



United States Senate  
**Committee on Banking, Housing, and Urban Affairs**

Christopher J. Dodd (D-CT), Chairman

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**Statement of Chairman Christopher J. Dodd  
Nomination Hearing for Shaun Donovan, HUD Secretary-Designate**

**Remarks as Prepared:**

Today, we are considering the nomination of Mr. Shaun Donovan, Commissioner of the New York City Department of Housing Preservation and Development to become the Secretary of the Department of Housing and Urban Development (HUD).

Let me point out that we are extending to Mr. Donovan this morning the same courtesy we showed to our colleague, Senator Martinez, for whom the Committee, under Chairman Sarbanes, also held a nominations hearing for the job of the Secretary of HUD prior to the President actually taking office. It was our view then, and it is our view now—particularly given the urgency of our economic situation—that we ought to help get the President’s cabinet in place as quickly as possible.

Mr. Donovan, let me welcome you to the Committee. You have been nominated for a job fraught with significant challenges yet, for that very reason, imbued with great opportunities.

For the past three or four years, the country has been facing a growing housing problem that had its origins in the scourge of predatory lending that has resulted in record high foreclosure rates.

This housing crisis has been a primary cause of the deepening recession to which none of us are immune. Across the country, between 9,000 and 10,000 homeowners face foreclosure every day. Foreclosures in my state were up over 71% since last year, and it’s expected that we will have more than 13,000 subprime foreclosures in the next two years. Nationwide, cities such as Bridgeport, which had inordinately high rates of subprime loans, are struggling to keep themselves afloat as those loans reset one-by-one and families find themselves with nowhere to turn.

I recently met with leaders in my state where I heard about the toll this crisis is taking on our minority communities. Some say this crisis will result in a net loss in homeownership rates for African-Americans, wiping out a generation of wealth, gains and opportunities.

But let there be no doubt that this crisis today affects every American in one way or another. In all, by some counts, we can expect some 8 million homes to go into foreclosure absent some form of additional action.

Unfortunately, the current Administration was slow to acknowledge the housing problem, and when it finally did, timid in its response. Even now as foreclosures tear apart neighborhoods and

wreak havoc upon our economy, the Administration has refused to use the authority or funds we gave it in the Emergency Economic Stabilization Act to tackle the foreclosure crisis head on – despite the Congress’ crystal clear intent in writing that law.

Surprisingly – and unfortunately, in my opinion – HUD has not played a central role in addressing the housing crisis. Frankly, it has been, to quote last Friday’s National Journal, “at best, a second string player...” following in the wake of other government departments with far less expertise in housing than the professionals at HUD.

Indeed, as the cover page of CQ Weekly says, “The housing crisis remains at the core of the economy’s woes....” Put simply, we cannot address our economic crisis until we address the underlying housing crisis. And to do that, we need an active, aggressive, and well-run HUD with leadership that is confident in its mission and unafraid to act. As President-elect Obama has himself said, “HUD’s role has never been more important.”

Unfortunately, HUD has been mismanaged and ridden with scandal in the last several years. Let me be clear that these problems did not arise under the able leadership of then-Secretary Martinez. I would also say that in recent weeks, Secretary Preston has made some improvements.

But fundamentally, HUD has been left adrift at a time when bold leadership and a clear direction were never more important.

Just this week, we learned about the Wrights – a middle-class family in Windsor, Connecticut in danger of losing their home. Like thousands of families across the country, the Wrights were lured into a mortgage they were assured they could afford but couldn’t – not because they acted irresponsibly but because they became pregnant with their second child, and Mrs. Wright ran out of the paid sick time she was afforded as a teacher.

Mr. Donovan, this is the kind of story being repeated in every community across America today. With the right leadership, I believe HUD can be an effective partner in helping families like the Wrights. That is the opportunity you have – to restore HUD as a leading voice in addressing the crisis facing our country today.

I would say to my colleagues that Mr. Donovan is the most experienced nominee for HUD Secretary that this Committee has considered in my long experience. In addition to his degrees in architecture and public administration from Harvard, Mr. Donovan has run the multifamily program at the Federal Housing Administration and was, for a time, the Acting Housing Commissioner. He has worked in the private non-profit sector as a housing developer and he has worked as a managing director of a large, multi-family mortgage company.

Since 2004, Mr. Donovan has been the Commissioner of New York City’s Department of Housing Preservation and Development. In that role, he managed 2,800 employees and helped develop and manage Mayor Bloomberg’s “New Housing Marketplace Plan,” one of the most ambitious local housing plans in the nation. The \$7.5 billion plan calls for the creation or

preservation of 165,000 units of affordable housing, about half of which has been accomplished to date.

Beyond the statistics and the numbers that so dramatically underscore Mr. Donovan's accomplishments, I want to welcome him for the kind of leadership and vision I am confident he will bring to the Department at a time when such leadership is needed so desperately.

For example, as early as 2004, long before most of the rest of the country was focused on the subprime crisis and the foreclosures they would lead to, Mr. Donovan told a Newsday reporter that he was worried about the coming "flood of foreclosures" and the impact it would have on homeowners and neighborhoods.

Mr. Donovan sees the role of HUD as being more than a caretaker for physical housing structures, or as a mortgage insurance company. He understands the danger of stove-piping within this arena, and sees HUD as the federal government's primary tool to help build communities – an agency that helps to provide housing opportunities for homeowners and for renters along a spectrum of incomes and ages. He understands the need to coordinate housing with transportation, including public transportation and transit, to improve access to jobs and other economic opportunities – and we need someone with that vision at the helm.

Finally, Mr. Donovan is a man of the utmost integrity who has shown a proven ability to work constructively with all interested parties. We have letters, that I ask unanimous consent to include in the record, from a wide variety of housing groups, from the Realtors, to the Homebuilders, to the Low Income Housing Coalition, and many, many others, all expressing enthusiastic support for Mr. Donovan.

Mr. Donovan, again, I welcome you to the Committee, the leadership you offer to this critically important department and, more importantly, the *hope* you offer to millions of families at this uncertain moment. I look forward to your testimony after I give my colleagues a chance to share some opening remarks.