

**NEWS from Congressman John W. Olver (MA-1)  
Chairman, House Appropriations Subcommittee on Transportation, Housing  
and Urban Development**

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FOR IMMEDIATE RELEASE:  
February 13, 2008

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**Opening Statement as Prepared of Chairman John W. Olver  
Secretary Alphonso Jackson/HUD Hearing**

**Welcome**

Let me welcome the Secretary of the Department of Housing and Urban Development Alphonso Jackson back to our Subcommittee. Mr. Secretary, thank you for coming to the Subcommittee today to discuss the Administration's FY 2009 budget request for Housing and Urban Development.

Mr. Secretary, if we had enacted the budget submitted by the Administration last year for housing, it would have been disastrous for the low-income families, seniors, and disabled persons served by HUD's programs. The same can be said of this year's request, unfortunately.

**Shortage of Affordable Housing and Assistance**

We must better promote and expand affordable housing.

The Joint Center for Housing Studies at Harvard University has documented that from 1993 to 2003 alone; we lost 1.2 million affordable housing units.

In addition, approximately  $\frac{3}{4}$  of American households which, by household income, are eligible for HUD assistance receive none.

Yet, the Administration's request for fiscal year 2009 is strikingly similar to the previous Administration budgets and cuts many vital affordable housing and community development programs.

**The Administration's FY 2009 Budget**

For the Section 8 Tenant Based Program, the Center on Budget and Policy Priorities estimates that \$15.5 billion would be required to renew vouchers in 2009. Yet, your budget only provides about \$14.3 billion for contract renewals, which is \$400 million less than last year's level, and \$1.2 billion below the amount needed to ensure no one that has a voucher will lose that voucher.

Our own internal calculations estimate that the Administration's budget would force 55,000 tenant-based vouchers currently in use to be lost. The Center on Budget and Policy Priorities believes that upwards of 100,000 vouchers in use by low-income families would be lost.

Public Housing does not fair much better in the Administration's budget. Public housing is home to 2.6 million people, more than half of whom are seniors and persons with disabilities. In 2005, the median income of families in the public housing program was just under \$11,000, only 23% of the national median household income of about \$46,000.

The budget provides \$6.3 billion in total resources for public housing, about \$300 million below what we provided last year.

In 1998, a HUD sponsored study estimated the annual accrual of capital needs in public housing at \$2 billion. Our best estimates today put this number at \$2.54 billion in fiscal year 2009 and the estimated total backlog at between \$18 and \$20 billion.

Under the President's budget, the Public Housing Capital Fund would receive a \$515 million cut and this backlog would not be addressed at all.

The assault on public housing does not end there. The HOPE VI program for severely distressed public housing would also be zeroed out in the Administration's budget.

I have heard from Mayors and community leaders from across the country on how HOPE VI grants have transformed and revitalized communities. To my knowledge, HUD received 28 applications for funds in fiscal year 2008 but will fund only 5 of these proposals. Clearly, there is still a great demand for HOPE VI grants.

One of the largest cuts in the President's budget is for the Community Development Block Grant Program, a critical tool used by communities to rehabilitate and construct affordable housing and public facilities as well as to generate economic development and job creation. The Community Development Block Grant Program would be cut by \$866 million below last year's enacted, over a 20 percent cut.

Finally, similar to last year, Housing for Persons with Disabilities would suffer over a 30 percent cut and Housing for the Elderly would be slashed by over 25 percent from last year.

Cutting programs specifically targeted to the disabled and elderly are particularly unconscionable and I see no real justification for this given the great need for affordable housing in both communities.

### **Bright Spots in the President's Budget**

Mr. Secretary, while we have major concerns again this year with the cuts I just described, I am pleased that your budget acknowledges the major funding shortfall in the Project Based Section 8 account.

We worked hard to increase funding by over \$600 million for Project Based Section 8 last year to try to put a down payment on the funding gap created by HUD and instill more confidence in the program.

I was heartened that the Administration recognizes the challenges we face in this program but, unfortunately, the budget request does not go far enough to solve the problem.

The Administration has proposed \$7 billion, which is over \$600 million more than we provided last year, as well as an advance appropriation of \$400 million to help extend contracts into the new fiscal year.

With an estimated funding gap of about \$2.8 billion, we still have a long way to go to fix the problem. I hope you will not leave this mess for the next Administration to clean up and will continue to work with us to put more resources into this critical affordable housing program.

Finally, I also want to commend you for matching the \$75 million we put into the 2008 bill for housing vouchers and supportive services for veterans.

The problem is that these modest increases have been offset by the other cuts in the budget that I have already described.

I look forward to your testimony, but before we hear from you I would like to recognize my distinguished colleague from Michigan, Mr. Knollenberg, for any comments he would like to make.

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