



U.S. SENATE BANKING COMMITTEE

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Statement of Senator Chris Dodd **Hearing on Oversight of HUD and its Fiscal Year 2009 Budget**

Remarks as Prepared:

I want to welcome everyone to this important hearing to conduct oversight of the U.S. Department of Housing and Urban Development and examine the Administration's proposed budget for Fiscal Year 2009. The Department of Housing and Urban Development, or HUD, plays a vital role in the lives of millions of Americans around the country, both through direct housing assistance and initiatives which strengthen entire communities.

Unfortunately, the Administration's budget, once again, contains significant cuts to our investments in working families, their housing and their communities. This budget fails to recognize the realities confronting many of our citizens.

Our nation is confronting dual housing crises. One is the crisis of foreclosures, falling home prices, and the deterioration of the overall housing market. We must work quickly to stop the rising tide of foreclosures and to restore confidence in the housing market.

The other housing crisis, what I would call a "silent crisis," has been affecting low-income families for years. As rents and home prices have significantly risen over the last decade, millions of low-income families have been priced out—unable to afford rising housing costs. The gap between the wages of working Americans and their housing costs continues to widen. The Joint Center for Housing Studies found in their report, "The State of the Nation's Housing 2007," that in just one year, the number of severely cost-burdened households, those that pay more than half of their income towards rent, jumped by 1.2 million to a total of 17 million. This is one in seven U.S. households. These families struggle to pay rent while also paying for food, medications, transportation, child care and other necessities.

In my view, the Administration fails to address this silent housing crisis in its budget for fiscal year 2009. This budget contains serious and harmful cuts:

- Investment in public housing capital needs is cut \$415 million, a 17% reduction;

- HOPE 6 is eliminated;
- Housing for people with disabilities is cut \$77 million, or 32%;
- Housing for Senior Citizens is cut \$195 million, or 27%;
- Community Development Block Grants (CDBG) is cut \$659 million, an 18% reduction;

In addition, vouchers and project-based rental assistance are both significantly underfunded. According to HUD, project-based housing, which provides 1.3 million affordable housing units, is short by \$2.8 billion.

Tenant-based vouchers are also underfunded. According to an analysis of recent HUD data, the Center on Budget and Policy Priorities estimates that 100,000 families, including thousands of children and seniors, could lose their voucher assistance, and possibly their homes under this budget.

We must reaffirm our commitment to investing in housing for all Americans. Stable housing is the bedrock of families and communities. Without stable housing, children do less well in school and are more likely to have serious health problems, including asthma and lead poisoning. Parents need stable housing to access schools, employment and health care. Whole communities suffer when its residents are poorly housed.

At a time when homeowners and renters are being forced out of their homes, our housing safety net should be strengthened. Unfortunately the budget proposed by the Administration significantly undermines the ability of millions of low-income families to live in safe, decent housing in strong, stable communities.

In addition to looking at the HUD budget, this hearing presents an opportunity to conduct needed oversight. I am deeply troubled by reports over the past couple of years of impropriety at the Department at the highest levels. These allegations are serious, and undermine the ability of the Department to effectively address the needs of people and communities around the country. We have a duty to ensure taxpayer dollars are used properly, and we take these allegations seriously, and await the results of the independent investigations into these matters.

In addition, I have been deeply disappointed in the responsiveness from the Department to Committee concerns.

We have not received responses to a letter on the shortfall in section 8 project-based rental assistance, sent in September of last year, nor have we received a response to a letter I sent with Senator Menendez on HUD's Limited English Proficiency policies that was sent last March.

These response times are just unacceptable and show a lack of respect for the oversight function of this Committee, a responsibility we take very seriously.

The investments made by the federal government as well as state and local governments in housing and community development not only assist families in need. These investments benefit all of us as a nation. Safe, decent, affordable housing is critical to strong communities and a productive citizenry. These investments are investments in our parents as well as our children. I look forward to hearing from Secretary Jackson and from our second panel of witnesses on these important issues.