run them like small businesses. Many of those folks live nearby, they are local to the community, the wider community, and they would like to sell to their residents, but because their base is so low, they are looking at a huge capital gains tax. And so they are holding on to the properties with the intent of when they leave them to the heirs, the heirs will be able to sell them with less capital gains tax. And many, many times the younger generation doesn't want to continue to own the manufactured home community.

So, if we can open up those community owners that would like to sell their residence and use the capital gains tax incentive if they sell to the homeowners who live there, that would make—as the chairman was asking, you know, how do you get this to increase across the country? That is one way they were thinking.

Mr. RUTHERFORD. Right. So, your proposition is that they sell directly to the homeowners, not to some outside investment firm.

Ms. O'HARA. Exactly. That is exactly it.

Mr. RUTHERFORD. Okay. That I think I could live with.

Mr. Chairman, I see my time is up, so I will yield back. Thank you.

Mr. PRICE. All right, thank you. Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman. I just wanted to build on the home ownership discussion, and obviously it is a key component of realizing the American dream. In California, we received reports from the state that home ownership rates have dropped to just under 54 percent, which is almost the lowest home ownership level since the '40s. One important Federal program that helps individuals live in affordable housing and preserve their neighborhoods is NeighborWorks.

Mr. Mojica, as a NeighborWorks partner, can you talk with us about how that program has helped your organization preserve affordable housing and revitalize neighborhoods within our region?

Mr. MOJICA. Absolutely. Thank you, Congressman Aguilar, for that question. The funding that we have received from NeighborWorks America has been extremely critical, very important for us. Not only are they a funding partner, a funding resource, but a technical assistance provider as well, and they incubate a network of other NeighborWorks organizations that we share a lot of best practices, so there is a lot going on here.

But that core funding that we do receive, you know, for us, and if we back into our mission and the areas of impact that we are in, you know, we use it to create affordable housing and innovative strategies like looking at factory-built in order to create both transferable wealth and sustainable home ownership, right? We use that core appropriation to revitalize our neighborhoods, you know. So we do a lot of home repair financing, home repair grants, and so forth, to help address aging, older housing stock, whether it is site-built or factory-built.

A lot of education, so, you know, we use that appropriation, like a lot of other NeighborWorks organizations across the country, to educate through financial literacy education, economic inclusion. You know, we talk a lot about building wealth around home ownership, but we also need to talk about preserving that wealth, right? So there is a home ownership continuum, but we also need to go ahead and invest in a home ownership preservation continuum, creating default-resistant homebuyers, right, that are more educated, that will be able to maintain and know how to react when they are in moments of distress. So appropriation, that funding helps support those programs.

Environmental sustainability, we have launched a social enterprise around solar equity, making solar more mainstream for your typical homebuyer, right, lower wealth homebuyer that can't—you know, owning solar panels is sometimes out of sight, out of mind. I have got other priorities than putting solar on a roof. So we have created an enterprise around helping families understand solar technology as well as solar panels and how they can purchase those at a much more affordable price. Funding has supported those types of social enterprise innovations as well as other types of innovations across the country on other NeighborWorks organizations.

And lastly, you know, we are at our tipping point into a space where, you know, we need to do a—what role can we play as a CDFI to invest in, you know, small businesses in order to create more living-wage jobs, so folks can afford to buy an entry-level home? So that and just many other things is how the funding from NeighborWorks America has helped our organizations, and a lot of NeighborWorks organizations would probably say the same.

Mr. AGUILAR. Thank you, I appreciate the answer.

Ms. O'Hara, your organization has a mission of uplifting residents, and so can you talk with us a little bit about how nonprofits around the country can leverage public and private resources to expand and preserve manufactured homes in these communities and just kind of generally how that leveraging is helping you maintain your mission?

Ms. O'HARA. Representative Aguilar, thank you so much, and I just have to piggyback on what Clemente said about NeighborWorks America. NeighborWorks America invested a half a million dollars in the launch of ROC USA. They really hosted the first symposium on manufactured housing back in the early 2000s. They have been a stalwart supporter of every effort I think here that you see before you. And we have five NeighborWorks America affiliates that are part of the 230 NeighborWorks America groups. We have five of them in our network as well. And the great thing about those organizations is that they are innovating in this space, where we are solely focused on preserving these communities, our affiliates who do that work and in addition are creating new affordable housing and communities.

I mean, one of the things that is so great about resident-owned communities is you preserve that existing community, and then any vacant lots that are in that community can be filled with new homes that will be another affordable house for another homeowner. They are doing that, just as Clemente said, the solar work is being done in New York through Pathstone. We have got a

NeighborWorks organization out in Oregon that is working a whole weatherization process for existing homes. And some of what MacCarthy was saying about, you know, Cash for Clunkers, that it is the NeighborWorks organization out there who is looking at replacing these pre-76 homes with new Energy Star homes. So I can't say enough.

Mr. AGUILAR. Thank you so much. I am so sorry, my time is up, but I really appreciate the answers and your commitment to these issues.

Thank you, Mr. Chairman. I yield back.

Mr. PRICE. Well, thank you. We have reached the end of our appointed time. Many of us may have additional questions that we want to submit, ask you to respond to for the record, but we have had two good rounds and I think a very wide-ranging discussion, very informative, but also suggestive in terms of what direction policy might take, including Appropriations policy.

So, to conclude, I want to thank all of the witnesses for participating. We look forward to working with you as we craft our Fiscal Year 2023 Appropriations Bill and incorporating some helpful features in that bill to further the objectives discussed today.

I want to thank one staff member in particular, Rachel Kyes, who has taken on this as a special project, from the researching of the issue right down to the recruiting of the witnesses. And she has had a big impact on this hearing and I want to thank her for her work in putting it together.

She and others on the committee staff will be in touch with all the organizations represented here today regarding any questions for the record. I have already indicated that I will have one regarding the Housing Supply Action Plan that you aren't required to respond to, but I would appreciate your response, since it does in some detail get into manufactured housing questions. We will have other questions that we will ask you, and the request is to return that information within 30 days, return that information for the record, so that we will have a complete transcript and a complete record of our hearings before we write our bill.

Mr. Diaz-Balart, do you have any final comments?

Mr. DIAZ-BALART. Mr. Chairman, I just thank everyone for their time. I yield back.

Mr. PRICE. All right. Well, thanks to everyone, and we will look forward to remaining in touch with you. With that, this hearing is adjourned.

[Answers to submitted questions follow:]

Questions for Michael Liu, Director of the Miami-Dade County Public Housing and Community Development Department

Fiscal Year 2023 Questions for the Record

Congresswoman Ashley Hinson

Subcommittee on Transportation, Housing and Urban Development, and Related Agencies

House Committee on Appropriations

Regulatory Burdens

Studies show regulation can account for over 30 percent of the cost of some housing developments. With housing costs skyrocketing nationwide, it is important that we look for ways to ensure that homes remain affordable to working families.

Question: What regulations under the Department of Housing and Urban Development (HUD) most significantly contribute to the cost of manufactured housing? Ironically by using traditional manufactured housing costs, this causes a disincentive for game changing designs that could permit product that lenders would be willing to finance through real estate versus chattel loans. Ultimately this would lessen the cost and risk to the federal government of either through direct subsidies or secondary market support (e.g., FHA Title 1.)

Question: In your opinion, what reform specifically can be implemented to HUD code to lower the cost of manufactured housing without sacrificing safety? Setting aside my comments to the previous question, extending an FHA Title 1 loan for up to 30 years for a home purchase would ease cost and monthly payments significantly especially in an environment of escalating interest rate.

Question: Do you believe it would be beneficial to transfer primary regulatory authority of manufactured housing from HUD to the state and local level? Yes. There are so many variations in local zoning, land use and entitlement processes on top of unique market conditions, it is unreasonable to expect HUD to respond effectively to all of them in an effort to preserve and encourage the development of more and better manufactured homes communities.

Local Collaboration

Manufactured Housing is a proven low-cost method to address housing issues. Increased affordable housing supply is of particular importance to rural communities that are seeking to attract workers and younger families for economic development.

Question: As a local official, how do you see HUD engaging with communities, including Public Housing Authorities, to support development of manufactured housing? It has been a very long time since HUD has really engaged on this issue with local communities which is why innovation in manufactured housing has not been a hallmark of HUD policies in this area.

Follow up: How can HUD improve on these efforts? With the pressure on owners of mobile home park owners to sell to the highest bidder, HUD needs to more actively assess how Title 1 as well as public housing programs such as RAD can be creatively used to create more affordable and workforce housing using a hybrid model of modular and manufactured housing. Rewarding innovative design with an increased maximum loan amount under the FHA Title 1 program is one possible strategy that would provide for greater engagement between HUD and local communities.

Question: To your knowledge, what HUD programs are most effective in supporting the development of manufactured housing in rural communities?

Follow Up: What can be done to increase the effectiveness of HUD programs to support manufactured housing development in rural communities?

*As referenced previously, allowing for greater flexibility of FHA Title lender to finance units and land leases at higher levels, could assist more manufactured homes in rural areas significantly robust housing markets.

*Assign a specific category for CDBG use about infrastructure needs for existing and new manufactured/mobile home parks.

*Create financial incentives for manufactured/mobile home park owners to preserve, expand, or redevelop properties with assistance provided to current families in relocating and returning to the new replacement development.

*Allow for local jurisdictions to manage directly any new manufacture/mobile home park program.

**Responses of George “Mac” McCarthy to
Fiscal Year 2023 Questions for the Record**

Chairman David E. Price

Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations

Housing Supply Action Plan

The Biden-Harris Administration Housing Supply Action Plan, released May 16, 2022, includes provisions on supporting production, availability, and financing of manufactured housing. HUD will implement specific strategies to make it easier to finance new units of manufactured housing, including working to increase the usability of the Title I loan program and supporting greater securitization of Title I loans. HUD will also help address supply by updating the HUD Code and assisting manufacturers with supply chain issues. The Government Sponsored Enterprises will also implement their updated 2022-2024 Duty to Serve Underserved Markets Plans, which includes revised purchase targets for manufactured housing loans and new criteria for mortgage loans secured by manufactured housing communities.

Question: Please provide an assessment of the proposals related to manufactured housing laid out by the White House in the Housing Supply Action Plan.

McCarthy response:

While the President’s Plan represents a comprehensive list of ways to address the national shortage of affordable housing, few if any of the other plan components have the potential that manufactured housing does to move the needle on the affordable housing supply. In addition, although the goal of preserving the current stock of affordable housing is mentioned several times, few strategies are offered to achieve this important goal.

We commend this subcommittee and the President for recognizing the vital role that manufactured housing can play to increase the supply of affordable single-family homes. Many of the goals set forth in the President’s plan correctly identify market impediments that need to be addressed to help manufactured housing manifest its potential through increased production and placement of new units. Unfortunately, the plan provides little detail on the measures that would be taken to address the impediments, so it is difficult to assess the quality of the plan.

For example, we think it is essential to provide incentives to reform local land use policies and reduce regulatory barriers. The biggest policy obstacle to broader use of manufactured housing is local zoning efforts that exclude manufactured housing. The Unlocking Possibilities Program, included in the reconciliation bill passed by the House last year, would allow the federal government to provide incentives for local governments to reduce these barriers through a competitive grant program. This would be supplemented by grants from the Housing Supply Fund. The Unlocking Possibilities Program and the Housing Supply Fund have the potential to make a big difference by encouraging and supporting localities to eliminate needless barriers to affordable housing production, including permitting for manufactured housing communities.

It will also be critical to include incentives to preserve long-term affordability of the housing that is supplied by keeping ground rent affordable, requiring leases that support equitable “home-only” mortgage financing, and promoting the opportunity for homeowners to purchase manufactured housing communities when they are offered for sale. There is no mention in the President’s Plan of the importance of making government-supported commercial mortgage financing available for residents to purchase their communities—a measure that has the potential to preserve hundreds of thousands of affordable manufactured homes in communities across the country.

The President’s Plan underscores the threat that large investors pose to single-family homeownership. However, the plan does not highlight the identical trend in the manufactured housing market. Institutional investors are buying manufactured housing communities, raising lot rents, and displacing homeowners at an unprecedented rate. To better safeguard manufactured homeowners against these institutional investors, the Enterprises should scale their financing of government entity-, nonprofit- and resident-owned communities. Programs such as Fannie Mae’s Resident-Owned Community Loan Purchase Pilot are integral. The same rationale FHFA uses for prohibiting the Enterprises from purchasing institutional investor mortgages for single family homes should extend to the manufactured housing market, including manufactured housing communities.

The critical need to pilot new unit financing for housing production and preservation is recognized in the President’s Plan. This includes the much-needed reforms of the FHA’s Title 1 lending program. But there is little detail on how the program will be reformed. We hope the committee considers the recommendations made in our testimony—to increase loan limits and reduce financial barriers for originators—as important components of Title 1 reform. In addition, stronger efforts need to be made to improve efficiency in chattel lending—both in product design and pricing. We are encouraged to see that Freddie Mac will conduct a risk management assessment to develop a chattel product in its recently approved Duty to Serve Plan. Freddie Mac is considering the relatively new “credit risk transfer” alternative to traditional mortgage securitization. This is a welcome development. While Freddie Mac has made this commitment to enter the chattel market, Fannie Mae must do the same if the GSEs are to have meaningful national impact.

In addition to chattel, more needs to be done to increase financing for manufactured housing units titled as real property. The Enterprises can and should take greater action, as recommended by the Underserved Mortgage Markets Coalition (UMMC), convened by the Lincoln Institute of Land Policy: [Blueprint for Impactful Duty to Serve Plans](#) (Jan. 2022). We hope that the subcommittee recognizes the key role that the Enterprises can play in facilitating the production and preservation of affordable housing. The Duty to Serve and Equitable Housing Finance plans offer a unique opportunity to leverage the ability of the Enterprises to move housing finance markets to expand affordable housing production and facilitate its preservation.

Question: How can the activities in this plan be built upon to preserve and expand manufactured housing across the country?

McCarthy response:

The \$500 million in appropriations that you recommend represents an important step towards supporting manufactured housing. While scaling comprehensive solutions to these long-term challenges will

require research and deliberation, Congress could begin to address acute needs that have already been identified in the manufactured housing market. Two areas in which this Subcommittee could be impactful in the short term are: 1) grants for land acquisition accessible to resident owned cooperatives, other mission-focused non-profits, and public sector housing agencies; and 2) pilot responsible financing programs for individual homeowners. The new Manufactured Housing Improvement and Financing Program included in the FY2023 House appropriations bill would be a significant step to help preserve and revitalize manufactured homes. This new program would fund vital activities including land acquisition accessible to resident owned cooperatives, other mission-focused non-profits, and public sector housing agencies.

In addition, as mentioned above, requiring bolder action by the Enterprises is one of the greatest leverage points for preserving and expanding the availability of manufactured housing. Both Enterprises need to enter the chattel market. Freddie has announced a pilot process; Fannie continues studying chattel after five years of Duty to Serve. The UMMC that Lincoln Institute convenes recommended substantially higher loan purchase targets.¹

The Enterprises need to dramatically increase their financing for MHCs as limited-equity cooperative resident-owned communities (ROCs). This can be done either by utilizing the Enterprises or other government levers to invest equity in CDFIs that can strengthen the credit quality of ROC loans. This could also be done through HUD, direct appropriation, or through the CDFI Fund to specifically finance resident purchases of the land beneath their homes. The goal would be to provide homeowners with the same publicly supported commercial mortgage financing that is currently available to investor purchases through the GSEs.

While the President's plan does emphasize preservation in addition to production, one of the key methods of preserving manufactured home communities (MHCs) as affordable homeownership, is providing current homeowners an opportunity to purchase (OTP) their communities, at market price, when they come up for sale. We recommend the following language be added to guidance for the Enterprises and all other federal financing programs:

In order to preserve public investment, facilitate equitable home mortgage financing for homeowners in MHCs, and create a stock of permanently affordable homes in manufactured home communities, all federal agencies, including Fannie Mae and Freddie Mac, will require, as a condition of financing, guarantee, insurance or grant support, that long-term leases and stable land rents be provided to homeowners residing on the property and homeowners will be provided at least 180 days' notice of any sale and an opportunity to purchase the property when it is put up for sale.

Question: How can we build on existing HUD programs to meet the goals of the Housing Supply Action Plan and further support manufactured housing?

McCarthy response:

¹ See: Blueprint for impactful DTS Plans (Jan. 2022), <https://www.lincolninst.edu/sites/default/files/ummc-blueprint-dts.pdf>.

In the HUD/FHA realm, there is perhaps no more important underutilized tool than the Title 1 program which is narrowly targeted to the need for manufactured housing financing.

We concur with the President's Plan that the HUD Title 1 program needs significant improvements to be impactful in the chattel market. Although HUD already provides manufactured home chattel financing, it has unnecessarily restrictive loan limits: \$69,678 for home-only financing and \$92,904 for home-plus-lot financing. These numbers are too low for most buyers: the average sales price of a new manufactured home without land is \$87,000. HUD should increase the loan limits to reflect market prices but institute a process for annual increase in line with home price appreciations, as in the case for Federal Housing Administration (FHA) forward mortgages.

In addition, the FHA needs to relax needlessly strict net worth and capital requirements for Title 1 lending to address a shortage of issuers. Ginnie Mae now requires lenders to have a minimum net worth of \$10 million plus 10% of outstanding obligations to participate in its manufactured housing program, several times the requirement for single-family issuers.

Infrastructure and Resilience

Many manufactured home communities lack sufficient funding or the essential infrastructure to provide stable water, sewage, and electricity to residents, and older homes often lack decades of necessary repairs that make them energy inefficient and at greater risk of damage from natural disasters. When presented with extreme weather events such as floods, winds, and wildfires, these infrastructure challenges are often exacerbated by factors outside the owner's financial resources or control.

Question: What are the infrastructure challenges facing communities, and how are these exacerbated by climate change and extreme weather events?

The majority of manufactured housing communities were built between 1960 and 1990. This means that many communities are at an age when major systems have reached the end of their useful life. This includes water and wastewater systems and other community amenities like playgrounds and community centers. Moreover, many community owners did not exercise diligence regarding routine maintenance of fixed infrastructure like roads, power lines, storm drains and sidewalks.

Crumbling roadways inhibit public transportation and limit access to grocery stores, social and medical services. This isolates residents from crucial resources and lifeline services. Manufactured housing communities are usually located in smaller cities, rural communities, or on the outskirts of metropolitan areas where broadband access can be weak and inconsistent. Most manufactured home communities still rely on copper cable networks instead of newer fiber optic technology. Communities with residents over the age of 55 or blue-collar workers within the community may not see remote work as an incentive for upgrading the internet infrastructure, however the onset of the COVID-19 pandemic revealed internet access to be a necessity as opposed to a luxury.

Extreme weather conditions exacerbated by climate change, such as extreme heat create, require frequent maintenance upgrades to power lines, roads and railways. Fire, flood and wind events

often damage or destroy utility and storm drain systems. Replacing private utility systems is cost prohibitive in most cases. Insurance for climate events is increasingly difficult to find or afford for both the park owner or the homeowner. Insurance companies are dropping coverage in areas they believe are high risk, and the Federal or state programs to cover these risks have limited eligibility and restrictive allowable use of funds. Insurance companies are dropping what they deem to be high risk zones from their coverage area, leaving both the community and the homes uninsured.

The \$500 million appropriation this subcommittee recommends would be a tremendous help in beginning to address these problems. It is important to ensure that these funds do not become a windfall for investor owners. Infrastructure improvements are often a predicate for rent increases. Thus, grants or below-market loans to fund infrastructure improvements should be tied to long-term rent stabilization and tenant opportunity to purchase.

Question: What are Federal programs that support weatherization and resiliency of manufactured housing and how can we expand these programs to better support this housing?

McCarthy Response:

The recently published final rule for Energy Conservation Standards for Manufactured Housing under the Energy Independence and Security Act of 2007 is a mixed bag. In the rule published on May 31, 2022, the Department of Energy (DoE) better energy efficiency standards were established, but the DoE selected a tiered approach for manufactured homes, based on whether the home is single- or multi-section. Families that purchase single-section homes will be exposed to the pitfalls of lower-quality, energy inefficient homes. Because single-section homes are priced lower, and lower-income homebuyers purchase these homes, families who can least afford to pay high energy bills will needlessly waste thousands of dollars on energy costs and live in draftier, less safe, and less comfortable homes for decades to come. Additionally, the lower quality of these homes will result in reduced resale values and perpetuate cycles of poverty for families, rather than providing an opportunity to build intergenerational wealth. Moreover, these homes are more likely to be placed in manufactured housing communities, persistent poverty regions, and lower-income rural areas, which contributes to an existing glut of older, poor-quality housing stock and perpetuates the stigma that has plagued manufactured housing for decades.

The rule is also a mixed bag because notwithstanding the rule's shortcomings, much of the manufactured housing industry opposes the rule because they are unwilling to accept increased current costs of building energy-efficient homes to manifest long-term energy-related cost benefits. This short-sighted approach is part of a regrettable pattern pursued by the MH industry to focus solely on current costs whether or not they result in substantial long-term benefits for homeowners or the planet.

The two Federal programs that address weatherization and resilience are the U.S. Department of Health and Human Services (DHS) Low Income Home Energy Assistance Program (LIHEAP) and the DoE Weatherization Assistance Program. Both seek to increase energy efficiency for manufactured homes. However, neither has the capability to address the challenges presented by older, inefficient mobile (pre-HUD Code) and manufactured homes. LIHEAP is a federal assistance program that helps qualifying applicants pay their energy bills. A portion of this program's funds can be used to improve the energy efficiency of these homes; however, program funding may not be used for new construction, or replacing existing homes. According to Prosperity Now, most states contribute only 10 percent of LIHEAP funds toward weatherization. In 2013, at the request of Congress, the U.S. Government Accountability Office (GAO) conducted an analysis of LIHEAP and state pilot programs to replace older manufactured homes

with newer, more energy-efficient models. The report examined state-based replacement programs in Maine, Montana, and Washington, finding that while the programs provide benefits, the energy savings do not fully offset costs. This calculus changes substantially when energy costs increase, as they have recently.

The findings in this GAO report highlight the challenges of leveraging weatherization programs for new home replacement, which is often the remedy needed for older mobile and manufactured homes. [A 2010 analysis from Prosperity Now](#) lays out myriad challenges for using existing weatherization programs to address aging mobile and manufactured homes. However, much of the available data and analyses on this subject are outdated. Much more work has been conducted at the state level to test replacement programs, including in Oregon, New York, and California. We recommend that the THUD Subcommittee direct HUD and other relevant federal partners to conduct new research to study the impact, or lack thereof, of weatherization programs on manufactured homes, and the need for effective replacement strategies.

Question: What types of Federal programs are needed to address repair and replacement needs for older manufactured and mobile homes?

McCarthy response:

There are ways to support manufactured housing repair and replacement needs using an interagency and interjurisdictional approach. To address the pervasive need to replace older, inefficient mobile and manufactured homes in communities across the country, Congress should seek to establish a targeted fund (administered through LIHEAP, the Weatherization Assistance Program, or a wholly new HUD program) for replacement. Existing programs are too restrictive, and often disallow program funding for new construction, or replacement of existing homes.

A well-designed new program would drop the unworkable expectation that the cost of replacement will be fully offset by energy savings, and instead consider broader outcomes measured by healthier housing and quality of life metrics. Federal programs designed for this purpose should ensure that: (1) incentives lead to environmentally sound decommissioning and disposal of homes after they are replaced, (2) homeowners receive the benefit of any incentives for the purchase of a new replacement home, e.g. the incentive is not absorbed by the dealer selling the home, and (3) funding is targeted to homeowners with secure land tenure (e.g., on fee-simple land, in resident-owned communities or in communities with long-term leases) to improve price appreciation of the new or improved home.

We recommend the subcommittee examine the outcomes of weatherization and replacement programs in Oregon to inform any new program development of this nature. HUD highlighted Oregon's efforts² in the Office of Policy Development and Research's *Evidence Matters* publication in 2020:

The Oregon Legislative Assembly passed House Bill 2896, effective September 2019, which allocates \$9.5 million to OHCS to provide loans to nonprofit corporations to establish preservation programs for manufactured home parks. The law also allocates \$2.5 million to the Manufactured Home Preservation Fund, which provides loans of up to \$35,000 per

² Programs Support Energy-Efficient Modular and Manufactured Housing, Evidence Matters, HUD PD&R, Winter/Spring, 2020.

<https://www.huduser.gov/portal/periodicals/em/WinterSpring20/highlight3.html#:~:text=The%20state%20of%20Oregon%20funds%20loans%20to%20nonprofit,replace%20older%20manufactured%20homes%20with%20new%20C%20energy-efficient%20ones.>

individual homeowner to replace older, inefficient manufactured homes with energy-efficient ones that meet OHCS standards. The Manufactured Home Preservation Fund also helps families decommission and dispose of a manufactured dwelling and will help finance advisory board initiatives such as annual evaluations.

Social Perceptions of Manufactured Homes

There are many negative attitudes still held about manufactured homes and manufactured home communities that do not hold true today. These stereotypes often push residents of these communities out of broader discussions around affordable housing and further marginalize the residents and their needs. This is unfortunate because many of the programs and funding streams that can be used for manufactured home and manufactured home community improvements are implemented by state and local governments and require a level of community buy-in for certain activities to be prioritized.

Question: Given this, what are the social and economic impacts of common misperceptions of manufactured homes?

McCarthy response:

Manufactured housing residents are highly stigmatized. It is a common misperception that MH is substandard or second-class housing. People are then less likely to view MH as the viable path towards homeownership and wealth creation. These misperceptions persist when MH is appraised, despite evidence indicating that a significant share of MH appreciates at comparable rates to site-built homes.³

In addition, lenders treat MH differently than site-built housing even when it is placed on land owned by the borrower. This is based on the outdated idea that MH depreciates faster than site-built housing even though they have the same expected life of service. Many lenders exclude MH from their automated underwriting platforms.

Question: How do attitudes toward manufactured homes and residents influence support, at the local level, including zoning and land-use policies, for manufactured housing?

McCarthy response:

The stigma associated with manufactured housing and prejudice towards people who live in manufactured housing often result in exclusionary zoning and land use policies that prohibit manufactured housing.⁴ While this problem will ultimately need to be dealt with at the state level, it is critical that federal financing, grant and other programs consistently incentivize

³ New evidence shows manufactured homes appreciate as well as site-built homes. L. Goodman, Urban Institute (Sept. 2018). <https://www.urban.org/urban-wire/new-evidence-shows-manufactured-homes-appreciate-well-site-built-homes>

⁴ See "Zoning Barriers to Manufactured Housing", D. Mandelker, The Urban Lawyer, Vol. 48, No. 2 (Spring 2016). https://www.americanbar.org/groups/state_local_government/publications/urban_lawyer/2016/48-2/manufactured-housing/

favorable zoning treatment for manufactured housing. There are a few examples of local approaches that are supportive of manufactured housing.⁵

Financing

Without comprehensive data, it is difficult to accurately assess the full extent of challenges facing manufactured homeowners and create balanced, well-constructed policies that respond to these needs.

Question: What are the data elements currently missing from Federal financing programs, including but not limited to the Title I loan program, that could help improve financing options for manufactured homeowners?

McCarthy response:

We address the need for FHFA and the Enterprises to provide substantially more data in our recent comment on FHFA's strategic plan.⁶

In addition to collecting and analyzing high-quality data on this stock, dissemination is just as important. HUD's Title I program is likely underutilized for an array of factors, but information surrounding this resource is sparse and not easy to access. HAC recommends that HUD make a concerted effort to produce data on this important program that is more accessible to the public and easier to understand. Additionally, geography and local market variations are important in manufactured housing. Any HUD Title I data (or other public data) would be enhanced greatly with the inclusion of geographic identifiers at the highest level of resolution along with rural, suburban and urban indicators for usage and markets.

Improved data collection for manufactured homes should be incorporated in publicly available data resources such as HUD's American Housing Survey (AHS) and the US Census American Community Survey. Manufactured home data should indicate property status (personal property or real property) and location information indicating whether the unit is located in a manufactured home community, or on a scattered site lot. The inclusion of these updated and enhanced manufactured home data would provide a much more complete national picture of manufactured housing. Additionally, HUD should address the serious deficiency related to the removal of the geographic identifiers (e.g. rural, urban, suburban) in the AHS Public Use File. These data points are essential for understanding and improving the stock and delivery of manufactured housing in the United States.

While HUD is an extremely valuable resource in rural communities, the USDA's Rural Housing Service within its Rural Development Agency is also an important source of affordable housing in rural areas. While manufactured housing is eligible for most USDA housing programs this type of housing is generally underserved by USDA financing given its prevalence in rural

⁵ See "City of Boulder releases its manufactured home strategy action plan final report" bouldercolorado.gov (Mar. 2022). <https://bouldercolorado.gov/news/city-boulder-releases-its-manufactured-home-strategy-action-plan-final-report>

⁶ A copy of the comments was attached to the email that included this document.

markets. For example, in Fiscal Year 2020, USDA only obligated 91 manufactured housing loans in its Section 502 Direct Program, and 989 with its Section 502 Guaranteed Loan product. These totals make up less than one percent of all loan activity in these two programs. Similar to the size of the financing portfolio, very little is known about the financing of manufactured housing at USDA as these data are not made publicly available which also may contribute to a lack of knowledge and understanding in this program.

While not specifically related to a Federal Financing program, the Consumer Financial Protection Bureau is to be applauded for their concerted effort to include more manufactured housing data into Home Mortgage Disclosure Act (HMDA) data. The recent inclusion of these new data has markedly improved the public's understanding of the role and dynamics of manufactured housing in mortgage and lending space. Recently, however, there was a concerted effort to reduce the amount of data reported and presented through HMDA. We encourage the Subcommittee to protect the valuable gains made in HMDA reporting on manufactured housing. We also suggest that the Subcommittee coordinate with CFPB to assess the quality of the new manufactured housing data in HMDA and how those data collection efforts may be expanded or improved to keep up with the ever-evolving dynamics of manufactured housing in mortgage and lending markets. The manufactured home market sector should be a candidate for increased assessment and study, instead of a reduction.

In conclusion, I appreciate the opportunity to respond to the Subcommittee's questions. In addition to our specific answers, I respectfully submit that the following concepts and principles generally be applied to all of the questions posed by the committee:

- The new Manufactured Housing Improvement and Financing Program in the FY2023 House appropriations bill would be a transformational tool for improving manufactured housing conditions.
- Manufactured homeowners should be provided opportunities to obtain standard mortgage lending instead of personal property loans often used to finance this type of housing.
- Borrowers with personal property loans should be afforded consumer protections consistent with real property or standard mortgage loans.
- Legislation should be enacted that limits predatory lending practices involving manufactured homes.
- Policies and programs should be enacted to facilitate manufactured housing community preservation, such as protection from community sales, closures, and rent increases. Residents should be properly notified and given right of first refusal on the sale of a community.

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Fiscal Year 2023 Questions for the Record

Chairman David E. Price

Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations***Housing Supply Action Plan***

The Biden-Harris Administration Housing Supply Action Plan, released May 16, 2022, includes provisions on supporting production, availability, and financing of manufactured housing. HUD will implement specific strategies to make it easier to finance new units of manufactured housing, including working to increase the usability of the Title I loan program and supporting greater securitization of Title I loans. HUD will also help address supply by updating the HUD Code and assisting manufacturers with supply chain issues. The Government Sponsored Enterprises will also implement their updated 2022-2024 Duty to Serve Underserved Markets Plans, which includes revised purchase targets for manufactured housing loans and new criteria for mortgage loans security by manufactured housing communities.

Question: Please provide an assessment of the proposals related to manufactured housing laid out by the White House in the Housing Supply Action Plan.

Answer: There are many proposals within the Biden Administration's Housing Supply Action Plan supporting manufactured housing on both the legislative and regulatory front. NPHS appreciates that the Biden Administration has included manufactured housing as a core component of its plan to ease the burden of housing costs and the supply of quality housing in every community.

The Unlocking Possibilities Program, as mentioned in the Plan as a legislative proposal to address the nation's housing supply shortage, presents an opportunity not just for new manufactured housing communities, but for single-family manufactured homes located on existing vacant infill lots in suburban and urban communities. Part of NPHS' success in building and supporting manufactured housing units for renters and homeowners is due to the flexibility in California's zoning laws.

In addition to authorizing the Unlocking Possibilities Program, NPHS is also supportive of President Biden's calling on Congress to reauthorize the HOME Investment Partnership Program. NPHS takes advantage of HOME dollars as a crucial subsidy to layer with other public and private financing when constructing manufactured home units and communities. NPHS has utilized HOME dollars for its infill development projects which included the purchase of manufactured housing units and onsite and offsite property improvements. In addition, NPHS has utilized HOME dollars to provide down payment assistance for eligible first-time low-income homebuyers purchasing manufactured homes. Through the modernizing the HOME statute, issuing updated guidance clarifying eligible uses of funds for grantees and subgrantees, easing cumbersome regulations, and providing robust technical assistance – particularly for participating jurisdictions to conduct homeownership activities – these grant funds will be more effectively streamlined and

utilized for affordable rental and homeownership opportunities within manufactured housing communities.

On the regulatory front, in addition to updating HOME regulations to assist grantees in more easily implementing homeownership activities for manufactured housing residents, NPHS appreciates the Administration's urgency in supporting manufactured housing by highlighting Freddie Mac's risk management assessment of chattel lending, as outlined in their 2022-2024 Duty to Serve Underserved Markets Plan. Because the majority of people buying new manufactured homes rely on chattel lending as opposed to conventional mortgages, FHFA's approval of this assessment would allow Freddie Mac to purchase chattel loans and would support and streamline the financing process for manufactured housing units and communities. Freddie Mac can also make housing counseling and homebuyer education a component of chattel loan purchases on the secondary market, better protecting consumers from predatory lending practices.

Question: How can the activities in this plan be built upon to preserve and expand manufactured housing across the country?

Answer: There remain many opportunities to build on the proposals and reforms laid out in President Biden's Housing Supply Action Plan. As Congress considers the Unlocking Possibilities program, NPHS proposes the inclusion of an incentive structure to promote the construction of manufactured homes. Rewarding and prioritizing jurisdictions that reverse zoning ordinances against manufactured housing units and communities will expand the scope of manufactured housing work that state, local, and nonprofit entities can commit to and accomplish. This program should also be leveraged as an opportunity for states and localities to address supply and density challenges by reforming zoning to allow for the construction of fee-simple developments that incorporate HUD Code manufactured homes.

The Administration's Housing Supply Action Plan also calls on Congress to pass the Neighborhood Homes Investment Act, which provides tax credits to encourage investment in the millions of homes that are otherwise too costly or difficult to develop or rehabilitate. It also requires that these homes are sold to owner-occupants, rather than large investors. As this legislation is crafted, NPHS strongly recommends ensuring provisions are included to allow the support of manufactured housing homeownership within this tax credit opportunity.

NPHS also supports the passage of the Manufactured Housing Community Preservation Act (H.R. 3332), an important piece of manufactured housing legislation that was not included in the Administration's Housing Supply Action Plan, but upon enactment can transform the nature of manufactured housing across the nation. This legislation, introduced by Representative Cindy Axne, authorizes HUD to create a new grant program awarding funds to nonprofit organizations, public housing agencies, and other entities to support the preservation of manufactured housing communities. Such funds may be used to: (1) acquire and preserve manufactured housing communities; (2) make improvements to common areas and community property in such communities; and (3) demolish, remove, and replace dilapidated homes in such communities. A grantee that uses funds to acquire a manufactured housing community must agree to maintain the community for at least 20 years, ensuring manufactured home residents can remain in their

households and communities without fear of rising prices that would otherwise force a family into displacement.

As far as the regulatory reforms highlighted in the Plan, FHFA is currently considering revised Duty to Serve Underserved Markets Plans submitted by Fannie Mae and Freddie Mac (the Enterprises). The revised purchase targets for manufactured housing loans still fall short of the volume needed to meaningfully impact this market. For manufactured housing to adequately serve as a scaling strategy to address housing supply, the Enterprises need to play a more active role in the market to effectively greater liquidity for manufactured housing and increase the delivery of manufactured homes.

NPHS also welcomes the Administration's commitment to work across federal agencies to improve current grant regulations to ease the construction of manufactured home units and communities. The Housing Supply Action Plan highlights programs such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) funds under the Department of Transportation and the Economic Development Administration programs under the Department of Commerce as cross-jurisdictional opportunities to spur affordable housing development. As HUD continues discussions with Federal partners on updating TIFIA and EDA guidance and regulations to increase production, we strongly encourage that manufactured housing is captured under any affordable housing activities included in these updated regulatory and guidance documents.

Question: How can we build on existing HUD programs to meet the goals of the Housing Supply Action Plan and further support manufactured housing?

Answer: The Biden administration can take immediate actions to preserve and expand manufactured housing across the country, beginning with HUD's manufactured housing guidance. The [Further Consolidated Appropriations Act of 2020](#) directs HUD to issue guidance for the inclusion of manufactured housing in state and local governments' Consolidated Plans. The Consolidated Planning process is designed to help states and local jurisdictions assess their affordable housing needs and focus their Community Planning and Development grant applications on those needs. HUD should work expeditiously to draft guidelines that make clear that, where applicable, manufactured housing should be viewed to provide much-needed affordable housing. In addition, HUD's guidelines should require localities to evaluate zoning and land-use restrictions, which, beyond aesthetic and density considerations, keep manufactured homes zoned away from critical community amenities such as transportation, parks, and employment centers. It is also important to note the bias that exists within some state entities, wherein some Housing Finance Agencies (HFAs) do not include manufactured housing investment as a part of their Consolidated Planning process. Expedited issuance of this guidance can support state and local jurisdictions as they seek to address the compounding challenges of affordability and supply, particularly within environments that would otherwise ignore the needs of manufactured housing communities.

As stated above, reforms to the HOME program can significantly enhance manufactured housing production and rehabilitation. In partnership with local municipalities, NPHS has been utilizing HOME dollars to develop factory-built housing to MH Advantage (Fannie Mae and Freddie Mac) specs to increase homeownership opportunities. These homes have been constructed on local

surplus land which has proven to be a viable solution to increasing the affordable housing supply while decreasing neighborhood blight. NPHS recommends increasing the amount of HOME dollars available for the development of factory-built housing by setting aside specific funding for these types of infill developments and including clarified guidance to cities and counties to encourage partnerships with nonprofit organizations to effectively use federal grant awards for this purpose.

Lastly, to ensure resident and consumer protections are in place amid shifting financing structures for manufactured homes, we suggest the THUD subcommittee build on existing housing counseling programs and resources to include specific funding for residents of manufactured housing communities. It is crucial for the consumer to be educated on the benefits and disadvantages of different types of financing, particularly with changes to federal guidelines and regulations.

Infrastructure and Resilience

Many manufactured home communities lack sufficient funding or the essential infrastructure to provide stable water, sewage, and electricity to residents, and older homes often lack decades of necessary repairs that make them energy inefficient and at greater risk of damage from natural disasters. When presented with extreme weather events such as floods, winds, and wildfires, these infrastructure challenges are often exacerbated by factors outside the owner's financial resources or control.

Question: What are the infrastructure challenges facing communities, and how are these exacerbated by climate change and extreme weather events?

Answer: Many manufactured housing communities are rapidly aging, with the majority built between 1960-1990. Most were constructed without public oversight since these are private systems and private property. Routine maintenance for basic infrastructure including utilities, roads, sidewalks, and landscape is crucial yet often lacking within manufactured home communities. Older communities often require immense expenses for upkeep and maintenance or repairs, especially if the piping for water and sewage is corroded or hard infrastructure hookups are decades old. Crumbling roadways inhibit public transportation and access to grocery stores, and social and medical services, further isolating residents from crucial resources. Manufactured housing communities are usually located in smaller cities or in rural communities on the outskirts of metropolitan areas where broadband access can be weak and inconsistent. Most manufactured home communities still rely on copper cable networks instead of newer fiber optics technology. Communities with residents over the age of 55 or blue-collar workers within the community may not see remote work as an incentive for upgrading the internet infrastructure, however, the onset of the COVID-19 pandemic has deemed internet access as a requirement as opposed to a luxury.

Extreme weather conditions exacerbated by climate change such as extreme heat create require frequent maintenance upgrades to power lines, roads and railways. Fire, flood, and wind events often result in the destruction of utility and storm drain systems. Replacing private utility systems is cost prohibitive in most cases. Insurance for climate events is increasingly difficult to find or

afford for both the park owner and the homeowner. Insurance companies are dropping coverage in areas they believe are high risk, and the Federal or state programs to cover these risks have limited eligibilities and restrictive allowable use of funds. Insurance companies are dropping what they deem to be high-risk zones from their coverage area, leaving both the community and the homes uninsured. allowable use of funds. Insurance companies are dropping what they deem to be high-risk zones from their coverage area, leaving both the community and the homes uninsured.

Many manufactured home communities in the Inland Empire, CA, suffer from dilapidated factory-built units that need replacement or rehabilitation and are in manufactured home parks that lack basic infrastructures such as water and electricity. Some of the existing manufactured home communities throughout San Bernardino, Riverside, and Eastern Los Angeles County are unregistered and may have been built without the benefit of a permit, making them ineligible for state financial support to maintain the communities and individual manufactured homes up to code compliance. These communities also face challenges meeting thresholds to secure capital improvement financing from the private sector. The manufactured home communities that are permitted and registered still struggle to obtain financial resources for critical onsite capital improvements due to a lack of public resources.

Additionally, rent control ordinances and market conditions make it nearly impossible to adequately fund reserve accounts for the replacement of utility systems, so a nonprofit community owner, as well as responsible investor-owners, cannot save for capital improvements. Nonprofit owners typically must set aside funds for replacement from cash flow as a requirement of their financing, and the same can be true in financing for investor-owned projects. In most rent control ordinances, the costs related to the annual funding of these reserves are not considered an operations expense and therefore are not considered in the rent increase application. As a result, repair and replacement reserve accounts, which take many years of cash flow contribution to fully fund, are insufficient when damage is done to the community's infrastructure.

Question: What are Federal programs that support weatherization and resiliency of manufactured housing and how can we expand these programs to better support this housing?

Answer: When discussing weatherization and resiliency needs in manufactured homes, it is worth noting that many implementation factors will be compounded by the final rule for Energy Conservation Standards for Manufactured Housing under the Energy Independence and Security Act of 2007 published on May 31, 2022. The Department of Energy selected a tiered approach to energy efficiency standards for manufactured homes, based on whether the home is single- or multi-section. Homebuyers purchasing single-section homes will be more susceptible to the pitfalls of lower-quality, inefficient homes. Typically, single-section homes are priced lower, and lower-income homebuyers will purchase these homes. Households who can least afford to pay high energy bills would continue to needlessly waste thousands of dollars on energy costs and live in draftier, less safe, and less comfortable homes for decades to come. Additionally, the lower quality of these homes will reduce resale value, perpetuating cycles of poverty for families –as opposed to creating the opportunity to build generational wealth. Moreover, these homes are more likely to be shipped into manufactured housing communities, persistent poverty regions, and lower-income rural areas, contributing to an already existing glut of older, poor-quality housing stock.

Regarding Federal programs, the U.S. Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) and the U.S. Department of Energy's Weatherization Assistance Program can both be utilized to increase energy efficiency for manufactured homes. However, neither has the capability to address the challenges presented by older, inefficient mobile and manufactured homes. LIHEAP is a federal assistance program that helps qualifying applicants pay their energy bills. A portion of this program's funds can be used to improve the energy efficiency of these homes; however, program funding may not be used for new construction, or replacing existing homes. According to Prosperity Now, most states contribute only 10 percent of LIHEAP funds toward weatherization. In 2013, at the request of Congress, the U.S. Government Accountability Office (GAO) conducted an analysis of LIHEAP and state pilot programs to replace older manufactured homes with newer, more energy-efficient models. The report examined state-based replacement programs in Maine, Montana, and Washington, finding that while the programs provide benefits, the energy savings do not fully offset costs.

The findings in this report highlight the challenges of leveraging weatherization programs for new home replacement, which is often the remedy needed for older mobile and manufactured homes. A 2010 analysis from Prosperity Now lays out myriad challenges for using existing weatherization programs to address aging mobile and manufactured homes. However, much of the available data and analyses on this subject are outdated. Much more work has been conducted at the state level to test replacement programs, including in Oregon, New York, and California. NPHS recommends that the THUD Subcommittee direct HUD and other relevant federal partners to conduct new research to study the impact, or lack thereof, of weatherization programs on manufactured homes, and the need for effective replacement strategies.

Question: What types of Federal programs are needed to address repair and replacement needs for older manufactured and mobile homes?

Answer: Opportunities exist to support manufactured housing repair and replacement needs from an interagency and inter-jurisdictional approach. To address the pervasive need to replace older, inefficient mobile and manufactured homes in communities across the country, Congress should seek to establish a targeted fund (administered through LIHEP, the Weatherization Assistance Program, or a wholly new HUD program) for replacement. Existing programs are too restrictive, and often disallow program funding for new construction, or replacement of existing homes. Expected outcomes of any new program need to eschew the idea that the cost of replacement will be fully offset by energy savings and instead consider outcomes measured by healthier housing and quality of life metrics. Additionally, USDA Section 514-516 needs to be amended to allow nonprofits to provide technical assistance to communities for onsite improvements and the replacement of old mobile homes. Federal programs designed for this purpose must ensure that (1) incentives lead to environmentally sound decommissioning and disposal of homes after they are replaced, (2) homeowners receive the benefit of any incentives for the purchase of a new replacement home, and that the incentive is not absorbed by the dealer selling the home, and (3) funding is targeted and incentivized toward homeowners with secure land tenure (e.g., on fee-simple land, in resident-owned communities or in communities with long-term leases) so to promote appreciation of the new or improved home.

We recommend the subcommittee examine the outcomes of weatherization and replacement programs in Oregon to inform any new program development of this nature. HUD highlighted Oregon's efforts in the Office of Policy Development and Research's Evidence Matters publication in 2020:

- The Oregon Legislative Assembly passed House Bill 2896, effective September 2019, which allocates \$9.5 million to OHCS to provide loans to nonprofit corporations to establish preservation programs for manufactured home parks. The law also allocates \$2.5 million to the Manufactured Home Preservation Fund, which provides loans of up to \$35,000 per individual homeowner to replace older, inefficient manufactured homes with energy-efficient ones that meet OHCS standards. The Manufactured Home Preservation Fund also helps families decommission and dispose of a manufactured dwelling and will help finance advisory board initiatives such as annual evaluations.

Additionally, the Community Development Financial Institution (CDFI) Fund can act as a financial conduit to support the repairs and replacement needs of manufactured homes and communities. We suggest the THUD Subcommittee coordinate with its counterparts on the Financial Services and General Government (FSGG) subcommittee to increase the funding for the CDFI Fund and include the rehabilitation of manufactured housing communities as an eligible activity, thereby supporting manufactured home replacement financing programs that local CDFIs can leverage.

As the Appropriations Committee continues to develop programmatic strategies to support repair and replacement needs in manufactured housing communities, we respectfully request nonprofits specializing in owning and operating affordable manufactured housing communities are included as key stakeholders. Working groups should be formed that bring federal housing planners and specialized nonprofits together to develop these programs. programs should be developed to encourage and fund nonprofit ownership of 1) manufactured housing dealerships and 2) rental homes in land lease communities. Nonprofit owners that specialize in owning and operating communities are often left out of this conversation because the industry is dominated by well-funded for-profit businesses.

Social Perceptions of Manufactured Homes

There are many negative attitudes still held about manufactured homes and manufactured home communities that do not hold true today. These stereotypes often push residents of these communities out of our broader discussions around affordable housing and further marginalize the residents and their needs. Many of the programs and funding streams that can be used for manufactured home and manufactured home community improvements are implemented by state and local governments and require a level of community buy-in for certain activities to be prioritized.

Question: Given this, what are the social and economic impacts of common misperceptions of manufactured homes?

Answer: Within the development and support for manufactured housing and manufactured housing communities there can, unfortunately, be the possibilities of social and economic impacts that can negatively affect the perception of manufactured housing. General push-back from local communities in the form NIMBYism and general lack of knowledge on manufactured housing can be an example of negative feedback, which contributes to stunted growth and difficulties in manufactured housing efforts. NIMBYism can in turn affect impacts on a state regulatory level. We see examples of manufactured homes outright banned like in Huntsville, Texas, or in South Carolina and Kentucky implementing lot size restrictions for manufactured homes, negatively harming the progression, or improvement of the community.

Misconceptions of manufactured homes permeate the city level as well. NPBS has experienced difficulties in obtaining permits through local jurisdictions, particularly where the staff in a local governing body is unaware of the differences between developing a site-built home and a manufactured home. Individual households also experience negative impacts from biases against manufactured homes and communities. Homebuyers looking to buy manufactured homes are denied lending more often than homebuyers looking to buy site-built. In a research study done by the University of North Carolina's Center for Community Capital it was found that lenders denied borrowers seeking to purchase manufactured homes right times more often (54%) than those who were seeking to purchase site-built homes (7%).

Question: How do attitudes toward manufactured homes and residents influence support, at the local level, including zoning and land-use policies, for manufactured housing?

Answer: Increased support for manufactured housing can assist in subsequent development on a great scale, unfortunately, there are few state or local level specialists in manufactured housing resulting in limited institutional knowledge of this important housing product. A minimal understanding of the benefits of manufactured housing reflects the local zoning and land-use policies, with local jurisdictions oftentimes leaning on negative prejudices and misconceptions of manufactured housing communities to justify restrictive ordinances. Non-profits experienced in manufactured housing are often the sole advocates and subject matter experts on the needs and operations of these communities, as well as relaying how manufactured homes are an effective strategy for affordable housing.

We are reassured by the fact that Federal legislators; such as the THUD subcommittee devoting an entire hearing to the issue, or the cosponsors of the YIMBY Act; are continuing to engage on the benefits of manufactured homes, and conjuring strategies to improve their operations and most importantly the quality of life of manufactured housing residents.

Financing

Without comprehensive data, it is difficult to accurately assess the full extent of challenges facing manufactured homeowners and create balanced, well-constructed policies that respond to these needs.

Question: What are the data elements currently missing from Federal financing programs, including but not limited to the Title I loan program, that could help improve financing options for manufactured homeowners?

Answer: Compiling robust data on the manufactured housing landscape is crucial to understanding the feasibility of manufactured housing homeownership. Data points enhancing financing feasibility can include: determining the entity owning the manufactured housing units as well as the property beneath the units; structural conditions of the units and surrounding manufactured housing community infrastructure; per unit costs of manufactured housing construction and rehabilitation; placements of the manufactured homes; and information distinguishing which units are renter- vs owner-occupied. Updated and consolidated data points of this nature can all contribute toward a full, evidence-based picture informing the feasibility of becoming an owner of a manufactured home.

Currently, Fannie Mae and Freddie Mac are not required to disclose the financing information of manufactured housing units and communities, even if that financing uses public dollars. Improving the disclosure process at the Enterprises regarding the financing of manufactured housing units and communities, as well as who owns the units and the land on which the units are built, will yield greater transparency from the private sector and better advise what policy changes are required from the public sector to improve financing options for manufactured housing owners.

Improved data collection for manufactured homes should be incorporated into publicly available data resources such as HUD's American Housing Survey (AHS). Manufactured home data should indicate property status (personal property or real property) and location information indicating whether the unit is located in a manufactured home community, or on a scattered site lot. The inclusion of these updated and enhanced manufactured home data would provide a much more complete assessment of manufactured housing. Additionally, HUD should address the serious deficiency related to the removal of the geographic identifiers (e.g. rural, urban, suburban) in the AHS Public Use File. These data points are essential for understanding and improving the stock and delivery of manufactured housing in the United States.

A complete, data-driven assessment of the issues facing manufactured housing communities requires cooperation from the public, private, and nonprofit sector to ensure accurate reporting to inform legislative and regulatory changes. Incentivizing private manufactured housing owners to share market and ownership data with the public sector to improve data collection will assist in relaying updated information on the conditions experienced by manufactured housing community residents, allowing for more transparency on the feasibility of financing and owning a manufactured home.

Neighborhood Partnership Housing Services
Fiscal Year 2023 Questions for the Record

Congresswoman Norma J. Torres
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

***Manufactured
 Housing***

The Inland Empire is often overlooked when it comes to federal investment. It has crumbling infrastructure and in need of rehabilitation in affordable housing. Manufactured housing presents an opportunity to address the needs of affordable housing and first-generation homeownership.

Question: What specific line item should the THUD Subcommittee be considering to bring unregistered and registered manufactured housing communities/parks to compliance due to lack of basic infrastructure and in need of rehabilitation?

Answer: The Community Development Block Grant (CDBG) program is a flexible pot of funding supporting a wide variety of affordable housing activities. For example, NPHS has been partnering with local municipalities over the past 15 years to administer multiple owner-occupied home repair programs for low-income families and seniors utilizing CDBG funds. Many of the repairs were completed on manufactured homes. To support both registered and unregistered manufactured housing parks and communities reach compliance by enhancing and rehabilitating basic infrastructure, the THUD subcommittee should consider creating a set-aside within CDBG to address the significant gaps in infrastructure maintenance and upgrades. Eligible activities under this set-aside should include the improvement of community properties and common areas within manufactured housing communities to allow for swift intervention and enhancement of infrastructural conditions in these areas. We also recommend the subcommittee include any necessary provisions, waiver authorities, or guidance directives to allow HUD to grant and subgrant this funding to non-profits, land trusts, public housing agencies, state or local government agencies, resident-owned communities, and other such entities to ensure set-aside funding can be fully maximized by investing in the structural improvements in manufactured housing communities.

In addition to considering the CDBG manufactured housing community infrastructure set-aside, the THUD subcommittee should also increase the NeighborWorks America (dba Neighborhood Reinvestment Corporation) core grants, empowering nearly 250 organizations to provide access to affordable rental housing and homeownership opportunities, which includes organizations providing key resources and support to manufactured housing communities. NeighborWorks funding has a demonstrated record of success in increasing access to affordable manufactured homes, as shown by our work at NPHS as well as nearly 40 of our fellow NeighborWorks Organizations that specialize in manufactured housing. NeighborWorks America grants are flexible and effective, and these grants can be used by affiliate organizations to improve infrastructure conditions in manufactured housing communities, thereby spurring public and

private investment in communities across the country, and most importantly improving the quality of life for families residing in manufactured homes. Increasing this line item will further enable NeighborWorks affiliates to continue this valuable affordable housing and community development work, including manufactured housing community infrastructure improvements.

Finally, opportunities exist to support manufactured housing infrastructure and rehabilitation needs outside of THUD's jurisdiction. The Community Development Financial Institution (CDFI) Fund can act as a financial conduit to support the rehabilitation and preservation of manufactured homes and communities. The THUD Subcommittee should coordinate with its counterparts on the Financial Services and General Government (FSGG) subcommittee to increase the funding for the CDFI Fund and include the rehabilitation of manufactured housing communities as an eligible activity, thereby supporting manufactured home replacement financing programs that local CDFIs can leverage.

Background

Many manufactured home communities in the Inland Empire, CA, suffer from dilapidated factory-built units that need replacement or rehabilitation and are in parks that lack basic infrastructures such as water and electricity. Some of the existing manufactured home communities throughout San Bernardino, Riverside, and Eastern Los Angeles County are unregistered and may have been built without the benefit of a permit, making them ineligible for state financial support to maintain the communities and individual manufactured homes up to code compliance. These communities also face challenges meeting thresholds to secure capital improvement financing from the private sector. The manufactured home communities that are permitted and registered also struggle to obtain financial resources for critical onsite capital improvements due to a lack of public resources.

Funding from NeighborWorks America and HOME has played an instrumental role in advancing NPHS' manufactured housing initiatives, specifically its infill development projects in partnership with local municipalities. In addition, CDBG funding has been essential to supporting the owner-occupied home repair programs that NPHS administers for local municipalities.

The elimination of California redevelopment agencies in 2011 left San Bernardino and Riverside County without a source of funding to offer owners of unpermitted mobile home parks. Financing has been difficult, if not impossible, because of lending guidelines such as income verification and documentation that don't consider the unique challenges, especially in farmworker housing. Leveraging capital from the CDFI Fund, local CDFIs present an impactful opportunity to provide financing resources to manufactured home communities for capital improvements and to replace or rehabilitate individual manufactured homes that are dilapidated. CDFIs can offer flexible underwriting and financing at a lower cost not provided by the private sector for capital improvements and manufactured home replacement. Additionally, funding from the CDFI Fund can be leveraged with other public sector sources such as CDBG and HOME and with private-sector capital from financial institutions and health systems, promoting cross-sector

collaboration.

CDFI and public sector partnerships to finance the rehabilitation of manufactured home communities have been successful in the Inland Empire. Riverside County has previously partnered with Clearinghouse CDFI, a community development financial institution, to offer construction and permanent financing to manufactured housing community owners. They have done four capital improvement loans in the eastern part of the county. Through a new partnership with RCAC, a state-wide CDFI specializing in rural markets, will provide construction loans and technical assistance to owners of unpermitted manufactured housing communities who would like to make improvements to bring them into code compliance. As part of this partnership, the county will guarantee some of the risk, which has been a hurdle to securing construction financing for improvements for manufactured housing community owners.

CDFIs offer an additional funding source and tool to stabilize communities, transform living conditions and bring hope by offering manufactured housing communities financing to make the necessary infrastructure improvements such as clean drinking water, working sanitation systems, permitted electrical systems, sidewalks, and paved roads. Leveraging capital from the CDFI FUND, local CDFIs like NPHS can act as a financial conduit to support the rehabilitation and preservation of manufactured homes and communities. The THUD Subcommittee should coordinate with its counterparts on the Financial Services and General Government (FSGG) subcommittee to increase the funding for the CDFI Fund and include the rehabilitation of manufactured housing communities as an eligible activity, thereby supporting manufactured home replacement financing programs that local CDFIs can leverage.

ALL WITNESSES

Fiscal Year 2023 Questions for the Record

Chairman David E. Price

Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations*Housing Supply Action Plan*

The Biden-Harris Administration Housing Supply Action Plan, released May 16, 2022, includes provisions on supporting production, availability, and financing of manufactured housing. HUD will implement specific strategies to make it easier to finance new units of manufactured housing, including working to increase the usability of the Title I loan program and supporting greater securitization of Title I loans. HUD will also help address supply by updating the HUD Code and assisting manufacturers with supply chain issues. The Government Sponsored Enterprises will also implement their updated 2022-2024 Duty to Serve Underserved Markets Plans, which includes revised purchase targets for manufactured housing loans and new criteria for mortgage loan security by manufactured housing communities.

Question: Please provide an assessment of the proposals related to manufactured housing laid out by the White House in the Housing Supply Action Plan.

First and foremost, the inclusion of manufactured housing (MH) and manufactured home communities (MHCs) in the Administration's Housing Supply Action Plan is encouraging, timely and necessary.

The Plan correctly acknowledges both the crucial role, and the potential role, of MH and MHCs in the inventory of affordable homeownership, particularly in rural and ex-urban communities and for seniors, veterans, people with disabilities, and working families.

However, the Housing Supply Action Plan has failed to address four key market barriers affecting production, availability, acquisition, and financing of manufactured housing:

1. Homes on rented land in communities vs. homes on fee-simple, single parcels of land need to be addressed individually. Some of the barriers to production and financing are the same and some are quite different.
2. There is an underlying structural problem in the MHC sector: homeowners/homebuyers own the HUD-code home but typically rent the land from a commercial investor. That "half homeownership/half renter" structure has demonstrated significant weaknesses – excessive rent increases that destabilize households and strip home equity, community closure that results in displacement of home and homeowner, and exposure to unsafe water and sewage treatment due to age, dis-investment, and public inattention.
3. The structural weakness of MHCs also create a heretofore insurmountable barrier for financing homes with residential mortgage loans. When the home is in a land-lease community, conventional lenders and the Government Sponsored Enterprises

(GSEs) have been unable to provide a real estate mortgage or “chattel” loan product that is equivalent to the single-family mortgage loans all other American homebuyer enjoys. These two structural factors handcuff the lowest-income homeowners from realizing the full value of their home and threaten the preservation and production of this valuable affordable housing resource.

4. In general, MHCs are upwards of 70 years old – with a large number of them built from 1960 to 1990. Most were constructed without public oversight of water, wastewater, electric and drainage systems since they were built on private property at a time when building codes were minimal or minimally enforced. Much of the infrastructure is beyond its useful life and requires replacement. Some MHC investor-owners have kept up with capital improvements and maintained critical systems. But MHCs’ unique “under the radar” nature has enabled significant disinvestment and deferred maintenance for tens of thousands of MHCs. For those communities, weather and climate change represent new and increasing challenges in terms of poor drainage exacerbating flooding and sewage challenges; unmaintained trees, utility poles and cables exacerbating wind damage; and, lack of storm shelters and fire mitigation risk for homeowners.

In America, homeownership should connote security – security of home and land – and access to safe drinking water, sanitation, and electricity. For MH in MHCs, the Housing Supply Action Plan will not meet the permanent affordable housing goals of the President’s Plan without balancing the interests of homeowners and landowners.

ROC USA strongly recommends the following two solutions be added to the Plan and included in each of the provisions:

- 1) Opportunity for Purchase for homeowners in a community that is going to be sold: Resident ownership of MHCs [limited-equity cooperatives or, resident owned communities (ROCs)] ROCs have proven to be the best fix for the “half homeownership/half renter” problem. Nearly 40 years, 294 ROCs, 20,000+ homeowners in 20 states without a single foreclosure or return to the speculative real estate market is proof of concept for even the most risk-adverse.
- 2) Long-term leases: The fix for commercial owners of MHCs would be to provide homeowners with long-term leases with predictable rents. We have demonstrated that long-term secure land tenure can motivate conventional residential mortgage loans. In fact, the GSEs do provide mortgage financing on leased land in other sectors. The missing piece is actual long-term leases in the so-called “land-lease community” sector.

Finally, while the Plan does emphasize preservation in addition to production, one of the key methods of preserving MHCs as affordable homeownership is providing current homeowners an opportunity to purchase their communities, at market price, when they come up for sale (OTP).

We would recommend two provisions specific to supporting the preservation and financing of MHCs be added to the Plan and included in each of the provisions:

1. "In order to preserve public investment, facilitate equitable home mortgage financing for homeowners in MHCs, and create a stock of permanently affordable homes in manufactured home communities, all federal agencies, including Fannie Mae and Freddie Mac, will require, as a condition of financing, guarantee, insurance or grant support, that long-term leases and stable land rents be provided to homeowners residing on the property and homeowners will be provided notice of any sale and a 90- to 120-day opportunity to purchase the property when it is put up for sale."
2. Fund equity investments in CDFIs through direct appropriations via HUD, or the CDFI Fund to specifically finance resident purchases of MHCs as limited-equity cooperatives (ROCs). The goal would be to provide homeowners with the same publicly supported commercial mortgage financing as is currently available to investor purchasers through the GSEs. The Federal Housing Finance Authority could also help ROCs access GSE commercial mortgage financing by allowing the GSEs to again invest equity and provide grants to nonprofits to further their affordable housing missions. Both were eliminated during conservatorship.

These two provisions alone will leverage a GSE mortgage product, transform the availability and affordability of homeownership in MHCs, preserve thousands of homes in communities, and guaranty that new production continues to provide affordable housing in perpetuity.

As to specific proposals related to manufactured housing laid out by the White House in the Housing Supply Action Plan:

- We're encouraged to see Freddie Mac in the chattel business and hoping for an expansion of products available to ROC homebuyers.
- The Plan is on target in calling for new financing mechanisms for MH. As discussed above, the pre-conditions for both liquidity and quality product in both Title I and MH single-family mortgage or chattel products are long-term leases (30+ years) in MHCs and predictable rent. ROCs already provide these; commercially owned MHCs could also provide these. In other words, the only thing separating a "home-only" chattel product from a "home-only" real estate mortgage product is secure tenure. It makes little sense that GSEs will finance MHCs but not the homes in those same MHCs. We recommend asking the single-family team to define what they need to begin lending on homes in MHCs and implement that standard in partnership with the multi-family team.
- The Unlocking Possibilities Program is an unprecedented step to supporting more MHC development and will go a long way toward both encouraging and supporting localities to eliminate needless barriers to affordable housing production, including permitting for manufactured home communities. However, it will be critical to include the provisions outlined above – long-term, predictable rent leases that support equitable "home-only" mortgage financing, and the opportunity for homeowners to purchase the community when it is sold. There is definitely a need for developers of new MHCs and homeowners

are not developers, but homeowners ought to eventually own the land under their homes.

- As the Plan states, the HOME program could be a tremendous resource for MHC preservation through both resident purchase and production. HOME does need revision in order to meet this goal:
 - Incorporate the provisions outlined above – long-term, predictable rent leases that support equitable “home-only” mortgage financing and the opportunity for homeowners to purchase the community when it is to be sold;
 - Explicitly include limited-equity cooperatives (such as ROCs) as eligible recipients regardless of tax-exempt status;
 - Explicitly include shared-equity affordability provisions of ROCs;
 - Create a set-aside for MHC resident purchase or employ the use of CDFI partners in order for ROCs to match commercial real estate transaction timelines of 90- to 120-day turnaround, contract to closing.

Question: How can the activities in this plan be built upon to preserve and expand manufactured housing across the country?

Again, first and foremost, implement the solutions outlined above in each of the housing finance programs and community zoning incentives included in the plan: Address homes in communities separately from homes on owned land; require leases that make mortgage financing possible; and target resources to ROCs that will preserve affordability forever. Tie public investment to an opportunity for homeowners to purchase the land under their homes when the community is to be sold. Invest in clean drinking water, sanitation, and storm mitigation through the MH Infrastructure Grant Program.

Most of the housing finance programs and community zoning ideas in the Plan don’t differentiate between insecure and secure land tenure. They need to. The options include imposing meaningful leases on all program investments and targeting resources to resident (ROC) owners. Nonprofit ownership is another preservation model if the nonprofit is held to preserving the community long-term.

Explicit recognition of ROCs and limited-equity cooperative corporations as eligible and prioritized recipients of program funds will ensure affordability and permanent preservation of both existing and newly developed MHCs.

The changes to local zoning and regulation anticipated by the plan will go a long way toward supporting not only new MHC development, but also new MH in existing communities. Some local codes prohibit replacement of an existing home or infill of a vacant lot. Targeting resources to ROCs and MHCs with long-term leases will ensure new development builds secure and wealth-building affordable homeownership.

Question: How can we build on existing HUD programs to meet the goals of the Housing Supply Action Plan and further support manufactured housing?

HOME - The HOME program needs revision to be a resource for manufactured housing:

- Explicitly include limited-equity cooperatives (such as ROCs) as eligible recipients regardless of tax-exempt status;
- Explicitly include shared-equity affordability provisions of ROCs;
- Incorporate the provisions outlined above – long-term, predictable rent leases that support equitable “home-only” mortgage financing and the opportunity for homeowners to purchase the community when it is to be sold;
- Create a set-aside for MHC resident purchase or employ the use of CDFI partners in order for ROCs to match commercial real estate transaction timelines of 90- to 120-day turnaround, contract to closing.

HUD 207m - Resurrect the 207m program to provide purchase financing to ROCs. This program provides 90% loan-to-value commercial mortgage insurance (MI) for MHC investors who buy and “substantially” rehab MHCs. It’s not been used and it is not active. It could be revamped to provide MI for limited equity ROC loans that lowers the cost of borrowing for co-ops committed to long-term preservation of the MHC.

CDBG - Many jurisdictions, including rural counties, have been focused on using CDBG for ROC infrastructure improvements. They have seen the benefit of preserving affordable housing permanently and believe an investment in clean water, safe sanitation, and modern electric utility is both preserved through the limited-equity cooperative model of ROCs and is an appropriate public investment in homeownership and neighborhood revitalization on behalf of local tax-paying homeowners.

But, so many granting entities (entitlement cities or states) have an established plan for CDBG funding and MHCs are not part of the vision. This is rooted in the NIMBY philosophy from 20 years ago and comprehensive plans haven’t caught up with the recent pressing need for MH preservation.

HUD should lead the way in educating and motivating local jurisdictions and granting entities by prioritizing manufactured homes and preservation of MHCs through resident ownership (ROCs). Simply by affirmatively ensuring that MH and MHCs are eligible for all affordable housing and infrastructure programs will help advance local support for CDBG applications from ROCs. HUD should also provide similar incentives for inclusion of MH and MHCs in comprehensive plans as in the case of local zoning changes.

Infrastructure and Resilience

Many manufactured home communities lack sufficient funding or the essential infrastructure to provide stable water, sewerage, and electricity to residents, and older homes often lack decades of necessary repairs that make them energy inefficient and at greater risk of damage from natural

disasters. When presented with extreme weather events such as floods, winds, and wildfires, these infrastructure challenges are often exacerbated by factors outside the owner's financial resources or control.

Question: What are the infrastructure challenges facing communities, and how are these exacerbated by climate change and extreme weather events?

In general, MHCs are upwards of 70 years old. Most were constructed without public oversight of water, wastewater, electric and drainage systems since they were built on private property at a time when building codes were minimal or minimally enforced. Much of the infrastructure is beyond its useful life and requires replacement.

The infrastructure challenges include:

- Water source and distribution systems (including connecting to public water or new wells, pump stations and storage facilities);
- Septic and sewer wastewater systems;
- Electric, including meter panels and poles for service to homes and community facilities;
- Roadways within the community, on- and off-site stormwater drainage and driveways;
- Tree trimming and removal as necessary to install new systems and protect homes and facilities;
- Emergency storm shelters that can also serve as community centers;
- Energy efficiency projects including solar, wind and streetlight conversions.
- Sidewalks;
- Removal of abandoned and blighted homes from the property;
- Home-site improvements including installing HUD-approved foundations for new and pre-owned HUD-code homes; and
- Flood and fire risk mitigation projects.

Question: What are Federal programs that support weatherization and resiliency of manufactured housing and how can we expand these programs to better support this housing?

USDA Sec. 504 and LIHEAP programs ought to specifically prioritize MH and ROCs where rehab and weatherization has been shown to save 30% on labor costs when done as a community-wide effort.

Question: What types of Federal programs are needed to address repair and replacement needs for older manufactured and mobile homes?

The Cash for Clunkers bill by Sen. Tester was one good example. Grants, financing and Technical Assistance to the homeowner are important elements. Targeting ROCs and MHCs with long-term predictable rent leases that enable "home-only" mortgage financing are crucial to meeting the goals of homeownership and affordability.

Existing home repair, down payment assistance, and homeowner education need to explicitly include MH in eligibility and target ROCs and MHCs with long-term predictable rent leases that enable “home-only” mortgage financing as well.

Social Perceptions of Manufactured Homes

There are many negative attitudes still held about manufactured homes and manufactured home communities that do not hold true today. These stereotypes often push residents of these communities out of our broader discussions around affordable housing and further marginalize the residents and their needs. Many of the programs and funding streams that can be used for manufactured home and manufactured home community improvements are implemented by state and local governments and require a level of community buy-in for certain activities to be prioritized.

Question: Given this, what are the social and economic impacts of common misperceptions of manufactured homes?

The most significant impact of misperceptions of MH – and the oft unstated reluctance to participate in MHCs due to structural weakness and risk of split ownership – is how the public sector simply avoids the sector altogether. Since all affordable housing programs are organized around multi-family rental or single-family homeownership, MH homeowners and MHCs are almost always told they do not fit into either and therefore are ineligible for affordable housing resources.

Dave Anderson, Executive Director, National Manufactured Homeowners Association, provides a partial list of the social and economic impact of the misperceptions of manufactured homes:

The negative attitudes about manufactured housing systematically push MH and the people who live in it out of the mainstream discussion of affordable housing by creating a perception that:

- The homes aren’t considered real homes.
- The neighborhoods aren’t considered real neighborhoods.
- And, as a result, the people are treated in many ways as second-class citizens.

Establishing this distinction enables a series of discriminatory actions, including:

- Housing ordinances in many communities prohibiting manufactured homes from being placed on privately owned land, leaving leased land as the only option.

- Few lenders providing loans to manufactured homes placed on leased land, which leaves buyers with a limited range of options, including loans provided by the dealers who sold them their homes, contracts for deed with the communities renting them the land, or buying the home for cash from another resident, which happens almost a third of the time.
- Additionally, many cities have not allowed for the establishment of manufactured home communities, and, often when a city has allowed one to open, it's granted only conditional use of land zoned for future commercial or industrial use.
- Other institutions – both public and private – are guided by decisions to allow only conditional use and they make decisions about where to locate a transit stop, a public park, a grocery store, or even where to re-route a highway.

Some of the federal policy decisions enabled by these negative attitudes have included:

- Less stringent construction standards in areas such as energy efficiency, which leaves owners of manufactured homes paying nearly twice as much per square foot on energy costs as owners of site-built homes.
- Reduced regulations on dealers that allow them to steer buyers to loans provided by the dealer or lenders partnered with the dealer.
- High-cost, poor-quality home loans that owners of manufactured homes receive seven times more often than owners of site-built homes; with interest rates as high as 9-10% and terms as short as 7-18 years.

Social Scientist and Author Esther Sullivan confirms these impacts in her book *Manufactured Insecurity: Mobile Home Parks and Americans' Tenuous Right to Place*; University of California Press, 2018:

Social misperceptions and stigma regarding the people that live in manufactured homes, or so-called trailers, date back the Great Depression. This social stigma has structured over a century of planning and zoning policies that have then reproduced the social and spatial marginalization of MH residents (a process I term socio-spatial marginalization of MH in my book). These restrictive zoning and planning policies often require that MH be segregated from residential housing, and MH is often zoned out of residential space into commercial and industrial zones. These actions followed the late 19th-century precedent of using zoning regulations to exclude socially undesirably ethnic minorities, into Chinatowns and other ethnic enclaves. As MH grew in numbers during the 1950s and 1960s, so did ordinances, covenants, and municipal regulations that restricted the placement of MH.

The first outcome of these policies is that MH is segregated from other types of housing, both owned and rented. Of the nearly 7 million occupied MH units in the country, approximately 69% are located within one half block of another manufactured home, while only 4% of conventional owner and renter housing units are located within one half block of MH (Durst and Sullivan 2019).

A second outcome of these policies is that MH is often located further away from positive public facilities (like hospitals, clinics, employment centers, and schools) and is placed on hazard-prone land where MH residents are exposed to environmental inequalities. A range of studies has also demonstrated that MH tends to be located in more hazardous areas relative to site-built housing and thus is heavily impacted by environmental disasters. The economic and social costs are far-ranging.”

Question: How do attitudes toward manufactured homes and residents influence support, at the local level, including zoning and land-use policies, for manufactured housing?

Please see response above.

Financing

Without comprehensive data, it is difficult to accurately assess the full extent of challenges facing manufactured homeowners and create balanced, well-constructed policies that respond to these needs.

Question: What are the data elements currently missing from Federal financing programs, including but not limited to the Title I loan program, that could help improve financing options for manufactured homeowners?

One of the key barriers to improving financing options for MH homeowners is lack of data from the limited number of lenders in the chattel industry and the lack of attention to the extensive data available from community development lenders.

There is only one Title 1 lender in the entire Chattel industry (Vanderbilt) and there are only six total lenders in the Chattel industry (Credit Human, 21st Century, Vanderbilt, TRIAD, Tamac, and Cascade). None has provided meaningful data on loan performance, location, demographics, underwriting terms, applications vs. approvals, loan size, etc.

Meanwhile, the GSEs have repeatedly used lack of data as justification for staying out of the manufactured housing space.

What’s needed is a comprehensive requirement on reporting similar to HMDA and beyond. For industry lenders:

What’s needed is a comprehensive requirement on reporting similar to HMDA and beyond. For industry lenders:

- To be useful, loan data must distinguish between “home-only” loans and “home on fee-simple land” loans.
- HMDA must distinguish between real estate mortgage loans and chattel loans;
- Loan performance data – what’s the true default performance of these loans?
 - In community

- On fee-simple land
- By loan product terms – size, age of home, credit score
- Loan Underwriting criteria –
 - Gap analysis – small loan size, credit score, age of home
- Origination incentives – understanding how origination incentives are structured will provide guidance on how to address gaps
- Financial performance of chattel lending operations – profitability, break-even, sustainability. What's keeping liquidity so low? Is it expense? Loan performance?

In addition to the few industry lenders, there is a need to focus on community lender performance in MH space to determine what has worked:

- CDFI lending programs – The Community Loan Fund in New Hampshire has been making home-only real estate mortgages in ROCs for nearly 20 years. The product employs underwriting criteria that makes it accessible to low-income, credit-worthy homeowners and homebuyers who would be turned away by conventional lenders. There are not loan size or age of home limitations that cut out wide segments of MH homeowners. With an almost 20-year history and \$83 million in total lending, and a 2.9% default rate, this is meaningful data that could inform product development across the country.
- Credit Unions – the following CUs have been lending to MH homeowners for years. Using their data to inform financing options makes good sense:
 - Self Help CU, Durham, NC
 - Opportunities CU, Burlington, VT
 - Clearwater CU, Missoula, MT
- Vanderbilt (Berkshire Hathaway) is the only Title I Lender in the whole industry. The amount of balance sheet net worth that is required to provide a chattel loan product is so high that no other lender can/will participate. (i.e., “Capitalization requirements”).
- Title I is the only “home only” (i.e., in-community) product available – there has been miniscule activity. An examination of the following program barriers is necessary if the program is going to be effective for homeowners and homebuyers.
 - Capitalization requirements
 - Loan limits too low
 - Installation requirements are burdensome and unrealistic in current MHCs.

ALL WITNESSES

Fiscal Year 2023 Questions for the Record

Chairman David E. Price

Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations***Housing Supply Action Plan***

The Biden-Harris Administration Housing Supply Action Plan, released May 16, 2022, includes provisions on supporting production, availability, and financing of manufactured housing. HUD will implement specific strategies to make it easier to finance new units of manufactured housing, including working to increase the usability of the Title I loan program and supporting greater securitization of Title I loans. HUD will also help address supply by updating the HUD Code and assisting manufacturers with supply chain issues. The Government Sponsored Enterprises will also implement their updated 2022-2024 Duty to Serve Underserved Markets Plans, which includes revised purchase targets for manufactured housing loans and new criteria for mortgage loans security by manufactured housing communities.

Question: Please provide an assessment of the proposals related to manufactured housing laid out by the White House in the Housing Supply Action Plan.

Answer: The Housing Supply Action Plan proposes to deploy new financing mechanisms for manufactured housing and improve the production of manufactured units through various avenues. We support these proposals in general, especially where they improve access to more traditional, less predatory financing options for manufactured housing. Specifically, the Housing Assistance Council (HAC) has been a long-time supporter of the FHFA's Duty to Serve requirements for the GSEs. We encourage the FHFA and the GSEs to continue to improve upon the work of Duty to Serve and to set ambitious goals in the planning process.

Question: How can the activities in this plan be built upon to preserve and expand manufactured housing across the country?

Answer: While scaling comprehensive solutions to these long-term challenges will require research and deliberation, Congress could begin to address acute needs that have already been identified in the manufactured housing space. Two areas in which this Subcommittee could be impactful in the short term are: 1) grants for land acquisition accessible to resident owned cooperatives, other mission-focused non-profits, and public sector housing agencies; and 2) pilot responsible financing programs for individual homeowners.

To this end, HAC is very supportive of the new Manufactured Housing Improvement and Financing Program included in the FY2023 House appropriations bill to preserve and revitalize manufactured homes. This new program would fund activities like those HAC prioritized above, including land acquisition accessible to resident owned cooperatives, other mission-focused non-profits, and public sector housing agencies.

Question: How can we build on existing HUD programs to meet the goals of the Housing Supply Action Plan and further support manufactured housing?

Answer: Manufactured housing challenges are often obscured by a lack of reliable data, especially in rural areas. First and foremost, HAC would encourage HUD to fund data collection and research to better understand the landscape of manufactured housing and to ensure the delivery of their resources and potential solutions are evidence-based.

HUD should also revisit its [Manufactured Housing Survey](#) to reinstall ‘manufactured housing placements’ data in addition to the shipments data. HUD removed this data collection and data point from the survey in 2014 under the auspices of a cost saving measure. But this decision has also reduced the effectiveness of the data. Placement data for this type of housing are a better proxy and equivalent to housing starts than shipments, and in many respects, are a preferred indicator of market dynamics for manufactured housing. In addition to placements data, HUD should also revisit this survey to assess and incorporate any new or additional elements that are pertinent or relevant to the manufactured housing market since its last major overhaul. Generally, the HUD/Census Manufactured Housing survey is an extremely valuable tool given the dearth of data for manufactured housing and its utility and usefulness could only be improved with the most relevant information and data.

An important factor in the designation of a manufactured home is whether the unit was built before or after June 15, 1976. This date marked the implementation of the Manufactured Home Construction and Safety Standards Act (42 U.S.C. Sections 5401-5426) regulating the construction of manufactured homes and commonly referred to as the ‘HUD code.’ HUD developed and administers the code that implements the statute. These federal standards regulate manufactured housing design and construction, strength and durability, transportability, fire resistance, and energy efficiency. The HUD code evolves over time and has undergone several major modifications since 1976. HUD should continue to monitor the relevance and impact of this significant regulation with continued assessment and research.

HUD’s Manufactured Housing Consensus Committee is an important resource that requires attention and assessment. The Manufactured Housing Improvement Act of 2000 established a Consensus Committee to amend, revise, and develop manufactured housing safety standards and enforce regulations. The Manufactured Housing Consensus Committee (MHCC), appointed by the HUD Secretary, is composed of 21 voting members representing three interest categories with seven representing producers of manufactured housing, seven representing users of manufactured housing, and seven representing other interest groups or public officials. HUD should continually assess the composition and agenda of HUD’s Manufactured Housing Consensus Committee to see if it is appropriately addressing the needs of today’s manufactured housing dynamics and consumers.

Infrastructure and Resilience

Many manufactured home communities lack sufficient funding or the essential infrastructure to provide stable water, sewage, and electricity to residents, and older homes often lack decades of necessary repairs that make them energy inefficient and at greater risk of damage from natural

disasters. When presented with extreme weather events such as floods, winds, and wildfires, these infrastructure challenges are often exacerbated by factors outside the owner's financial resources or control.

Question: What are the infrastructure challenges facing communities, and how are these exacerbated by climate change and extreme weather events?

Answer: Rural communities, especially those in underserved and persistently poor areas, often face significant infrastructure challenges. Many of the high-needs rural regions in which HAC works, including Indian Country, the border colonias, farmworker communities, the Mississippi Delta, and central Appalachia, face both a high prevalence of substandard housing and an accompanying lack of infrastructure. These areas can also be especially susceptible to extreme weather events and can struggle with disaster resilience because of long-standing capacity challenges prevalent in rural areas. You can learn more about rural disaster resilience by exploring HAC's Rural Resilience initiative here: <https://ruralhome.org/rural-resilience-in-face-of-disaster/>.

Question: What are Federal programs that support weatherization and resiliency of manufactured housing and how can we expand these programs to better support this housing?

Answer: Manufactured housing is largely financed and funded in the private marketplace. However, there are several existing federal resources that support the development, financing, and rehabilitation of affordable manufactured housing. For weatherization, the Low Income Home Energy Assistance Program (LIHEAP), the Weatherization Assistance Program, and USDA's Section 504 program are all used in manufactured homes. Groups like the Coalition for Home Repair (formerly ReFrame) have expertise in the use of LIHEAP and could likely assist the Subcommittee with recommendations. Often, however, older manufactured housing units are in such severely substandard condition that weatherization is not overly effective — thus the need for a replacement program in addition to weatherization.

Question: What types of Federal programs are needed to address repair and replacement needs for older manufactured and mobile homes?

Answer: The development of a manufactured home replacement program would be a valuable resource in improving energy efficiency and environmental quality among the older mobile home stock in rural areas. In addition to these environmental impacts, there are also important housing considerations when developing an incentive to replace older mobile homes.

While many physical and structural attributes of manufactured housing have improved, issues related to the sale and financing of this type of housing have not progressed as well. Personal property, or "chattel" loans, are still a substantial form of financing for new manufactured homes. This loan product typically carries a higher interest rate and shorter term than a conventional real estate mortgage and is generally less beneficial for the consumer.

In addition, some unscrupulous lenders implement predatory lending practices in sub-prime manufactured home lending. Given this environment, there could be unintended consequences associated with the proposed rebate program. Low-income families may be assisted in obtaining a new more energy efficient manufactured home, but in the end they could be strapped with costly and unsustainable debt from a high-cost mortgage loan. In effect, any grant assistance or

incentive could be entirely negated by the impact of subprime financing, and ultimately serve as a detriment to the economic well-being of low-income families.

To make any replacement program as beneficial and consumer friendly as possible, the Housing Assistance Council suggests the program should strictly exclude any high-cost or potentially predatory loans.

Any financial incentive or rebate should not be extended to the purchase of new manufactured homes with a high-cost loan. What exactly constitutes a high-cost loan is often difficult to define, but one suggestion is to incorporate the definition of high-cost loans under the Home Owner Equity Protection Act (HOEPA) of 1994 (enacted as part of the Truth in Lending Act (TILA) 15 U.S.C. §§ 1601-1649; 12 C.F.R. § 226, Reg. Z).

At a minimum, a replacement program should prohibit the involvement of loans that are predatory in nature, such as those that charge more in interest and fees than covers the associated risk, contain abusive terms and conditions, do not take into account the borrower's ability to repay, and/or targets women, minorities, and communities of color.

Additionally, there should be more federal support for the manufactured housing “Done Right” model. Once shunned by nonprofit housing developers, manufactured homes are now making inroads into affordable housing projects and mindsets. Much of this progress is attributable to a small but innovative group of advocates who challenged assumptions and convention about developing and preserving manufactured housing. Across the nation, several organizations and initiatives are utilizing manufactured homes to provide and maintain affordable housing. These efforts avoid the pitfalls of traditional dealer-based manufactured housing purchase and finance, and investor ownership of communities.

And finally, there are some existing federal programs that can be used for rehab of manufactured homes that could be expanded. USDA’s Section 504 home repair program can currently be used for repair needs if the unit and the homeowner both meet certain requirements. The Section 504 program would benefit from streamlining and modernization, to better serve manufactured housing owners and rural communities more broadly. And HUD’s HOME program can also be used for manufactured housing rehab and replacement activities.

Social Perceptions of Manufactured Homes

There are many negative attitudes still held about manufactured homes and manufactured home communities that do not hold true today. These stereotypes often push residents of these communities out of our broader discussions around affordable housing and further marginalize the residents and their needs. Many of the programs and funding streams that can be used for manufactured home and manufactured home community improvements are implemented by state and local governments and require a level of community buy-in for certain activities to be prioritized.

Question: Given this, what are the social and economic impacts of common misperceptions of manufactured homes?

Answer: Manufactured homes – often referred to as mobile homes or trailers, are an overlooked and maligned component of our nation’s housing stock. But manufactured homes are an important source of housing for millions of Americans, especially those with low incomes and in rural areas. A common misperception around of manufactured housing is related to the quality of these homes. In reality, the physical quality of manufactured housing continues to progress. Yet, basic delivery system of how these homes are sold, financed, and managed is still in need of improvement to ensure they are a viable and quality source of affordable housing.

Modern manufactured homes evolved out of the automobile industry and recreational travel trailers, but manufactured homes produced today are comparable in quality and safety to conventionally constructed single-family homes. However, it is equally important to recognize the existing stock of older manufactured or ‘mobile homes.’ It is estimated that approximately one fifth of currently occupied manufactured homes were built before 1980. These older units are likely to be smaller, less safe, and have fewer amenities and less investment potential than newer manufactured homes.

Manufactured housing is an often-stigmatized form of housing, and as such is plagued by challenges stemming from these misperceptions. The social and economic impacts faced by residents of manufactured homes include lack of community support for manufactured housing improvements; justification for efforts to redevelop manufactured housing for other uses; and the lack of benefits traditionally associated with homeownership, including but not limited to appreciation in value of the home as an investment.

Question: How do attitudes toward manufactured homes and residents influence support, at the local level, including zoning and land-use policies, for manufactured housing?

Answer: Though each place is unique, rural areas generally do not face the same level of local zoning and land-use barriers that urban and suburban areas face. However, some rapidly growing rural areas are beginning to face these land-use and zoning challenges, and attitudes toward manufactured housing can lead to justification for efforts to redevelop manufactured housing for other uses, resulting in a potential loss of affordable housing to the community.

Financing

Without comprehensive data, it is difficult to accurately assess the full extent of challenges facing manufactured homeowners and create balanced, well-constructed policies that respond to these needs.

Question: What are the data elements currently missing from Federal financing programs, including but not limited to the Title I loan program, that could help improve financing options for manufactured homeowners?

Answer: In addition to collecting and analyzing high-quality data on this stock, dissemination is just as important. HUD’s Title I program is likely under utilized for an array of factors, but information surrounding this resource is sparse and not easy to access. HAC recommends that

HUD place a concerted effort to make data on this important program more accessible to the public and easier to understand. Additionally, geographic markets and variation are important in manufactured housing. The presentation of any HUD Title I data would be enhanced with the inclusion of geographic identifiers at the lowest possible level along with rural, suburban and urban indicators for usage and markets.

Improved data collection for manufactured homes should be incorporated into publicly available data resources such as HUD's American Housing Survey (AHS). Manufactured home data should indicate property status (personal property or real property) and location information indicating whether the unit is located in a manufactured home community, or on a scattered site lot. The inclusion of these updated and enhanced manufactured home data would provide a much more complete assessment of manufactured housing. Additionally, HUD should address the serious deficiency related to the removal of the geographic identifiers (e.g. rural, urban, suburban) in the AHS Public Use File. These data points are essential for understanding and improving the stock and delivery of manufactured housing in the United States.

While HUD is an extremely valuable resource in rural communities, the USDA's Rural Housing Service within its Rural Development Agency is also an important source of affordable housing in rural areas. While manufactured housing is eligible for most USDA housing programs this type of housing is generally underutilized in USDA financing given its prevalence in rural markets. For example, in Fiscal Year 2020, USDA only obligated 91 manufactured housing loans in its Section 502 Direct Program, and 989 with its Section 502 Guaranteed Loan product. These totals make up less than one percent of all loan activity in these two programs. Similar to the size of the financing portfolio, very little is known about the financing of manufactured housing at USDA as these data are not made publicly available which also may contribute to a lack of knowledge and understanding in this program.

While not specifically related to a Federal Financing program, the Consumer Financial Protection Bureau is the applauded for their concerted effort to include more manufactured housing data into Home Mortgage Disclosure Act (HMDA) data. The recent inclusion of these new data have markedly improved the public's understanding of the role and dynamics of manufactured housing in mortgage and lending space. Recently however, there was a concerted effort to reduce the amount of data reported and presented through HMDA. The Housing Assistance Council encourages the Subcommittee to protect the valuable gains made in HMDA reporting on manufactured housing. We also suggest the Subcommittee to coordinate with CFPB to assess the quality of the new manufactured housing data in HMDA and how those data collection efforts may be expanded or improved to keep up with and better understand the ever-evolving dynamic of manufactured housing in mortgage and lending markets. The manufactured home market sector should be a candidate for increased assessment and study, instead of a reduction.

HAC also applies our answer to the question: **Question:** *How can we build on existing HUD programs to meet the goals of the Housing Supply Action Plan and further support manufactured housing?* to this question.

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In conclusion, the Housing Assistance Council appreciates the opportunity to respond to the Subcommittee's questions. In addition to our specific answers, we respectfully submit that the following issues, concepts and principles generally be applied to all of the questions posed by the committee:

- The new Manufactured Housing Improvement and Financing Program in the FY2023 House appropriations bill would be a transformational tool for improving manufactured housing conditions.
- Manufactured homeowners should be provided opportunities to obtain standard mortgage lending instead of personal property loans often used to finance this type of housing.
- Borrowers with personal property loans should be afforded consumer protections consistent with real property or standard mortgage loans.
- Legislation should be enacted that limits predatory lending practices involving manufactured homes.
- Policies and programs should be enacted to facilitate manufactured housing community preservation, such as protection from community sales, closures, and rent increases. Residents should be properly notified and given first right of refusal on the sale of a community.

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