

Johnson Opening Statement on HUD Budget Hearing

WASHINGTON – Today, Senate Banking Committee Chairman Tim Johnson (D-SD) held a hearing entitled “Legislative Proposals in the U.S. Department of Housing and Urban Development’s FY 2013 Budget.”

Below is Chairman Johnson’s statement as prepared for delivery:

“I am pleased to once again welcome HUD Secretary Shaun Donovan to the Committee to discuss the Administration’s budget request and HUD’s legislative agenda.

“Secretary Donovan, while we have seen economic improvement since your last appearance, too many of our families and our state and local government partners continue to struggle. HUD studies have shown troubling increases in both “worst case” housing needs and family homelessness during this economic downturn.

“As our need for affordable housing has risen, HUD and local providers face increasing difficulties in preserving the resources we have, due to aging buildings and expiring affordability contracts.

“Meanwhile, state and local governments are cutting services and job-creating investments.

“Far too many American families and communities still face the threat of foreclosure, and millions more have seen their property values fall in a fragile housing market.

“And as we discussed with you a few weeks ago, more needs to be done to remove barriers to the recovery of the housing market and the broader economy. Although we are focusing on the legislative proposals in HUD’s budget request today, we plan to have you back to continue that housing market discussion in the next several weeks.

“As the country faces these challenges, the federal government must ensure that we make wise investments and preserve important programs that help those most in need. At the same time, we must be mindful of our budget constraints and ensure that we get the most value for our dollar.

“I understand that you have made a number of hard choices in your FY 2013 budget, cutting or freezing funding for several programs that you otherwise support in order to meet fiscal goals.

“But your budget also contains a number of proposals intended to increase HUD’s effectiveness. These include proposals to:

- streamline our public housing and Section 8 programs to make them more effective for families and local administrators,
- help create and preserve public and assisted housing, and
- empower local communities as they plan for their futures.

“In addition, you have also focused on strengthening the management and financial standing of the FHA insurance programs. While FHA is providing critical countercyclical financing to the housing market, it is burdened by the legacy of loans made prior to 2009 and needs careful management.

“Although we have recently heard some dismiss the importance of HUD’s existence, the Department administers programs that aim to provide access to quality, affordable, and safe housing for homeowners and renters. These programs have provided a lifeline to millions of the most vulnerable Americans. They have also bolstered the American housing market as it threatened to grind to a halt. In today’s economy they are more important than ever.”