

**TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT,
AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2022**

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

ON

H.R. 4550

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2022, AND FOR OTHER PURPOSES

**Department of Housing and Urban Development
Department of Transportation**

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TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2022

THURSDAY, JUNE 10, 2021

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met, at 9:33 a.m. in room SD-192, Dirksen Senate Office Building, Hon. Brian Schatz (chairman) presiding.

Present: Senators Schatz, Murray, Manchin, Van Hollen, Collins, Boozman, Hoeven, and Braun.

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

OPENING STATEMENT OF SENATOR BRIAN SCHATZ

Senator SCHATZ. This hearing will come to order.

Secretary Fudge, it is a true pleasure to have you before the subcommittee to testify on the President's Budget Request for fiscal year 2022. I know this will be one of many opportunities for us to work together on HUD's needs, and the investments necessary to support HUD's mission. To that end, I hope we will be able to quickly come to a budget agreement to mark up this July.

I am honored to continue the legacy that my friend Senator Collins has established for the subcommittee as a voice of unwavering support for the prevention of homelessness, the preservation of affordable housing, and the advancement of economic development for disadvantaged communities. Each of these pillars of housing policy is also reflected in the President's budget request for \$68.7 billion.

This is an honest and clean request that avoids previous gimmicks to eliminate popular programs like CDBG and HOME as a budgetary offset because, frankly, these are hugely popular programs that create real change in communities that have experienced the toughest of times.

While the total request is an increase of \$9 billion, \$3.7 billion of that is needed to preserve the existing affordable housing portfolio. This is the highest 1 year increase to renewal needs ever. Market-rate rents continue to rise and the impact of COVID on jobs continue to wreak havoc on tenant income. This is an important reminder of why we need the American Jobs Plan. We need to get people back to work, and housing needs to be part of those priorities.

Where we live impacts every aspect of our lives. Decades of discriminatory housing policies have segregated neighborhoods, creating economic inequality for minority communities, these very—those very communities bear the burden of substandard housing and environmental pollution, and the American Jobs Plan, and this budget proposal acknowledge these injustices and put forward solutions to drive the change we need.

While the Eviction Moratorium and Emergency Rental Assistance have helped to stem the potential for a tidal wave of evictions during the pandemic, we are not out of the woods. The reality of limited affordable housing stock, skyrocketing rents, and low wages, are causing people to be pushed into homelessness at alarming rates. Tent cities are proliferating across the country in high-cost urban areas, and we clearly need a united approach to reverse this trend.

We need to incentivize new affordable housing units through a combination of tax policy, flexible financing, and the HOME program. We also need to streamline the Housing Trust Fund to reduce development costs, to make housing production more efficient. I support your proposal and using incentives to eliminate exclusionary zoning. These types of carrots make communities aware of how their own policies create unnecessary local barriers to production.

To support these goals, HUD needs to address its own internal capacity. Over the last decade HUD's staffing levels have fallen by 20 percent. The budget requests and increase of \$182 million for additional staffing, the previous administration shared this goal and requested \$121 million increase despite \$10 billion in cuts to HUD programs; so I think we can all agree, regardless of the administration, there was a clear need and bipartisan support for additional staffing.

Secretary Fudge, I look forward to an ongoing dialogue on this matter to improve the oversight and management of HUD programs.

And, Senator Collins, I turn to you for your opening statement.

STATEMENT OF SENATOR SUSAN M. COLLINS

Thank you very much, Mr. Chairman. I am very pleased to join Chairman Schatz in welcoming Secretary Fudge to her very first hearing before this subcommittee to discuss the Department of Housing and Urban Development's fiscal year 2022 Budget Request.

As part of the fiscal year 2021 Omnibus, we provided \$60.4 billion for HUD, and that includes \$695 million in emergency spending. These funds provide rental assistance for seniors and low-income families. They help provide safe and secure housing for formerly homeless veterans and youth, they support critical investments in communities through the Community Development Block Grant and home programs, and they fund efforts to reduce lead paint hazards for children and pregnant women, and enable low-income seniors to remain in their own homes.

This funding was also supplemented by \$12.4 billion provided through the CARES Act last year in response to the COVID epidemic. As we begin our work on the budget for the next fiscal year,

it is important to know that unlike previous years, there is not yet a budget agreement in place. Top line funding levels remain to be determined. The administration's request for HUD, excluding FHA and Ginnie Mae recedes, is \$68.7 billion, a substantial increase of \$9 billion above current levels.

But those numbers tell only part of the story. This increased funding request is on top of not just the 12.4 billion provided in the CARES Act and the 10 billion provided in the American Rescue Plan in March, but also the \$170 billion for HUD proposed in the administration's American Jobs Plan.

The supplemental funding from the CARES Act and the ARP combined with the proposed AJ, American Jobs Plan, and Fiscal 2022 budget increases would—totaled nearly \$180 billion in additional funding for HUD, that amounts to three times HUD's fiscal year 2021 funding level.

Accounting for the baseline appropriations, the administration is proposing to provide HUD with the equivalent of 5 years of funding in a two-year period. I am concerned that HUD, and many of its grantees, lack the capacity to manage and oversee such an influx of funding, regardless of how well-intentioned those proposals may be.

As the chairman has mentioned, this is not a situation the secretary has created, HUD has been understaffed for some time now, but the problem is exacerbated by this huge influx of proposed funding. More than a year after the CARES Act provided \$9 billion for the flexible CDBG and Homeless Assistance Grants programs, HUD has actually spent less than \$1 billion, or less than 11 percent of those two programs.

That other Federal funding was also provided in many cases to the exact same grantees, only underscores the challenges that these organizations and HUD would face managing even larger mounts.

Now, let me be clear. The lack of affordable housing is a crisis in many parts of the country with no state having an adequate supply. And that includes the State of Maine. The very people who make our communities thrive, firefighters, police officers, teachers, nurses, often find that they can no longer afford to live in the communities they serve.

The solutions to such challenges take careful thought and coordination. Providing HUD the equivalent of 5 years of funding over 2 year period is not, however, the answer. Where funding increases are appropriate, they should be in areas that will yield results quickly. When such results are not possible, the Department should invest time, instead, in finding ways to expedite the administration and allocation of grants, and improve its programs by streamlining regulations and working to reauthorize the many expired programs.

Most of the HUD's programs are operating with long expired authorizations. Again, not the secretary's fault, but something she has inherited. These expirations do not prevent this committee from funding programs, however, without reauthorizations the programs are often not as effective as they could be. According to the CBO, the CDBG Home and Lead Paint Hazard Reduction Authorizations expired way back in 1994, public housing, Section 8 vouch-

ers, housing for the elderly in 2003, and Homeless Assistance Grants authorization expired in 2011.

The Department is missing the opportunity for transformational change to better serve our communities, seniors, youth, the homeless, veterans, and individuals with disabilities. With a budget request as sizable as this one, it is particularly disappointing to see no dedicated funding for the HUD-VASH program. That is inexplicable given the success of this program. VASH has been critical to reducing veteran's homelessness by 50 percent since 2010, while homeless veterans could be eligible under the administration's newly-proposed incremental vouchers program, this proposal fails to take into account the VASH program's partnership with the VA, which provides veterans with case management and supportive services.

That partnership between HUD and the VA has been critical to the success of the VASH program. And I just don't understand why the administration would want to eliminate that partnership and undermine the effectiveness of VASH.

While there were a number of concerns with the budget requests, I do want to acknowledge a number of areas of shared interests. First, is the CDBG program; like the chairman, it is refreshing that this year, the program has not been eliminated knowing that we would restore the funding, but forcing us to search for the funds. It is a critical program that provides flexible funding for water and sewer improvements, public services for seniors, revitalization of distressed downtowns, and countless other worthwhile projects that serve low- and moderate-income communities.

I think it is probably the program I hear the most favorable comments about among all the HUD programs, both from my colleagues and from folks back home. For every dollar invested in CDBG, it leverages another six—another \$3.64 in funds from state, local and private sources. This is an essential resource that lies at the heart of HUD's community development mission. And it has really benefited communities across Maine.

In addition to CDBG, I am pleased to see the request continues robust investments in reducing the health hazards of exposure to lead paint, particularly for young children, the request also includes funding for aging-in-place home modification grants, and the Youth Homeless Demonstration Program that I have worked to establish in previous years.

Finally, I am pleased to see that the request this year includes sufficient funding for renewing existing rental assistance.

Madam Secretary, once again, I welcome you to today's hearing, and look forward to your testimony.

Senator SCHATZ. Thank you, Senator Collins.

Secretary Fudge, please proceed with your testimony.

SUMMARY STATEMENT OF HON. MARCIA FUDGE

Secretary FUDGE. Thank you so very much, Mr. Chairman. And Madam Ranking Member, it is a pleasure to be here with you today.

Chairman Schatz, and Ranking Member Collins, and distinguished members of the subcommittee, thank you for this oppor-

tunity to discuss the President's 2022 Budget for the Department of Housing and Urban Development.

President Biden has often shared the words of wisdom which he learned from his father. Those words are, "Don't tell me what you value. Show me your budget, and I will tell you what you value."

Well, the Biden-Harris administration has issued a budget that sends a strong message about what we value. It tells the American people this administration views housing as a foundational platform to help address the most urgent challenges facing our Nation, to provide security and stability for those who live on the outskirts of hope, to advance opportunity and equity on behalf of marginalized communities and to meet the existential threats posed by natural disasters and climate change.

The President's budget requests \$68.7 billion for HUD in fiscal year 2022. This amount represents an increase of \$9 billion or 15 percent from HUD's enacted funding for fiscal year 2021. The American people need every dollar contained in this budget. We all know the United States confronts a crisis in affordable housing, even before the onset of COVID-19 nearly 11 million households spent more than 50 percent of their incomes on rent. The pandemic has only made that situation worse, especially for communities of color, and for people of modest means.

The President's budget addresses the affordable housing crisis head on, and dramatically strengthens our social safety net for the most vulnerable among us. It contains \$3.5 billion to provide housing and supportive services to Americans experiencing homelessness, including young people and survivors of domestic violence. It contains \$30.4 billion request for HUD's housing choice voucher program; if enacted this funding would provide, potentially, life-saving assistance for an additional 200,000 households.

The President's budget takes strong steps to expand our supply of affordable housing. This includes \$1.9 billion for the Home Investment Partnership Program, which helps create affordable rental homes for low-income Americans. On top of this investment, the President's budget requests funding to build 2,000 new homes for seniors, and for people with disabilities.

In addition, the President's budget takes bold action to help preserve the affordable housing we already have. Nearly half of our public housing is more than 50 years old, and many properties face major capital needs. This is not just a safety issue for the residents of public housing, it is an issue of both racial justice and climate justice.

People of color represent roughly 70 percent of Americans who live in public housing, and public housing is often located in underserved communities that are especially vulnerable to the effects of climate change. That is why the President's budget invests \$3.2 billion toward public housing capital funds to dramatically improve the quality of life for residents.

Furthermore, it contains \$300 million to help increase energy efficiency, reduce carbon pollution and boost resilience in public housing. The President's budget further advances equity by making significant investments in traditionally marginalized communities all across the country. It requests \$3.8 billion in community development block grants, including \$295 million in targeted funding for

historically underserved areas in cities, small towns, and rural counties.

It requests \$723 million in Indian Housing Block Grants to help create affordable housing, improve water conservation and build climate-resilient infrastructure on tribal lands. Taken together, the investments in this budget underscore the President's belief that every American has the basic right to live each day with security and with dignity. Throughout the COVID-19 crisis, we have all been reminded of the fundamental role our homes play in how we live, how we learn, and how we work.

Our homes shape everything, from our health and safety to our hopes, and sense of self. HUD looks forward to working with each of you to help make housing for all a reality in America, and to serve as a responsible steward for the funding entrusted to our Department.

With that, I am happy to answer any questions you may have. [The statement follows:]

PREPARED STATEMENT OF HON. MARCIA L. FUDGE

Chairman Schatz, Ranking Member Collins, and distinguished Members of the Subcommittee. Thank you for the opportunity to testify today in support of President Biden's 2022 Budget for the Department of Housing and Urban Development (HUD). The support of this Subcommittee is critical to ensuring that every American has a roof over their head and can live in communities that are strong and resilient.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the COVID-19 pandemic public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. This Budget makes historic investments that will help our Nation build back better and lay the foundation for shared growth and prosperity for decades to come. Our request greatly expands assistance to low-income families currently served by HUD programs, increases assistance to targeted vulnerable populations—including persons experiencing homelessness and Native Americans—and revitalizes neighborhoods with distressed HUD-assisted housing and concentrated poverty. HUD's work is critical to the Administration's efforts to improve the quality of life of the American people.

COVID-19 PANDEMIC

The past year of COVID-19 has been one of enormous challenges and difficulties. In the face of adversity and hardship, HUD staff in every region of the country continued to carry out the vital work of meeting the diverse needs of America's communities. HUD staff worked tirelessly to assist grantees and recipients of HUD assistance in their responses to the pandemic. While our nation is starting to turn the corner on COVID-19, we still have important work to do. In the months ahead, HUD will continue to play a critical role in the Administration's coordinated Federal response to the pandemic—a response focused on protecting the health and well-being of the American people.

At HUD, we know firsthand the severe impact of COVID-19 on our nation's housing crisis. We have helped housing owners, housing authorities, and communities provide additional rental assistance and support new efforts to eradicate homelessness. In coordination with the Departments of Veterans Affairs and Agriculture, we also extended the Federal Housing Administration's foreclosure and eviction moratorium and forbearance enrollment window until June 30th, and provided up to an additional 6 months of forbearance for certain borrowers, to support the immediate and ongoing needs of distressed homeowners. We are strengthening partnerships between recipients of HUD assistance and public health agencies and healthcare providers. This means strengthening our efforts to ensure equitable access to treatment and care, including testing and vaccines, for HUD assisted households.

Many of the people living in federally-assisted housing have risk factors that make them particularly vulnerable to COVID. These factors include disability, race, and low incomes, along with racial and ethnic disparities in access to response, care, and treatment.

We are making sure that Federal, state, and local efforts reach those most at-risk of COVID and we are linking those efforts to people living in housing that HUD supports. The American Rescue Plan is critical to our success in these efforts. Some of you may know that my last vote as a Member of Congress was for the American Rescue Plan. I was proud to vote for this historic legislation to get help to the American people during this moment of great challenge.

To meet this moment, we need to invest in our communities and our people. I believe that a budget is more than just a list of numbers; it reflects values and priorities. The 2022 President's Budget demonstrates the Administration's commitment to helping low-income families, seniors, and communities through the commitment of their Federal government. For too long, housing needs have not been recognized as a national priority, resulting in a severe shortage of affordable housing and too many Americans unable to find a safe place to call home. This Budget begins to reverse that trend, investing in our housing infrastructure to meet urgent demand. I am proud to support President Biden's 2022 Budget and I look forward to working with you to meet urgent housing needs in all our communities.

PRESIDENT BIDEN'S 2022 BUDGET

The 2022 President's Budget requests \$68.7 billion for HUD, approximately \$9.0 billion more than the enacted level for 2021. In addition to this discretionary request, the Budget also includes the American Jobs Plan and the American Families Plan. The Budget outlines an ambitious agenda to address challenges our Nation faces, ranging from climate change to housing discrimination to ending homelessness. This funding further builds on the substantial resources provided in the American Rescue Plan (ARP). The priorities in the Budget include:

- \$30.4 billion for the Housing Choice Voucher Program, which accommodates 200,000 new vouchers, prioritizing those fleeing from domestic violence and households experiencing homelessness;
- \$3.5 billion to provide housing and services to individuals and families experiencing homelessness, including a focus on survivors of domestic violence and youth experiencing homelessness;
- \$400 million to remove dangerous health hazards from homes, including lead, carbon monoxide, and radon;
- \$800 million in targeted climate resilience and energy efficiency improvements in public, tribal, and other assisted housing;
- \$85 million for Fair Housing programs, and increased HUD staff capacity to redress discriminatory housing practices; and
- \$2 billion for Management and Administration expenses, or about 3 percent of the proposed Budget, investing in critical staffing and information technology needs to strengthen HUD's capacity to deliver on its mission.

In summary, HUD's proposed Budget allocates budget authority across programs and for staffing and other management and administrative expenses. Most of the budget authority funds programs to help vulnerable, low-income households—many elderly or disabled—pay their rent. The Office of Public and Indian Housing (PIH), the Office of Housing, and the Office of Community Planning and Development (CPD) administer these programs.

This request dovetails with funds provided by the CARES Act of 2020 and the American Rescue Plan Act of 2021, which appropriated \$12.4 billion and \$10.8 billion, respectively, across multiple HUD programs for urgently needed housing and services due to the COVID-19 pandemic. The 2022 President's Budget extends this comprehensive approach to address these challenges and invigorates the Nation's response through targeted funding increases and policy interventions, strengthening the Federal housing safety net, advancing equity, increasing access to affordable housing, addressing the climate crisis, and building HUD's capacity overall.

At HUD, we understand that our homes represent more than four walls and a roof. A good home can serve as a platform to spark economic opportunity and create healthier, more sustainable, and more inclusive communities. To further HUD's mission through this Budget, I have outlined five priorities:

- Strengthen and Broaden the Federal Housing Safety Net for People in Need
- Advance Housing Equity as a Means to Improving Housing Choices and Greater Economic Opportunity
- Increase the Production of and Access to Affordable Housing
- Promote Climate Resilience, Environmental Justice, and Energy Efficiency Across the Housing Sector

—Strengthen HUD’s Internal Capacity to Deliver on Mission

STRENGTHEN AND BROADEN THE FEDERAL HOUSING SAFETY NET FOR PEOPLE IN NEED

One of HUD’s core functions is to provide a safety net for households when they need it, and help people access a safe and stable place to live. This function has become increasingly important as growth in rents continues to outpace incomes. From 2001 to 2018, rent costs increased nearly 14 percent while renter incomes grew just 1.4 percent.¹ The Budget provides the opportunity to expand the number of people that can rely on HUD’s programs, and once people have stable housing, they can better focus on their families, jobs, health, and other aspects of life. Key features of the Budget include:

- The Budget provides necessary renewal and operating funding for multiple HUD programs, including two of HUD’s largest programs providing this safety net—Tenant-Based Rental Assistance (TBRA) and Project-Based Rental Assistance (PBRA)—as well as for Housing for the Elderly (Section 202), Housing for Persons with Disabilities (Section 811), and the operating subsidy formula in the Public Housing Fund.
- The TBRA request will allow HUD to issue vouchers to 200,000 more households that currently qualify for rental assistance. These new vouchers, the largest 1 year increase since the program was authorized, will increase affordable housing, and provide greater access to areas of opportunity for very low-income families and individuals that are experiencing or at risk of homelessness. This includes individuals and families fleeing, or attempting to flee domestic violence, dating violence, sexual assault, or stalking. The Administration looks forward to working with the Congress to build on this investment and achieve its long-term goal of providing housing vouchers to all eligible households, while increasing the program’s impact on equity and poverty alleviation.
- An increase of 14 percent for public housing capital funds (under the Public Housing Fund), for a total of \$3.2 billion, which will be critical to improving the quality of public housing.
- An increase of \$500 million for HUD’s Homeless Assistance Grants, to provide housing and services for vulnerable individuals and families who are homeless or at risk of homelessness. This increase will provide capacity and support to communities as they work to coordinate an effective homeless response system in a housing first approach and equitable way. HUD will build on the many lessons learned from its effort to keep people experiencing homelessness safe in response to the threat of the COVID-19, while encouraging partnering between other Federal and local programs.

ADVANCE HOUSING EQUITY AS A MEANS TO IMPROVING HOUSING CHOICES AND GREATER ECONOMIC OPPORTUNITY

Every family should be able to have a safe place to call home. However, discriminatory practices have led to longstanding inequities in access to housing. The Budget makes investments in key areas to bring an end to discrimination in housing and eliminate patterns of racial and ethnic segregation and economic disparities in communities, while proactively advancing equity for historically underserved communities. Key initiatives include:

- Fair Housing Programs: \$85 million, a \$12.5 million or 17.2 percent increase over 2021, for targeted and coordinated enforcement, education, and outreach.
- Community Development Block Grant (CDBG) Program: \$3.8 billion, a \$295 million increase specifically to incentivize communities to direct funds to historically underserved communities and neighborhoods.
- Indian Housing Block Grant (IHBG) Program: \$723 million, a \$76 million or 11.7 percent increase over 2021, for grants to finance affordable housing construction and related community development. As funding for IHBG has remained level for many years, Indian Tribes have had to rely on other programs to fund the production and preservation of affordable housing, reserving IHBG for operations and maintenance of existing housing. This increase will help Tribes change this balance.

¹America’s Rental Housing 2020 Report, Joint Center for Housing Studies, Harvard University (https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2020.pdf).

- Mobility Services initiative under TBRA (new): \$491 million to fund cost-effective housing mobility strategies to assist families with children to move from areas of extreme poverty to areas of higher opportunity. The funding will also address impediments to public housing agency collaboration, with a goal of reversing the effects of residential segregation adversely impacting people of color.
- Eviction Prevention Demonstration program: The 2022 Budget will continue to fund HUD’s Office of Policy Development and Research’s execution of the \$20 million competitive grant program that provides free legal assistance to eligible low-income tenants at risk of or subject to eviction.

INCREASE THE PRODUCTION OF AND ACCESS TO AFFORDABLE HOUSING

Increasing the availability of affordable housing is essential to the resilience of households and communities. The Budget proposes several key tools to further this goal.

The HOME Investment Partnerships (HOME) Program has long served as an anchor of the Nation’s affordable housing finance system. The 2022 President’s Budget will make a significant impact, providing \$1.9 billion—\$500 million and 37 percent more than the 2021 enacted level. The Budget includes a \$100 million set-aside for a new initiative, the FirstHOME Down Payment Assistance initiative, which provides funding to States and insular areas to better support sustainable homeownership.

The Housing for the Elderly (Section 202) Program proposes \$100 million for new Capital Advances to increase the supply of affordable housing for seniors by approximately 1,100 units. The Housing for Persons with Disabilities (Section 811) Program proposes \$80 million, which will support 900 new units to expand the supply of affordable housing for very low- and extremely low-income persons with disabilities to live independently in the community with connections to critical supportive services. Combined, these programs provide a total of \$180 million to support a total of 2,000 new units for vulnerable populations.

Ginnie Mae Securitization of Risk-Sharing Loans: The Budget proposes Ginnie Mae authority to securitize affordable multifamily loans made by Housing Finance Agencies (HFAs) and insured under the Federal Housing Administration’s (FHA) 542(c) Risk-Sharing program. As an interim measure that will sunset 3 years after implementation, HUD is resuming its partnership with Treasury’s Federal Financing Bank (FFB) to provide “Ginnie-like” financing for HFA Risk-Sharing loans. The proposed Ginnie Mae securitization authority would provide a permanent source of low-cost capital for these affordable housing loans once FFB financing expires.

Finally, the Budget proposes \$30 million for two other homeownership resources through FHA to:

- Expand the Good Neighbor Next Door (GNND) Program, which offers a substantial discount to law enforcement officers, teachers, firefighters, and emergency medical technicians to encourage them to purchase and reside in homes in distressed communities; and
- Create a Home Equity Accelerator Loan (HEAL) Pilot that would test new loan products designed to lower barriers to homeownership for first-generation and/or low-wealth first-time homebuyers.

PROMOTE CLIMATE RESILIENCE, ENVIRONMENTAL JUSTICE, AND ENERGY EFFICIENCY
ACROSS THE HOUSING SECTOR

In response to the President’s Executive Order 14008 (“Tackling the Climate Crisis at Home and Abroad”), HUD’s Budget includes \$800 million to reduce carbon pollution, increase resilience to the impact of climate change, and address environmental justice. Communities served by HUD programs, which often have a significant share of low- and moderate-income households and people of color, are often more vulnerable to climate change due to their locations, aging infrastructure, and historic disinvestment. As part of the Administration’s whole-of-government approach to the climate crisis, the Department is committed to expanding energy-efficient and climate-resilient housing options in public and assisted housing. The following investments proposed in the Budget are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change:

- Public Housing Fund: \$300 million to increase energy efficiency, reduce water consumption, and promote climate resilience in public housing.
- Native American Programs: \$100 million to eligible Indian Tribes and Tribally Designated Housing Entities (TDHEs) to increase energy efficiency, improve

water conservation, and further climate resilience. Preliminary estimates indicate this funding would allow HUD to retrofit approximately 16,600 housing units.

- Choice Neighborhoods: \$50 million to further support energy-efficient housing construction and environmentally sensitive and resilient design of community improvement projects.
- Green and Resilient Retrofit Program (new): \$250 million to rehabilitate Multifamily- assisted properties to be more energy-efficient, healthier, and more resilient to extreme weather events. This increased investment will improve the stock of affordable housing available to many low- and extremely low-income families, often from marginalized communities.
- Rental Assistance Demonstration Program: \$100 million under the TBRA and PBRA programs for public housing authorities (PHAs) to transition public housing units to the Section 8 platform. This program preserves and improves public housing properties and will enable public housing authorities to holistically address critical property needs, environmental hazards, energy inefficiencies, and increase housing choice for residents.

In addition, the Budget requests \$85 million for the Healthy Homes component in the Office of Lead Hazard Control and Healthy Homes, an increase of \$25 million or 41.7 percent over 2021 enacted. These funds will help grantees identify and mitigate multiple health hazards in low- income households.

Finally, the Budget requests \$145 million for Policy Development and Research of which \$5 million is for research on housing, climate adaptation, and resilience conducted in coordination with the new Advanced Research Projects Agency for Climate (ARPA-C) at the Department of Energy. The ARPA model of high-risk, accelerated research is uniquely designed for research and development that, if successful, will result in transformational technology advancements.

Together, these investments will decrease the financial burden on tenants, help to address inequities, reduce carbon emissions, and increase the climate resilience of HUD's housing stock while improving indoor air quality and creating healthier and safer homes for families.

STRENGTHEN HUD'S INTERNAL CAPACITY TO DELIVER ON MISSION

HUD's Enterprise Risk Management program has identified staffing as one of the top risks to the Department. In fact, in the 2021 Risk Profile, all program offices identified risk related to the quality of their business functions resulting from a lack of expert staff in procurement, information technology, and human resources areas.

From 2012 to 2019, the number of full-time equivalent (FTE) employees at HUD declined 20 percent, from 8,576 to 6,837. Although a focus on the hiring process and the salaries and expenses (S&E) budget have enabled HUD to regain some of the ground lost, attrition has resulted in imbalanced program offices and the loss of expert staff to effectively administer some programs. For example, HUD's review of enterprise risks found that due to the decline, HUD lost staff in critical disaster mitigation posts, the institutional memory within its environmental programming, and specialized skills necessary to administer contracts critical to the functioning of the agency. In addition, inadequate staffing due to numerous retirements threatens HUD's vital cybersecurity capabilities. Overall, these enterprise issues and risks weaken HUD's ability to deliver strong, sustainable, inclusive communities and quality affordable housing.

The 2022 Budget requests \$1.7 billion for S&E, \$189 million more than the 2021 enacted level, which, in combination with expected carryover of 2021 funding, will support 8,186 FTEs.² The 2022 Budget will support the gains made in 2020 and projected for 2021 and provide for continued increases in staffing, which will enable the Department to serve households and communities better and more efficiently across the country.

The Budget also proposes \$323 million for the IT Fund, to continue the modernization of HUD's IT systems and cybersecurity. These investments in IT and staffing will help ensure that HUD has the resources and capacity to rise to meet the critical work ahead.

HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is actively strengthening the housing market to bolster the economy and protect consumers. We are helping meet the need for quality affordable rental homes through our programs. We work to improve our citizens' quality of life through housing as a platform. And we are building inclusive and sus-

²Including Ginnie Mae; excluding Office of Inspector General.

tainable communities free from discrimination, while transforming the way HUD does business. The Budget delivers on these promises, and I am pleased to share this request with the Subcommittee.

Under the President's leadership, America is getting back on track. We are turning the corner on the pandemic. Our economy is growing and creating jobs. Students are getting back into classrooms. For the fifth month in a row, unemployment claims have dropped precipitously as we have gotten Americans vaccinated. For all the progress we have already made, we cannot simply return to the way things were before the pandemic and economic downturn. We must seize this moment to reimagine and rebuild a new American economy that invests in the promise and potential of every American and makes it easier for families to break into and stay in the middle class. We must build back better.

Chairman Schatz, Ranking Member Collins, and distinguished Members of the Subcommittee, I look forward to working with you. Thank you for the opportunity to appear before you today to discuss my priorities for the Department and how the President's 2022 Budget will serve our most vulnerable citizens, increase the resilience of our communities, and Build Back Better.

Senator SCHATZ. Thank you very much, Secretary Fudge. Let me start with this, there are—according to the last Point-in-Time count, there are 37,000 veterans experiencing homelessness, but we have got 24,000 (HUD-Veterans Affairs Supportive Housing) HUD-VASH vouchers that remain unleased. What strategies are you and Secretary McDonough looking at to solve this problem, given that we have resources and we can't match them with the people that need them the most?

Secretary FUDGE. First, Mr. Chairman, let me thank you all for making sure that those resources are available. I know that some budgets in the past have not made the kind of requests that you all have stepped in and done what was right for veterans and the American people in general.

Part of the problem we are finding with VASH and we are, on a regular basis, talking, our staffs, as well as I have talked with Secretary McDonough. We have two major problems in this program. One being that we get referrals from case managers, VA does not have enough case managers. So some they get bogged down in that process, but the biggest issue is housing. It is just not available in the numbers that we needed.

And so affordable housing is not available really to the degree that veterans need these resources. And so we have to find ways to either change things, like how much we allow vouchers to really be effective, we need to look at our price points, because we know in communities like yours, Mr. Chairman, that it is almost impossible to find the kind of housing that will take vouchers, from anyone, not just veterans, but especially from people in need.

And so we have a lot of work to do and we know it, but we also know that that is why the President has requested the kinds of dollars that he has to expand housing, affordable housing.

Senator SCHATZ. Thank you very much. And let us be in touch about this because, yes, it is a resource question, but it is also an execution problem between local governments and two Federal executive agencies.

Secretary FUDGE. I agree.

Senator SCHATZ. I want to talk to you just a little bit about empowering local communities to tackle discriminatory zoning. And I know you have been a leader on this, a thought leader on this, and just wondering what mechanisms HUD is in possession of and what we could do to help to try to solve the problem.

Look, we have got to appropriate money to affordable housing, but the truth is, lots of local governments are actually creating housing shortages and then lamenting housing shortages. And so I am wondering what you think you can do as the secretary to try to precipitate change at the local level?

Secretary FUDGE. Well, one thing that the American Jobs Plan does, Mr. Chairman, is it allocates resources to start to have the discussions with local governments about how their zoning is creating an impediment to affordable and low-income housing. Because I think sometimes they don't realize that if in their zoning they require that a lot size has to be a certain particular size, or they decide that you have to have so many parking spaces, or there has to be so much space for a driveway, when they start to think about the cost, I think they sometimes don't understand the impediment, partially.

I think the other thing is that these resources are going to allow them to do the kind of research and discussion in their own communities to determine what is best for them. And I think you will find that, and I know, myself having been a former mayor, when you start to talk to your residents, and you start to talk to other people in your community, they come back with a different view, because a lot of these laws have been in place for so long, nobody has even thought about them. And so we need to take the discrimination out of it, but we also need to just say: It is a new day and we have to think about these things differently.

Senator SCHATZ. Final question, what are your next steps to ensure that tribes are eligible for homeless assistance grants?

Secretary FUDGE. Well, I think we have already actually started doing that. Let me see. Here we go. Well, let me just say that, I know that we, right now, have already started to make tribes available for the program. So we are right now planning to allow tribes and tribal organizations to apply for Continuum of Care. We have been having ongoing conversations with them. I have had calls with tribal leaders on more than one occasion. Their input is not where we need it to be, and so we are in the process and expect to announce it later this summer that the eligibility will be there because the requirements will be changed to allow it.

Senator SCHATZ. Thank you very much.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Secretary Fudge, I want to follow up on the chairman's first question about the VASH program, which I mentioned in my opening statement. You mentioned that there is some lack of caseworkers, and also a lack of affordable housing, but we have found that there are other challenges in connecting eligible veterans through the program, through the current referral system, and the 2020 Point-in-Time count found that there are still more than 37,000 homeless veterans. And we like to say: That in the land of the free, there should always be a home for the brave. And I feel very strongly about this program, and I have seen the difference it has made in the lives of veterans who were homeless in the State of Maine.

So in response to the difficulties that HUD was experiencing in connecting veterans with vouchers, in last year's appropriation bill,

we directed HUD to use its waiver authority to streamline the intake process, including by enabling public housing authorities to issue vouchers to eligible veterans in advance of a referral from the FAA. What has HUD done, or are you aware of what HUD has done to implement the directives from last year's Appropriations Act?

Secretary FUDGE. I would say to you, Senator, that VA actually is taking the lead on some of these programs. And so what they are doing now is talking about some of the things—same things we are, quite frankly, is their capacity, because VA has the same kinds of issues we do as it relates to staffing, and to skills gaps, quite frankly. And, you know, we have already been, advised that we have a major skills gap as does VA.

And so some of it clearly is a result of what is happening within the agencies, but I would suggest to you, Senator, that even though there is a problem within our house, that being VA and HUD, the need is still there and the need is still great. We are trying to figure it out. Secretary McDonough and I, and our staffs are working to try to move it as quickly as possible. But I think what has happened over the last number of years, eight or 10 years probably, is that we have never really looked at how the system should work best, and we have never really applied the best practices that we should have. And that is just an honest assessment of what I see. But we are working on it.

Senator COLLINS. I want to bring to your attention a HUD success story. And it is in Lewiston, Maine. The Choice Neighborhoods Initiative, which is intended to help cities leverage public and private funds, to revitalize neighborhoods that are severely distressed, and have housing problems, and vacant property, a lack of employment opportunity. The City of Lewiston, Maine, was recently awarded a \$30 million grant to revitalize what we referred to as the "Tree Street Neighborhood".

And it would replace 185—or result in building 185 new units of affordable housing, rehabilitating nearly 1,500 units that are lead-contaminated, and it will result in \$100 million private investment in the city.

Lewiston was the smallest city to receive an implementation grant. And that really underscores the hard work that all of the partners, and stakeholders who came together, put into the plan. First, I want to invite you to come, at some point, to Lewiston, and see the wonderful work that is being done. And also, I want to point out a broader point, and that is that HUD needs to be more focused on smaller cities and communities. It cannot just focus on large urban areas. And oftentimes these smaller communities are at a real disadvantage because they don't have full-time grant writers. They don't have the staff.

And that is why technical assistance, presentations from HUD, and HUD working with these smaller communities is so important. And HUD has done that with Lewiston. And I just want to thank you for that effort. Invite you to see the exciting project, but also encourage further efforts to help smaller communities take advantage of the programs at HUD.

Secretary FUDGE. Thank you. If I may, Mr. Chairman? I had the opportunity to speak with the Mayor of Lewiston and congratulate

him on the hard work and the award, and I understand very clearly what you are saying. I was the mayor of a small city. I understand when you are not a city that gets your own direct CDBG money, or when you don't—when you have to find ways to write grants. I am one of those people who understands very clearly.

And so congratulations to you and to the team, it was an outstanding proposal, I had an opportunity to read it. So thank you for acknowledging that. Thank you.

Senator COLLINS. Thank you, Mr. Chairman.

Senator SCHATZ. Senator Manchin.

Senator MANCHIN. Thank you, Mr. Chairman.

Secretary FUDGE, thanks for being here today. And I appreciate you being, and the job you are doing. And I want to talk to you about the issue of children and youth homelessness.

In HUD's 2020 Annual Homelessness Report 185 people in families with children, and only 120—112 unaccompanied youth in West Virginia were identified as homeless. However, children and youth experience, homelessness are hidden in our schools, communities, and often moving place to place, and staying in places like motels.

My problem is this, we have identified through the McKinney-Vento definition, 10,000 in West Virginia. There is such a difference. And I guess it is because of the definitions and what we are using as definitions versus what HUD and McKinney-Vento. Is there any way that we can pair that up? Because it is harming us, we are really not addressing with the amount of urgency that we should be.

Secretary FUDGE. Well, the one great thing about the President's budget, there is an allocation, or a request for an allocation of \$82 million to deal with homeless youth.

Senator MANCHIN. Sure.

Secretary FUDGE. That includes high school, those aging out of foster care.

Senator MANCHIN. And I am sorry to interrupt you, but where—what numbers are they going to use? Are they going to use the HUD's definition, or McKinney-Vento's definition?

Secretary FUDGE. Well, we are going to actually try to combine the two, because I know that there is a difference there.

Senator MANCHIN. Fine. It needs to be done. Okay. You know you have a problem there?

Secretary FUDGE. Yes.

Senator MANCHIN. Let me jump around, because we have—if you can get that done, that will be a miracle for all of us, because if not, let me just say this too; whenever you are dispersing funds, if you all could consider, I have been trying to write this in every piece of legislation, 20 percent of the population of the United States of America is determined or defined as rural. And if you want to know the geopolitical problems that we have, it is rural versus urban and it gets bigger, and the chasm gets bigger and bigger. And if you are ever going to unite our country back together, it is basically treating everyone equally.

When the money is disbursed, if you can make sure that 20 percent of the money goes directly to rural areas, so only rural states or rural communities can compete for that 20 percent. We lose out

every time when a big urban area jumps in, New York, or Chicago, or Florida, or Hawaii, Honolulu, we lose out. We cannot compete because the scales of economy, economy of scales basically work better, giving more people help, because there is more people, but the 20 percent set aside is all I am asking for.

If you could take that back to your team and talk about that, because we are trying to write legislation, anything that comes through 66 million people live in rural, out of 330. That is all I am asking for. Let those 66 have the same shot, proportionately, as the rest, because—I will give you a perfect example: Healthcare, \$172 billion now out the door on all the healthcare CARES—COVID packages, only 6 percent went to rural. Rural hospitals were closing. How in the world do you close a hospital during a pandemic? Okay. That is enough of that. But I do need your help on that. You can help us immensely.

Let us go to the CDBG, Community Development Block Grant. It is one of the longest-running programs of the Department of Housing and Urban Development, it is a useful program because it allows recipient communities to have flexibility to determine how best to use the money for their state's unique needs. And it is used for so many good things. Here is the problem. The program has a lot of bipartisan support in Congress. Okay?

Secretary FUDGE. Mm-hmm.

Senator MANCHIN. But despite that support, the previous administration sought to dismantle the program, to dismantle it. So I want to know what your intentions are and your plans to not only, not dismantle it, but to bolster it.

Secretary FUDGE. Actually, we have made a request for increased funding for CDBG. It is the most flexible program.

Senator MANCHIN. You know that, too, don't you, from being a mayor?

Secretary FUDGE. That is right.

Senator MANCHIN. I appreciate you so much. I really do. I just want to make sure you know this is a partnership and we need it, and if we don't do it and do it right, God help us all, because there is so much—the cost of housing now, what are we going to do on that? How do you address that? This inflated costs that we are going through right now, and how do we get people in, out of the cost.

Secretary FUDGE. I think that also goes back to some of the questions that we have been asked about affordable housing, when we were talking about veterans. The biggest problem we have with veteran housing is rural areas because they don't have the—they don't have the capacity within the communities; they don't have the housing to even—to put veterans in. So it is a major, major problem.

So what we are talking about doing now is creating through low-income housing tax credits, through neighborhood improvement home tax credits, to make sure that we can make it more affordable. If we do those two things, which come out of Treasury, and then if we put in our home dollars, our housing trust dollars, we can bring down the cost of that house.

Senator MANCHIN. One thing I would ask you all to consider is ownership. The greatest thing we have is the people that, basically,

we provide housing for, and subsidize the rent and everything else, they are a tenant, not an owner. They don't take care of things the way they would, if they were an owner, they don't look at any building, any values whatsoever, and they are afraid they are going to lose their benefits because now they have assets.

It is absolutely a conundrum that we cannot get out of abject poverty in Appalachia or poverty-stricken areas. And unless you let them buy in to have ownership, we are never going to cure this.

Secretary FUDGE. I think you will be pleased that there is \$100 million in this budget to assist with homeownership.

Senator MANCHIN. I hope \$20 million of that is basically going to be in rural America.

Secretary FUDGE. I got it.

Senator MANCHIN. Okay. Thank you.

Senator SCHATZ. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman. Remember I like Hawaii.

Senator SCHATZ. I do remember.

Senator BOOZMAN. It is good to have you, Madam Secretary, as an old house member, we appreciate you, and hope you are having a good experience over on the Senate side.

Secretary FUDGE. It is good to see you, Senator.

Senator BOOZMAN. Again, thank you for being here, and taking time to speak with us. I am sure you know, last Congress, we came together in a bipartisan manner and passed the Consolidated Appropriations Act of 2021, which created a \$25 billion emergency rental assistance program designed to repay a renter's back-rent debts.

Following that Congress passed the American Rescue Plan, which created a second round of emergency, or rental assistance of \$21 billion. So now we have a total of roughly \$46 billion in rental assistance. The Bipartisan Consolidated Appropriations Act established parameters for how the first round of emergency rental assistance funding can be used. And it was clear, it was meant to repay renters back-rent debts.

However, what concerns me is that these parameters were changed in the American Rescue Plan and the safeguards in the American Rescue Plan are different than those in the Appropriations Act. So you have got a difference in the two bills. It also concerns me that I have heard from constituents and colleagues that Treasury has not been able to provide details about how and where the money is being spent, and that some states are having difficulty setting up the program. While I recognize that you don't work for the Treasury Department, your agency has authority over the Section 8 Housing Choice Voucher Program, and I am sure you agree with us how important it is to meet rental assistance needs.

In that light, can you commit to working with Congress to make sure we address any potential mismanagement of the Emergency Rental Assistance Program, or any other potential areas of mismanagement around affordable housing? And then again, square the two bills, in the sense that we have got different direction coming out of each one of them?

Secretary FUDGE. Oh, absolutely. I certainly commit to do that. But let me just reassure you that the appropriation act that was passed is the determining factor in how we go forward.

Senator BOOZMAN. Very good. Well, being on the Appropriations Committee, we like to hear that. We have heard from a constituency in the mortgage industry that updates to the information technology systems and processes of HUD that support the FHA program have lagged behind comparable information technology systems and processes used by other mortgage market participants.

We work hard in government to provide those things, but it is not uncommon for us to lag behind. In recent years Congress has appropriated dedicated funding for upgrades to FHA technology. Can you share your views on the progress that HUD has made to date, and how you can continue these efforts moving forward, to get our technology up to snuff?

Secretary FUDGE. Thank you for asking that question, Senator. We have been looking at where we have significant skill gaps, and that is one of the places where we do. As we talk with the Head of GAO, he cited it for me. The first thing he said was: You have a significant skills gap, but you also are at risk of cyberattacks because of the lack of investment in your systems.

And so that is one of the things that we are talking about in our budget, is being able to not only just build the capacity with people, but to build the systems. And so we know that we have a problem, and we are working on it.

Senator BOOZMAN. Very good. Thank you. An ongoing area of focus with FHA relates to broad consumer access to affordable, sustainable housing. As I am sure you would agree, it is very important that consumers all across America have access to affordable, sustainable housing, particularly in rural America, whether we are talking about eligibility requirements for providers, of down payment assistance, or treatment of potential borrowers with student loan debt. In your view, Secretary Fudge, are there areas in which policy shifts and greater regulatory clarity for lenders, would promote improved access to credit, which is also very important?

Secretary FUDGE. It is one of the major issues and major impediments to home ownership, and it has been going on for far too long. So we are actually sitting down trying to determine what it is in the way that we assess credit worthiness that can be changed. We know that things like student loans, which you just mentioned, are weighted heavier than other types of credit. And who has those kinds of debts? Poorer people, moderate-income people, people of color. So we know that there are some things that we must do and we are working on it. And I think you will be pleased to see what we come up with in a very short period of time.

Senator BOOZMAN. Good. Thank you for your testimony.

Secretary FUDGE. Thank you.

Senator BOOZMAN. And thank you, Mr. Chairman.

Senator SCHATZ. Secretary, between 2012 and 2019 HUD had a 20 percent decline in full-time employees. We talked a little bit about this before the hearing started. Can you speak to what that has done to the agency? And what you are doing about it? And what we can do about it?

Secretary FUDGE. Thank you so much, Mr. Chairman. And I just want to say that when you look at HUD and its totality, part of the problems that we have, whether it be VA, or whether it be getting funds out from—that have been so graciously given to us by Congress, capacity is a problem with us, just as it is with our end-users.

Part of the problem that we had with the funds that came out of CARES, and others, is that when Treasury sent the resources, there was nobody to provide technical assistance, there was no one to assist people to tell them how they should use it. And so what happens is when you have especially small communities, and rural communities, they are afraid to use funds if they don't know what they are supposed to be doing. And so they hold it, and they use other money, so when you came down with the COVID money, they used it instead of the CARES money, because that was more clear to them.

And so when you lose 20 percent of your staff, it keeps you from accomplishing your mission. You cannot do the work we do if you are shorthanded. So what I found at my entrance into the agency, as an agency that have great employees, but they were overworked and we were understaffed. And so until we can start to build back up our staff, and build back up our capacity, we are at risk of not doing some things that we should do to make sure that our mission is completed.

Senator SCHATZ. But what do we do to build back up the staff? I am sure that previous HUD secretaries were not—well, maybe some were, but from that time period, you would assume that most secretaries are not desirous of reducing their capacity by 20 percent. So it is not just a matter of wanting to increase your capacity. We have got to have a strategy for it. So what should you be doing? And what should we be doing to reverse the trend?

Secretary FUDGE. Well, there are two things that we must do. In this budget we requested a significant increase in salaries and expenses. We know that we need it. Secondly, we have to start to hire people and hire them faster. We are looking at, today, more than 500 people in our agency who are eligible to retire, more than 500. This has been happening year after year, so the attrition has created as big a problem as not hiring people and not hiring them quickly enough.

But the other thing we need to do is make sure we hire people with the right skill sets to do the work that needs to be done. It is unfortunate that over the last—over that 10-year period or so that no one thought it important to make sure that we were able to do our work with the limited staff we have. Now, we have—because of your kindness, we were able to come up a little bit, but we are woefully short of where we need to be. And so that is why this budget requests those resources.

Senator SCHATZ. Is the slow hiring time, is that a function of capacity, you know, throughput capacity, or are there idiosyncratic processes or rules that need to be changed? Or is there a statutory barrier? What is going on there?

Secretary FUDGE. Well, we have changed them. When I came into the agency, they said it would take 180 days to onboard an employee, 180 days. And so we have been able to cut that in half

at least. And the other thing we would do, let us just say, for instance, in every single department, we have an advisor of some sort, they would post every advisor separately. When we know the advisor position is the same, no matter where it is, so I am saying: let's post them all at the same time.

There are many things we can do, but sometimes we do get bogged down in what we have always done. So we need to change the mindset and put some urgency behind what we are doing, because I do not believe that if we do not show some urgency that we are going to be able to accomplish our tasks.

Senator SCHATZ. Yes, and just one observation before I turn it over to Senator Collins. I think what Senator Manchin said is right, which is that HUD has become a sort of politically polarized agency with the notable exception of many members, on a bipartisan basis on this committee, it is something that has been fought over in terms of urban versus rural, and to the degree and extent that we can make sure that everybody understands that everybody benefits from funding, and resources towards housing, whether you live in a small town, or not a town at all, or a big city, you know, then you can, not just provide resources, but provide a direction, a collective direction for all employees and for the country to say: We are all committed to housing, that is one of the few things we are going to decide not to disagree about. And I think that that is a really important aspect of improving morale, improving capacity, and getting that continued bipartisan consensus for funding.

Secretary FUDGE. But if I may Mr. Chairman.

Senator SCHATZ. Sure.

Secretary FUDGE. This budget is requesting the largest single increases in rural capacity, in rural housing, in tribal housing, native Hawaiian housing, senior housing, and housing for the disabled. It is a significant portion of the increases in those buildings—this budget goes to those particular things.

Senator SCHATZ. Thank you very much.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Madam Secretary, you have said many times HUD is understaffed. And I agree with you on that. And that obviously is a barrier to effectively implementing programs, but I do want to point out too, that under the CARES Act, the Office Of Community Planning and Development was given substantial new funding, \$10 million, I believe it was. And to date, as of June 3rd, only 13.1 percent has been spent.

So some of the problem appears to be at HUD, if we are giving you that kind of extra money to hire staff, to implement the CARES Act, which was passed more than a year ago, and you have only spent a little over 13 percent of the money for salaries; there is some problem at HUD.

Secretary FUDGE. I don't disagree with you Senator. There is a problem at HUD. I absolutely agree with you 100 percent. What we found—or let me say, what I found when I arrived is that there didn't seem to be the kind of systems in place to make sure that these funds were spent properly and timely. I agree with you, we are addressing it now. And I think that you will find that as we go through the next few months, through the assistance that we

are going to provide as well as in-house, you are going to see a difference in those resources. But I don't disagree.

Senator COLLINS. Let me bring to your attention, another issue, the budget that is related, and it may already be on your radar screen. The budget request includes \$125 million for service coordinators in the Section 202 Program, and as you know, the service coordinators help link residents of eligible housing with supportive services provided by community agencies; the Department funds these coordinators through a combination of direct grants and budget-based rents.

So I am pleased that our subcommittees worked to increase funding for these counselors, but I am concerned that there are still two open GAO recommendations to HUD related to service coordinators. And one of them relates to the fact that HUD does not know how many service coordinators it has. And knowing how many service coordinators HUD has seems to me to be pretty fundamental information that the Department should have.

So what is the Department doing to address these open GAO recommendations? It is really hard for us to decide how much money to give for how many people, if you cannot tell us how many people you have.

Secretary FUDGE. I certainly appreciate that concern. I did have a meeting last week with the director of GAO. We went through the top 13 concerns, the biggest ones. This was one, we are already putting in place a plan to make sure that we address them within a very short window of time. But he—I think we came away from the meeting, knowing that, we do have the information. It is just a matter of over the last period of time, no one seemed to want to get the information together and give it to—we have the information, and we can get the information to you.

Senator COLLINS. Let me now turn to one final issue that I want to touch on. I may have some additional questions for the record, and that is cybersecurity. We know that cybersecurity is an increasingly critical issue. We have seen the SolarWinds attack, which affected nine separate departments, the Colonial Pipeline cyberattack.

But it is not just big companies, or the Federal government that are targets. I know from my work on the Aging Committee, that every day Americans, and particularly seniors, are victims of cyberattacks. According to the FBI, one of the fastest-growing cybercrimes is real estate wire fraud. In 2019 more than \$220 million that we know of was stolen from Americans as a result of those kinds of housing-related cyberattacks.

Madam Secretary, the budget request, nearly \$86 million for the Office of Housing Counseling. What is HUD going to do to help combat real estate wire fraud by using a portion of that money for that purpose?

Secretary FUDGE. Well, let me just report that over the last few weeks, we actually did have someone working remotely open a virus on their system. And so before we knew it, because we could not get the systems in place fast enough, 750 people had already been infected with the virus, but part of the problem was, is because we outsource so much of this because we don't have the skills in-house to do it, it took them three days to get back to us.

And so we have to do two things. One is we have to make sure that those people who have the contracts or who are responsible are people that we bring in and say to them, this is not acceptable, and this is our expectation. But also to have the skill in house so that they can catch it as well. When you decide that you are going to outsource everything that is important, things like your security, and no one in house can catch it. Then there is a problem. It is just the way the system has been designed, but we need to change it. And we are working on doing that.

Senator COLLINS. I agreed that you need to improve your internal cybersecurity, but I hope that you will also look at ways to educate consumers about the danger of real estate wire fraud. Thank you.

Secretary FUDGE. To work safe, and we absolutely will.

Senator SCHATZ. Senator Hoeven.

Senator HOEVEN. Thank you, Mr. Chairman.

Secretary Fudge, the OMB, let's see, in January of 2021, announced a proposed change to the metropolitan statistical area, MSAs, to increase it, the population threshold from 50,000 to 100,000, to the MSA standard. And, that is a concern to 140 communities across the country in 45 states, including three communities in my state, Grand Forks, Bismarck, and Minot. So we don't want to see that MSA standard increase from 50 to 100,000. And that affects—the MSAs affect not only the labor market conditions, the information that we get there, but also government programs and funding formulas, including for CDBG, Community Development Block Grants, a very important program, as well as the home investment partnership program, and others.

So programs that you administer. Myself, along with a bipartisan group of senators have written OMB expressing our current concerns and that—advocating that it not be increased from 50- to 100,000. What is your opinion on that? And hopefully you will agree with our position. And if so, would you be willing to weigh in with OMB on it?

Secretary FUDGE. Well, I would suggest to you that I think that we need to constantly take into consideration smaller communities. I was the mayor of a small community, so that's—it's good to say.

Senator HOEVEN. That is good. So would you be willing to weigh in and help with OMB?

Secretary FUDGE. Oh, absolutely. I am happy to talk to OMB to find out how we can come to something, a resolution that is something that everybody can live with.

Senator HOEVEN. Thank you. So we have 32 public housing authorities in our state, but as you say, we are a rural state. What kind of assistance does HUD provide for public housing authorities located in rural areas to help with not only building, but also technical assistance, and training, that kind of thing?

Secretary FUDGE. We provide the same assistance we do in big cities. The problem that we have in smaller communities is that they often don't have the capacity to do some of the work. So we are going—we are stepping up our technical assistance to smaller public housing authorities, and to smaller communities where we have grants out there because we know it is a problem just with capacity.

Senator HOEVEN. Very good. The Minot Housing Authority got a funding under the Community Development Block Grant Natural Disaster Resiliency Program. And they have been using that to develop housing after a very severe flood they had in 2011. Senator Kaine and I recently, we were able to pass legislation, extending that to give them another year. Because they have got to expend those monies within a certain period of time or they lose—or they lose them. And so it was not just mine, but there were 13 of those awards that needed that additional flexibility.

Are you aware of that? And, you know, are they coming along all right? Do you know, is that something that we are going to have to do again? It is important that these communities have that flexibility, so they are not forced to use the funds on something that really would not be the right priority. And it is just a matter of giving them additional time.

Secretary FUDGE. Let me check into it. I am not aware off the top of my head. But I certainly will check and get back with you.

Senator HOEVEN. And then, one other question for you; in Fargo, we have the Herschel Lashkowitz Tower, and it was built 50 years ago, it is 200 residential units, it is under the auspices of the Fargo Public Housing Authority, and they want to demolish it, as I say it is 50 years old, and build a new 110-unit, multi-use facility. Are there HUD programs or assistance available for public housing authorities that are seeking to redevelop aging facilities such as this Lashkowitz Tower?

Secretary FUDGE. There are. And we are certainly happy to talk with your local public housing folks and give them the—what we can do to assist them.

Senator HOEVEN. Good. Thank you. One final thing I will mention in regard to Minot, too, is that we have got about, it is about a \$1.2 billion flood protection project going there. We have broken it into eight phases. The first four are pretty much underway. That covers about 65 percent of the community. There is about 50,000 people in the community, but this actually covers much of the county, so it would cover, I don't know, more than that, you know, 65,000 to 75,000 people probably, but for phases five through eight we don't have funding in place yet, and those are the lower-income areas, so we cannot make benefit cost to get any help from the Corps.

So we were using state and local funds, but we have tried to connect with other agencies, such as yours to see if there is anything we could do to help, you know, with collaborative funding effort for that flood protection. And so, I don't know if you have programs like that, but if you do it would sure be good to partner.

Secretary FUDGE. You just have to reach out to us, because I mean one of the things that is great about what we do as an administration is we work across agencies quite well, actually.

Senator HOEVEN. Yes.

Secretary FUDGE. So even if we don't have resources, someone else may have. Maybe the USDA has, maybe somebody else does. So we will take a look and see if there is some way I can.

Senator HOEVEN. Yes. I am thinking under some of your low income housing programs might be need to get some, and of course—

Secretary FUDGE. Plus, you know, I think people forget about the resources USDA has as well.

Senator HOEVEN. Right on.

Secretary FUDGE. We will work together.

Senator HOEVEN. Yes. Thank you.

Senator SCHATZ. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman, Ranking Member Collins.

Madame Secretary, it is great to see you. A lot to cover in your budget, but I was pleased to see your proposals. I was especially pleased to see the proposed increase in tenant-based vouchers by \$4.6 billion, which would add 200,000 vouchers, which would be a significant jump, as you know. Also was very interested in the new mobility-related social services program to assist families in finding houses in higher-opportunity neighborhoods, two pieces of your budget.

So, Senator Young and I have introduced bipartisan legislation. Last Congress, we just reintroduce it again yesterday in honor of your appearing here today, which would create 500,000 housing mobility vouchers. So coupling those two ideas in your budget, it would provide 500,000 additional mobility vouchers over the next 5 years. So this allows more families to move to areas of opportunity.

I raised this issue with you in the last hearing. I am hoping you had a chance to look at it. I would like to get the Biden administration, and you, Madam Secretary, to support this legislation. It seems to fit perfectly with your proposals.

Secretary FUDGE. We have discussed it. We are discussing it still. They are happy to have more conversations about it to get better understanding, but we are discussing it.

Senator VAN HOLLEN. Okay.

Secretary FUDGE. So don't think I forgot.

Senator VAN HOLLEN. I appreciate that. No I just—hopefully we have now introduced it, and we support any—we will take a look at any suggestions you have got, but I would like to move forward on this.

Secretary FUDGE. Okay.

Senator VAN HOLLEN. Because we are considering this in the context of some of the legislation, in terms of the American Families Plan.

Secretary FUDGE. Well, the good thing is they are not opposed to what you are doing.

Senator VAN HOLLEN. I would be surprised if you were opposed, Madam Secretary, so hopefully we will get a yes, a big yes.

Secretary FUDGE. All right. Thank you.

Senator VAN HOLLEN. So your budget also proposes a new piece and add on to the CDBG program, \$295 million to: "Advance the administration's priority in redressing the history of the Federal government systemically declining to invest in communities of color and low income neighborhoods." And it goes on. Baltimore City, is an example of a city that had redlining. It was one of the worst in terms of discriminatory zoning practices. Can you tell us how you are going to make the determinations with respect to the use of these funds?

Secretary FUDGE. One of the things we know is that FHA is such a significant player in the market, and we do have some input on what happens with FHA clearly. And so we are going to be looking at how we best do this in a fair way. And I think you will be pleased with what we come up with. We are still having those discussions, but I think that, FHA, Ginnie, and everybody else that we are working with knows that there are some things that we need to do. There are some things we need to shift. And not just as we look at how we talk about redlining, but just even in terms of appraisals of properties.

When we look at how we do transportation, when we—there are so many things that are involved in this, but we are working together with Transportation, with VA, and with some others, but primarily FHA is the major player in this.

Senator VAN HOLLEN. All right, Madam Secretary. Yes. If you could get back to us, because this is a very, I think positive proposal, this relates to CDBG grants. So I would be interested in how FHA is playing a role there. We would just like some clarity on how you are planning to use these CDBG funds. Separately, and regarding FHA, a lot of us, and I think on a bipartisan basis are interested in helping first-time home buyers, as well.

And FHA, they are their financing of homes are really important to first-time home owners. In fact, you know, 83 percent, I think of first-time homeowners received FHA loans. You have proposed something called the HEAL Pilot Project, which is a new FHA initiative for this year, that would help lower barriers to home ownership. So are you going to be proposing to help first-time homeowners with those down payments? Are you talking about lower interest rates? Can you talk about what combination of help you are thinking about?

Secretary FUDGE. We are talking about all of the above.

Senator VAN HOLLEN. Okay.

Secretary FUDGE. What we really want to do is be sure that when people—we have found that if you come into a homeownership and you already have a stake in it, which most low-income people don't, because they don't have the kind of down payment that is necessary. We want to be sure that we can assist them in making sure that they don't need a loan more than 90 percent. So that is going to be a number of things.

Senator VAN HOLLEN. Okay.

Secretary FUDGE. And, and it is going to be home down payment assistance, it is going to be fee structure, it is going to be tax rates, it is going to be a lot of things, but we just want to be sure that we can make those people who can pay their rent now, most of whom can afford to pay a mortgage, but just a system to get over the hump.

Senator VAN HOLLEN. Right.

Secretary FUDGE. And like with the CDBG, you know, that is so flexible with communities, we are hopeful that some of those resources will be used to also assist people in getting a home.

Senator VAN HOLLEN. Well, as you well know, a big part of the racial wealth gap can be traced to differentials in home ownership, so I do think this is a really important area. And I look forward to working with you. Thank you. Thank you, Madam Secretary.

Secretary FUDGE. Thank you.

Senator SCHATZ. Senator Braun.

Senator BRAUN. Thank you, Mr. Chair.

Good to be talking to you again. Traveling around Indiana. I hear three things, pre-COVID, during-COVID with the need for a rural broadband, workforce development and training, and then affordable housing. According to the GAO, 150 housing programs across 20 agencies are out there, HUD's budget has grown from \$44.2 million in 2019, \$49 billion in 2020, \$59.7 billion in 2021, and now a 13 percent increase requested, up to \$68.7 billion.

I still hear the same thing as I did, you know, two, 3 years ago, that we still have the issue. Are we applying metrics to what we are spending all this money on? Are we doing a better job of, you know, lowering the amount of need for affordable housing? We put a lot of resources to it. And then also is there one of these 150 programs that maybe should be eliminated because it is not working well? I cannot believe that we have that many chasing the same issue and that it would not be confusing to some extent, and that every one of them would be effective and that we may want to re-orient resources, and at least measure things better. What do you think about that?

Secretary FUDGE. Well, I have not done assessment of all of the programs, but if they have that many, I am certain we probably should look at them. I mean, I don't certainly have a problem with that. I do believe that you can always do things better. I think you can always do things more efficiently. So I don't certainly have any concern about looking at them. And as it relates to the increases in budget, I would suggest two things to you. One is that from 2010 to 2019, we have lost so much in terms of funding and staff, that this is just an effort to try to make up, to do the work that we know that we need to do.

When you lose 20-plus percent of your staff over an eight-year period, it is most difficult to do the work. And so what we are doing, we are trying to make up for what we lost. I am not going to try to sugarcoat that in any way; we are significantly understaffed and overworked. But yes, I do think we need to take a look. That is what government does.

Senator BRAUN. Were you understaffed pre-COVID as well?

Secretary FUDGE. Oh, absolutely.

Senator BRAUN. Okay.

Secretary FUDGE. Oh, absolutely.

Senator BRAUN. And with those kinds of budget increases, which average 10 to 15 percent a year over the last 4 years, that would mean that there was either a lot of catching up to do, or that it might need to be spent more efficiently because, obviously, our economy, when it is booming grows 3 percent a year, and that is about four to five times, the rate of increase that you can afford to pay for any government program.

Secretary FUDGE. Let me say, Senator, that I don't—I don't see where over the last 4 years in particular, our budgets went up significantly, they were pretty much flat. And then as, as it relates to why the cost is so great, just even in your own community, the same house you could buy, or the same place you could rent 4 years

ago, you cannot rent anymore for what we are willing to give a voucher for.

Senator BRAUN. It was a GAO that got the figures 44 49, 59, and now 68. So it may appear flat maybe due to the need being that great. I have got another question here. In President Biden's budget, it includes \$5 billion for a new competitive grant program for jurisdictions that eliminate exclusionary zoning. How does the administration define exclusionary zoning? And do you believe every community should have the same zoning standards?

Secretary FUDGE. Let me start from the end, no. I do not believe every community should have the same zoning standards. As well, let me just, I think, maybe just disagree a bit. It does not give grants to eliminate it. It gives grants to discuss it, to talk about how we can eliminate it. It talks about what communities are doing to make affordable and low-income housing more difficult. So what we want to talk to them about is things that they may not even be aware of in their zoning codes that are creating unnecessary barriers and/or increasing the cost of building new housing.

So it is not a demand. It is not a dictate in any way. It is a discussion. And I agree that communities should have the flexibility themselves. But what we want to do is engage those communities with the people who want to build housing, with the people who live in those communities, and not just say: Do you know what? We have got the zoning, it is fine with us. Let's take a look at it.

Senator BRAUN. Thank you.

Senator SCHATZ. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

Secretary Fudge, thank you for joining us today and for all of your work on this budget. You know, I have spoken to people in communities across my home state of Washington who have raised really serious concerns about the impact this pandemic has had on housing security, and the pressure that it has added to the existing affordable housing crisis that my state was facing long before COVID.

So I was really pleased to see President Biden's budget lay out a plan to meet this moment, and to push out strong investments in creating and preserving affordable housing. One of my top priorities, as a member of this subcommittee, is to make sure the Federal government is providing the resources, knowledge, and support necessary to end the homelessness crisis that individuals and families are experiencing across Washington State. And I know this is a struggle for many other states as well, and it is not just an issue for the most populated areas. It is a challenge in our small cities, in our suburbs, in our rural communities.

And it is just heartbreaking to see this as, especially when so many children are involved. I believe it is essential, the Federal government does all it can to provide the resources and coordination with state and local authorities. So I was pleased to see the strong funding included in the budget for homeless assistance grants and a major infusion of additional housing choice vouchers.

Can you just talk with me a little bit about how the fiscal year 2022 request will address homelessness, and the importance of robust funding for those accounts?

Secretary FUDGE. I mean, I think that it is important for people to realize that unsheltered homeless is now larger than those who are sheltered. That is how significant the problem has changed and how it has grown. Part of the reasons that the President and this budget are requesting additional resources is because what we are finding, let's just take your state, for instance, we have the resources to provide the vouchers. We don't have the places to put them because of the high cost of rentals and the low vacancies in communities like yours.

So what we need to do is expand the numbers of units that are available for homeless and/or low-income, or moderate-income people. And that is why there is a huge focus on how we treat homeless, especially because we know that we don't have the congregate facilities and we don't want them anymore because of COVID.

But what COVID did was just basically shine a bright light on the problem that we already had. And so the best we can do right now is try to find ways to—and many communities are doing it—I have talked to mayors and governors all the country, and they are all using different things here. In Washington, D.C., the mayor is talking about using those resources to build new housing for the homeless, and for low-income. In places like Los Angeles they are buying motels and hotels that house the homeless. The resources are flexible, we just need for people to have the kind of assistance to make decisions as to what to do. And that is what these resources will let us do.

Senator MURRAY. Good. And I was really pleased to see the strong funding for home and CDBG programs that were included in the budget, because as you know, this subcommittee has rejected attempts in recent years to get those programs. And I am really hopeful that we can use this request to push for further increases in those flexible funds. And maybe you can talk a little bit about how the increased levels of investment, in addition to the ones that are proposed in the American Jobs Plan, will help boost that supply of affordable housing.

Secretary FUDGE. Well, the great thing about the Jobs Plan budget is that there is a request for \$213 billion to assist. This is over and above the homeless money. This is just creating new low-income and moderate-income housing units, because we know that no matter what we do with the resources we have today, we cannot solve the problem, we just want to have places to put people, we don't have places where people can live decently, and public housing, because it is already at its limit, is not the answer either.

So what we are trying to do is even take some of these vouchers, these emergency vouchers, and turn them into project-based vouchers, or tenant-based vouchers so that we can use them in other ways to get those who are experiencing homelessness into housing very quickly.

Senator MURRAY. Thank you. And to close, I just want to underscore my strong support for major investments for affordable housing, like the ones that are included in the American Jobs Plan to be included in any infrastructure package we do. Like I mentioned earlier, in my state, we were experiencing an affordable housing crisis before this pandemic, and getting back to where we were is not going to be good enough. This is going to take a lot of work to

build us back fair and stronger. And I think it is time we make bold investments in housing infrastructure, to make sure that everyone has a safe, secure place to live. Just, this is not the time to hold back on this. We have got a lot of work to do. So I appreciate your work on this, Madam Secretary.

And Mr. Chairman, thank you.

Senator SCHATZ. Thank you, Senator Murray. Thank you, Senator Collins. Secretary Fudge, thanks for coming today to discuss HUD's fiscal year 2022 Budget Request.

ADDITIONAL COMMITTEE QUESTIONS

The hearing record will remain open until Friday, June 18th, to allow members to submit additional questions for the record. This hearing is now adjourned.

QUESTIONS SUBMITTED BY SENATOR BRIAN SCHATZ

Question. Local housing markets can be highly volatile, and in the last year, many communities experienced increases of over 15 percent in rents in a single year. This committee has continued to encourage HUD to make progress to reduce the time lag in rent data used to establish fair market rents (FMRs) for Section 8 housing assistance payments.

How can HUD make sure fair market rents and operations are responsive in these fast-changing markets? How does HUD plan to support public housing authorities as they work through local challenges?

Answer. HUD has three main strategies to address rapidly increasing rents, with the ultimate aim of enabling HCV families to better locate and rent suitable units. The first strategy is to encourage PHAs to take advantage of the range of existing regulatory flexibilities to better align their payment standards to market rents, including utilization of exception and success rate payment standards.

Second, HUD assists PHAs in working through local challenges in several ways:

—HUD has made technical assistance available to support PHAs in achieving high utilization in high-cost markets.

—For the new Emergency Housing Voucher (EHV) program, HUD has established an alternative requirement permitting PHAs to establish separate higher payment standards for EHV. Through the alternative requirement, PHAs may establish a payment standard for the EHV program up to 120 percent of the applicable FMR/SAFMR. More than 600 PHAs across 55 states and Territories received an EHV allocation. Many of these PHAs serve high-cost urban and rural markets.

Finally, HUD has three grant-funded studies underway looking at methodologies to improve FMR estimates in markets with rapidly rising rents. The researchers are examining use of private sector data sources, web-scraping of rental advertisements, and machine-learning and Artificial Intelligence (AI)-based forecasting as alternatives to the current approach to calculating FMRs. One tension HUD will face in implementing many of the techniques identified by the research underway, should they prove to be more accurate, will be loss of the transparency Congress and the public have come to expect in being able to review the data and calculations behind every FMR.

HUD has received criticism in the past that PHAs generally do not have the resources necessary to conduct rent studies to re-evaluate HUD's FMR calculations. These studies do use PHA resources, and many PHAs' resources are already stretched thin. Congress could provide dedicated funding to PHAs to cover a portion of the local FMR surveys costs. There could be something like PD&R's Research Partnerships program where HUD splits the survey cost with a PHA. If the Committee would like to do more to support PHAs in conducting rent studies, HUD is happy to engage.

Question. The President's budget includes a \$295 million set-aside in CDBG for historically underserved communities. HUD proposes developing a formula geographically targeting distressed communities and allowing eligible grantees to participate and receive additional allocations for revitalizing activities.

When will you be able to share the revised formula for the CDBG distressed communities' set-aside, and will the allocations be substantial enough to really revitalize these communities?

Answer. The additional CDBG funds (\$295 million) will be allocated to grantees that opt-in and commit to use the incentive funds for more geographically targeted, potentially transformational activities in a specific neighborhood/Census place. HUD is discussing opt-in and formula approaches internally and is available to discuss the approach. Because allocation amounts to each participating grantee will depend on which and how many grantees opt in, no formula runs are feasible in advance of the opt-in period.

The areas to be targeted may include neighborhoods with at least 20 percent poverty, areas of persistent poverty, low- and moderate-income areas of minority concentration, brownfields, certain designated slums and blighted areas, Neighborhood Revitalization Strategy Areas, income-qualified areas most impacted by a major disaster, and Opportunity Zones. These areas are small geographical areas where investments can make a significant difference. Even if a majority of CDBG grantees opt in and the per-project award is relatively low, grantees would still be able to undertake planning and pre-development activities, and could seed small business lending, which could help attract partners and leverage. Grantees can also supplement the awards with formula CDBG funds.

Eligible activities include CDBG activities related to construction and reconstruction of public facilities and improvements, special economic development to small businesses or local entrepreneurs, acquisition and disposition of real property, and rehabilitation of housing and other structures. The CDBG incentive funds could also be used for planning activities to align codes, more modern zoning, master/comprehensive/area-wide plans, and expediting permitting to direct and support reinvestment of public and private funds into one or more historically underfunded areas.

The benefit of this incentive will exceed the reach of the funding—by providing multiple examples of targeted investment in a smaller range of activity types, it will enable HUD to evaluate and understand what investments drive revitalization. Participating grantees can use these results to influence investment decisions for their CDBG and local funds. HUD will share successful models nationally, with the expectation of advancing local community development practice across the entire CDBG portfolio.

Question. The cost of energy and water utilities continues to consume as much as 17 percent of HUD's total program budget.

In addition to funding green energy and climate resilience investments across HUD programs, what else can HUD plan to do to institutionalize efficient and resilient practices in rehab and new construction projects?

Answer. HUD is working in partnership with DOE, EPA, and key non-governmental institutions to strengthen policies, procedures, and, perhaps most importantly, threshold standards. Such standards would consistently incentivize and, where appropriate, require HUD funding recipients/affordable housing providers to follow aggressive cost-reasonable approaches to increase the efficiency and resilience of affordable housing, both when developing new and modernizing existing affordable housing across all of HUD's affordable housing programs.

HUD has made significant strides towards institutionalizing efficient and resilient practices for affordable properties throughout its portfolio, including those that are preserved programs such as the Rental Assistance Demonstration (RAD) and properties assisted by HUD such as public housing and Section 202 Project Rental Assistance Contracts. HUD requires every project to meet the following requirements related to energy efficiency and climate resilience.

CLIMATE RESILIENCE

All RAD conversions undertake an environmental review to assess the site and proposed activities for hazards to the residents and the property, including flooding. Public housing agencies (PHAs) and owners are required to mitigate any environmental risks that arise from the environmental review, ensuring that the property is a safe place for residents. As examples of required mitigation, when sites have been found to be at significant risk (e.g., within floodways), the HUD has required PHAs to transfer the assistance to a new, safer location or to remove dwelling units from the portion of a site that is at risk and replace them elsewhere (or remove those units through Section 18).

ENERGY AND WATER EFFICIENCY

All PHAs must use Energy Star(r), WaterSense(r) or Federal Energy Management Program (FEMP)-designated products and appliances in any work associated with a RAD transaction. In addition, any PHAs anticipating a significant level of construction must complete a green analysis as part of their capital needs planning, including a detailed analysis of energy- saving alternatives and other green building components, and the payback and cost/saving analyses for the various options. The Capital Needs Assessment (CNA) used for RAD transactions is built on green principles. In the CNA narrative, the assessor provides an energy audit, which identifies the most efficient replacement for systems and building components and explains the benefits and cost savings of those updates to the housing authorities. The PHA is required to utilize the most energy- and water-efficient options that are financially feasible and that are found to be cost-effective by the CNA.

For RAD conversions involving new construction, projects must meet or exceed the 2009 International Energy Conservation Code (IECC) for single family or low-rise multifamily properties (three stories or less) or the ASHRAE 90.1–2007 standard for mid- or high-rise multifamily projects, or any successor codes that are adopted by HUD under the requirements of the Energy Independence and Security Act of 2007. They are encouraged to meet or exceed the requirements for Energy Star for New Homes or Energy Star for Multifamily High-Rise buildings. Further, in new construction and applicable retrofit projects, HUD strongly encourages the use of industry-recognized, green building certifications, such as the US Green Building

Council's LEED Rating System, Enterprise Green Communities Criteria, the National Green Building Standard, Green Globes, GreenPoint Rating, EarthCraft, Earth Advantage, Passive House, or Living Buildings.

The Public Housing Energy Performance Contracting program is an innovative financing technique that provides PHAs with the financial flexibility to install cost-effective, utility-related improvements with little or no upfront expenditure. It uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. The costs of the energy improvements are borne by the performance contractor and paid back out of the energy savings.

For public housing modernization or development, PHAs are to conduct energy audits every five years, and (1) use integrated utility management and capital planning to promote energy conservation and efficiency measures; (2) improve energy and water-use efficiency by installing fixtures and fittings that conform to the American Society of Mechanical Engineers/American National Standards Institute standards A112.19.2–1998 and A112.18.1–2000, or any revision thereto, applicable at the time of installation, and by increasing energy efficiency and water conservation; (3) install and use Energy Star appliances whenever energy systems, devices, and appliances are replaced, unless it is not cost-effective to do so, in accordance with Section 152 of the Energy Policy Act of 2005, 42 U.S.C. 15841; and (4) use utility and energy management system automation and metering activities, including changing master meter systems to individually metered systems if installed as part of a modernization activity to upgrade utility systems; for example, electric, water, or gas systems of the PHA; and (5) procure solid waste management services in a manner that promotes energy and resource recovery. (24 CFR part 905)

In addition to HUD's requirements, 37 states and territories require or incentivize green certification programs in the award of Low-Income Housing Tax Credits, which are commonly used in RAD conversions.

HUD is mindful of the utility costs it incurs through various programs. HUD's FY 2022 budget request includes funding to expand benchmarking of properties in HUD's portfolios, using EPA Energy Star Portfolio Manager, to obtain 1–100 scores. This data will help HUD better understand how efficient/inefficient HUD-assisted properties are relative to their peers, identify whether or where to target actions to reduce utility consumption, and position us to develop programs to incentivize and reward high performers while bringing others to a more efficient standard.

With respect to energy efficiency, the Department intends to increase the requirements associated with approving the development of, or the substantial recapitalization of, affordable housing, where HUD provides significant funding and particularly where the Department is committed to subsidizing the property in the future (e.g., public housing, voucher-based assisted housing).

The President's FY 2022 Budget Request begins to institutionalize these principles, with \$150 million in funding for a Rapid Return Utility Conservation Program, offering competitive grants for public housing investments that have a quick financial return through energy efficiencies. The Department is confident that extensive opportunities remain for PHAs to implement utility conservation measures that will pay for themselves in just a few years.

The Department is currently working with Department of Energy staff at the Energy Efficiency and Renewable Energy (EERE) office on researching what standard or standards it should reference in approving transactions to develop or recapitalize affordable housing. It could potentially reference an existing protocol (e.g., LEED Platinum or Enterprise Green Communities) or possibly establish its own standard(s). It would then incorporate the standard(s) into NOFOs, as well as in requirements for approving recapitalization transactions, public housing modernization and development and public housing mixed finance approvals.

While great progress is being made through interagency efforts and at the Department of Energy to develop climate resilience building standards, the establishment of generally recognized construction and operating standards is not as mature as it is with respect to energy efficiency. While the Department intends to move forward to establish climate resilience standards, it will need time to research the development of standards prior to institutionalizing them. When it has confidence in climate resilience standards, it will implement those standards in the same way that it intends to implement energy efficiency/utility conservation standards.

Furthermore, Community Planning and Development grantees for Community Development Block Grants, HOME, Emergency Solutions Grants, and Housing Opportunities for Persons With AIDS submit a Consolidated Plan every 3–5 years. One of the elements of this plan is a requirement to consult stakeholders about and address in the Plan the climate resilience needs of low-/moderate-income and vulnerable populations. The grantee's Plan must provide an analysis of the jurisdiction's vulnerability to natural hazard risks, particularly the vulnerability of housing occupied by low- and moderate-income households to increased natural hazards associated with climate change. PHAs must submit a Certification of Consistency with the Consolidated Plan with their Annual Plans (indicating how public housing and section 8 assistance will be used in a consistent manner under the Consolidated Plan).

Question. How will HUD support its partners—especially the smaller and lower capacity PHAs, tribal housing entities, and nonprofits—to take advantage of these opportunities?

Answer. HUD's proposal includes technical assistance provided to communities through multiple initiatives.

The Green and Resilient Retrofit program proposed in the FY 2022 President's Budget request includes significant technical assistance to work directly with all participants, especially smaller owner entities, to work through the property energy and resilience assessment and retrofit process.

With respect to Tribes and tribally designated housing entities (TDHEs), HUD is requesting \$100 million in additional funding for targeted green and resilient investments in Native American housing. This funding would be used to rehabilitate and retrofit existing affordable housing stock owned, operated, or assisted by Tribes and TDHEs. This funding will modernize existing housing, reduce harmful emissions and consumption of energy, and reduce utility costs in Tribal housing.

To ensure that Tribes and TDHEs can successfully implement this new funding, HUD will make training and technical assistance funds available. Any Tribe, regardless of size or capacity can reach out to their HUD local office to request targeted technical assistance specifically to provide an internal assessment on capacity and financial capability and their ability to compete for competitive grants. In addition, HUD will provide national and regional training sessions for all interested applicants and grantees.

Currently, HUD provides a Community Resilience Toolkit specifically targeting smaller grantees, nonprofit stakeholders, and neighborhood residents and offering specific actions they can take. The toolkit is designed to help recipients of Community Planning and Development (CPD) funds identify opportunities to use their CPD dollars to mitigate the impacts of natural related hazards. Additionally, the toolkit has a financing section with other funding opportunities for resilience projects. HUD plans robust additional technical assistance related to resilience. <https://www.hudexchange.info/resource/5981/community-resilience-toolkit/>

With respect to PHAs, HUD intends to provide extensive opportunities for technical assistance provided through multiple mechanisms including virtual training, webinars, guidebooks, notices and individual PHA access to technical assistance providers where appropriate.

Question. According to HUD's latest Worst Case Housing Needs report, additions to the total supply of rental housing between 2015 and 2017 was less than 1 percent. Without accelerated affordable housing supply, lower income renters will continue to be squeezed from the market. The Low Income Housing Tax Credit is the largest source of federal assistance for the development of affordable housing, and is frequently paired with HUD and other Federal funds. However, multiple GAO re-

ports have noted the data that is collected and shared between HUD and the Department of Treasury could be significantly improved.

What have you found to be the most efficient financing method to get the most affordable housing production out of the limited funding available?

Answer. As the lead up to the question notes, nearly all development that occurs today to create affordable housing involves complex mixed finance that uses funding from multiple sources in order to generate enough subsidy to make the project viable. The largest of those subsidy sources for capital finances is the Low-Income Housing Tax Credit (LIHTC), but other sources include HOME, Housing Trust Fund, Choice Neighborhoods, Section 202, Section 811, and Public Housing Capital Fund. Many projects also have FHA mortgage financing to cover the debt portion of a project. Supporting the cost to operate the housing when tenants have very low and extremely low-incomes generally requires Tenant-Based Rental Assistance, Project-Based Rental Assistance, 202/811 PRAC, or Public Housing Operating funds. This is all to say that the current approach to affordable housing is seldom efficient, no matter the program, because of the need to do mixed financing. But this also means that it is hard to say what financing method is the most efficient. Projects are done on a case-by-case basis based on the availability of these resources locally and are subject to local decisions.

Different federal programs supporting affordable rental housing have differing goals and targeted populations, making relative “funding efficiency” determinations difficult. Producing housing affordable to extremely low-income households (e.g., public housing) necessarily takes more subsidy than producing housing that is affordable to more lower-income households (e.g., LIHTC). The most “cost-efficient” form of subsidy can also depend on market conditions. For example, in markets with high rents and low vacancy, project-based new construction will often be more cost-effective, while in markets with lower rents, tenant-based assistance is often preferable.

Question. How would addressing LIHTC data gaps improve this Committee’s understanding of costs, efficiencies and effectiveness across Federal housing programs? Do HUD and Treasury have a plan for addressing GAO’s recommendations and closing identified data gaps?

Answer. Receiving Low Income Housing Tax Credit (LIHTC) data from the Internal Revenue Service (IRS) would provide HUD more complete information and more detail on LIHTC development costs, but 1) the level of detail the IRS maintains is not sufficient to adequately compare the costs of LIHTC to other forms of government rental housing support, and 2) the IRS is not legally allowed to share with HUD any of the information that they receive. Importantly, Congressional action is required to provide an exemption that would allow HUD and Treasury to close the identified data gaps.

Through HUD’s LIHTC data collection from state and local housing finance agencies, HUD receives the amount of LIHTCs allocated to each property. The allocation amount provides an indication of construction costs, although it is not sufficient to conduct a cost comparison study. In addition, since HUD has no way to enforce the statutory requirement that the state housing finance agencies that administer LIHTC submit this information to HUD, HUD’s data are incomplete in two ways. First, not all LIHTC properties are reported to HUD in the year after they are placed into service and, second, allocation amounts are not always reported for the properties that are included in their submissions to HUD. Without the complete list of LIHTC properties as reported to the IRS, HUD cannot determine how complete its data is.

The IRS receives, on Form 8609, the amount of eligible basis (total development costs excluding land) and qualified basis (development costs for the portion of the property that is dedicated for low-income tenants) for each property. While this would provide more detailed and more complete information than HUD currently receives, it is also not sufficient to compare the costs of LIHTC to other federal housing programs. Providing HUD access to this information would, however, decrease the reporting burden on the housing finance agencies (HFAs) that submit similar information to both the IRS on Form 8609 and to HUD in its LIHTC data collection. It would also provide HUD a more complete list of LIHTC properties, which would improve knowledge of and research on LIHTC.

The GAO recommendations from their 2015 report include the following: “Congress should consider designating HUD as a joint administrator of the program. HUD’s role should include oversight responsibilities (such as regular monitoring of HFAs) to help address deficiencies GAO identified. Treasury agreed HUD could be responsible for analyzing the effectiveness of LIHTC, with IRS continuing to enforce tax law. HUD and IRS did not comment on the matter for congressional consideration. HUD supported consideration of a structure for enhanced interagency coordi-

nation. The association representing HFAs disagreed with the matter. GAO maintains that joint administration would strengthen program oversight.” HUD has no further comment beyond those included in the 2015 report.

Further, GAO issued follow-up reports in 2016 and 2017. Neither of these reports had specific recommendations for HUD to implement. Since the recommendations are directed to the IRS and Congress, HUD has no additional comments at this time.

Question. On May 24, President Biden announced FEMA would provide \$1 billion for communities through FEMA’s Building Resilient Infrastructure and Communities program in 2021 to support pre-disaster hazard mitigation projects. A portion of these funds will be targeted to disadvantaged communities—an area where HUD also has substantial experience through the CDBG–DR program.

How is HUD working with FEMA on its pre-disaster Building Resilient Infrastructure and Communities (BRIC) program, and what does HUD see as its role in mitigation versus FEMA’s?

Answer. As with Community Development Block Grant—Disaster Recovery (CDBG–DR) funds, HUD’s CDBG–MIT grants are designed to achieve whole community protection and risk reduction. CDBG–DR and CDBG–MIT allow grantees to address risks across a broad range of activities to achieve more resilient housing and infrastructure and to spur economic revitalization. In addition to a “whole community” approach to mitigation, HUD also requires grantees to prioritize assistance to low- and moderate-income persons and areas, requiring that not less than half of all CDBG–MIT funds be used for that purpose. HUD also requires CDBG–MIT grantees to assess how CDBG–MIT activities may impact not only vulnerable populations, but also protected classes, racially and ethnically concentrated areas and concentrated areas of poverty as part of its “whole community” recovery and mitigation mission.

HUD often reaches out to FEMA to collaborate on the development and implementation of its mitigation activities. For example, HUD staff from the Disaster Recovery and Special Issues Division reached out to FEMA and volunteered to participate in the review and evaluation of FEMA BRIC applications. HUD also reached out to FEMA staff to request their participation in the review of HUD’s Community Development Block Grant—Mitigation (CDBG–MIT) Action Plans, which detail how CDBG–MIT grantees will expend those funds and requested their participation in our CDBG–MIT Webinar Series to introduce HUD grantees to FEMA’s BRIC and Hazard Mitigation Grant Program (HMGP), where we discussed the possibilities of leveraging those sources with HUD’s Community Development Block Grant Disaster Recovery (CDBG–DR) and CDBG–MIT funds. Additionally, HUD and FEMA have also conducted a webinar on our joint guidance that was released by both agencies titled, “Implementation Guidance for Use of CDBG–DR Funds as Non-Federal Cost Share for FEMA PA Program.” Although this guidance does not explicitly address the BRIC or HMGP, it highlights the potential for extensive, common-sense coordination in both Mitigation and Public Assistance.

HUD remains open to any engagement proposed by FEMA staff on coordination for its BRIC program and would welcome the opportunity to provide technical assistance and lessons learned based on HUD’s experience working with our grantees to prioritize funds for low- and moderate-income persons and vulnerable populations.

Question. We have made record level investments into homeless assistance in the FY 2021 appropriations bill, the CARES Act, and the American Rescue Plan that allow communities to rethink congregate shelters and develop new permanent supportive housing.

What best practices are you sharing to help get money to grantees in order to reverse the growing trend in unsheltered homelessness?

Answer. HUD is committed to helping communities utilize existing resources, as well as new resources awarded through the CARES Act and the American Rescue Plan (ARP), to reduce homelessness, including unsheltered homelessness.

Over the past year and a half, HUD has intensified efforts to release technical assistance materials highlighting strategies that help communities award money to new organizations, which helps with spending resources in an equitable manner, and to help them utilize these resources effectively. This includes publishing technical assistance materials related to expanding procurement strategies, recruiting landlords, removing barriers to obtaining housing, identifying, and securing mainstream supportive services to help people obtain and maintain housing, and other re-housing strategies.

Additionally, HUD has hosted Office Hours each Friday throughout the pandemic along with the Department of Veterans Affairs (VA), Centers for Disease Control (CDC), and Healthcare for the Homeless. During these sessions, along with its pur-

pose of helping communities respond to the pandemic and keep people safe from COVID-19, HUD highlights resources that are available to communities to help them develop re-housing strategies and invites communities to participate and share their promising practices. Furthermore, HUD and its partners, including the community presenters, answer questions participants have on any topics.

HUD has also mobilized technical assistance providers to approximately 50 communities to provide intensive technical assistance to support these communities in adopting an accelerated rehousing strategy. The focus of this effort is to ensure the communities have the best available tools to quickly line up rehousing plans, strategize with their partners as well as those affected by homelessness, and build stronger, more equitable systems.

Funding through ARP provided \$5 billion for emergency housing vouchers that will provide long-term housing subsidies, with housing navigation or ongoing wrap-around services, for people exiting homelessness. ARP also provided \$5 billion for homeless assistance and supportive services which, through the HOME program will, among other things, add much-needed units to the affordable housing inventory. Implementation of these ARP funded programs will be accompanied with substantial technical assistance for communities.

Finally, in the coming weeks HUD, in collaboration with U.S. Interagency Council on Homelessness (USICH) and other federal partner agencies, will release an initiative that will launch a national effort to utilize the new resources provided through the CARES Act and the ARP to address homelessness. This initiative will support communities through tools, technical assistance, direct regular communication, data support, and peer-to-peer learning.

QUESTIONS SUBMITTED BY SENATOR JACK REED

Question. Secretary Fudge, President Biden has requested \$30.4 billion for the Housing Choice Voucher Program and \$3.5 billion to provide housing and services to individuals and families experiencing homelessness. I am leading the Senate letter urging the Subcommittee to meet the President's FY22 funding requests for these programs.

If Congress fully funds the President's requests, can you please share with us how these funds will help communities throughout the country, especially in Rhode Island?

Answer. The HCV program is an essential component of the Federal housing safety net for people in need. The availability of Housing Choice Vouchers represents an opportunity for low- and extremely low-income families to improve their housing options and pursue greater economic opportunities. The HCV program increases access to affordable housing, and the option to project-base vouchers aides in the preservation of deeply affordable units. The Administration supports a strategy that recognizes the HCV program as an essential resource to prevent homelessness, promote racial equity, and provide critical funds to ensure families pay approximately 30 percent of their income for rent.

The HCV program partners with local PHAs and landlords to provide housing to our nation's neediest families. Of the families currently receiving HCV assistance:

- 78 percent are extremely low-income, earning below 30 percent of the area median income;
- 75 percent of program participants identify as part of a minority population, 53 percent of those being Black, non-Hispanics;
- 29 percent of households served have an elderly head of household;
- 25 percent have a non-elderly disabled head of household; and
- 36 percent of families served have a female head of household with children.

Without rental assistance, families in Rhode Island and across the country would likely face a great risk of transitory homelessness, or be forced to forgo other life necessities, such as food, clothing, and medicine.

The requested funding for FY 2022 renewal levels would maintain current services for approximately 2.3 million participating households. In Rhode Island, the FY 2022 renewal levels would ensure the approximately 10,100 HCV families currently assisted with the HCV program will continue to be housed in safe and affordable housing.

Question. If anything, COVID-19 has proven emphatically the importance of housing. Indeed, for many families, their homes have been the single most available and effective form of personal protective equipment.

Can you please discuss how affordable and available housing is actually an investment that saves taxpayers funds and pays dividends throughout our communities?

Answer. The growing shortage of affordable and available housing for huge fractions of the nation's population is part of a vicious cycle. The U.S. has long sought to house its people by adding a thin safety net to a private market structure, but long-term declines in real earning power of disadvantaged households have increasingly pressured that policy approach.

HUD's Worst Case Housing Needs reports to Congress and similar reports from independent organizations document that the market is incapable of producing and maintaining decent housing that is affordable to households with extremely low incomes less than 30 percent of the median income in their area. When safe, affordable housing is not available, financial constraints force families into unsafe, semi-affordable alternatives. The importance of safe housing is revealed in evaluations that show that a dollar invested in remediation of lead paint hazards pays off 17- to 221-fold¹ and a dollar invested in healthy homes pest management and allergen reductions pays off 5- to 16-fold.² Research has also shown a clear cost effectiveness of investment in supportive housing for people experiencing homelessness. A chronically homeless person costs the taxpayer an average of \$35,578 per year. Costs on average are reduced by 49.5% when they are placed in supportive housing. Supportive housing costs on average \$12,800, making the net savings roughly \$4,800 per year.³ Finally, affordable housing is essential for housing stability, and numerous studies have documented how stable housing supports stable families, thriving children, and productive adults in vibrant communities.⁴ In these ways, public investment in affordable and available housing has the long-term effect of reducing future needs for such investment, converting the vicious cycle into a virtuous cycle.

Question. In your written testimony, you note that "HUD is resuming its partnership with Treasury's Federal Financing Bank (FFB) to provide "Ginnie-like" financing for HFA Risk- Sharing loans." First, when will you resume this partnership?

Answer. The HUD Risk sharing program and partnership with Treasury FFB was signed on August 3, 2021, officially restarting the program with state housing finance agencies and removing the original dollar cap, enabling expanded opportunity of using this risk sharing program to finance more affordable housing supply in more states. HUD is temporarily resuming the FFB Initiative with a renewed emphasis on enacting legislation to provide a permanent source of lower-cost capital through Ginnie Mae securitization. This second phase of the FFB initiative will sunset three years after implementation, to give HUD adequate time to pursue legislation and transition 542(c) participants from FFB financing to Ginnie Mae securitization.

Question. Second, please explain how this partnership is helpful, especially in Rhode Island?

Answer. Through a network of state and local Housing Finance Agencies (HFAs) nationwide, the program provides low-cost financing options for the creation and maintenance of multifamily affordable housing. In the past, the program was responsible for the creation of over 20,000 units of affordable housing nationwide. Rhode Island HMFC is an active participant in the FFB Risk Sharing program, financing 15 loans with over \$150 million in loan originations. With FFB commitments as recent as FY 2020, we expect Rhode Island to continue their active participation.

Question. Can you please discuss the ongoing importance of the Fair Housing Act, and why promoting fair housing is actually good for the economy?

Answer. The Fair Housing Act (the Act) ensures that all home seekers have equal access to housing and housing-related products free from discriminatory barriers. Where one lives determines access to amenities, resources, and opportunities and consequently can create disparities in important life outcomes such as health, employment, and generational wealth acquisition. The Act guarantees all persons have the right to move to areas of their choice to gain access to neighborhoods rich in amenities and opportunities. Further, it is equally important that we strive to make every neighborhood rich in resources and amenities. Enforcement of the Fair Hous-

¹ Gould E., Childhood Lead Poisoning: Conservative Estimates of the Social and Economic Benefits of Lead Hazard Control. *Env. Health Perspectives*. 117(7):1162-7 (2009).

² Nurmagambetov TA et al. Economic Value of Home-Based, Multi-Trigger, Multicomponent Interventions with an Environmental Focus for Reducing Asthma Morbidity: A Community Guide Systematic Review. *American Journal of Preventive Medicine*. 41(2S1): S33- S47. 2011.

³ See <https://endhomelessness.org/wp-content/uploads/2017/06/Cost-Savings-from-PSH.pdf>

⁴ Sandra J. Newman & C. Scott Holupka (2014): Housing Affordability and Child Well-Being, *Housing Policy Debate*, DOI: 10.1080/10511482.2014.899261

ing Act can achieve both objectives, and by doing so has the potential to spur economic growth not just within households, but in neighborhoods, cities, and regions.

It is important to note that the Fair Housing Act also has tools that allow for greater access to equal credit and homeownership opportunities, which contribute to economic growth and generational wealth creation and preservation. Among other things, making neighborhoods more desirable depends on owners' ability to have equal access to credit for buying or refinancing a home. The Department utilizes its enforcement authorities and leverages its legacy program partners in the Fair Housing Assistance Program (FHAP) and Fair Housing Initiatives Program (FHIP) to eliminate discriminatory treatment in housing transactions and take proactive steps to educate the industry and the public about the importance of fair housing to reduce barriers to housing access and choice.

Discrimination in the housing market reinforces the patterns of residential segregation that have been shaped by decades of racially biased housing policies. Further, housing discrimination and residential segregation impede the ability of African American and Hispanic homebuyers to build equity. Homes in primarily African American neighborhoods are typically de-valued and priced significantly lower than similar homes in predominantly white neighborhoods. Those neighborhoods lack key resources such as access to credit and quality schools. Racial biases and discriminatory lending practices such as redlining, steering, bias in appraisal methods, and racially motivated perceptions of neighborhoods are contributors to a lower housing demand and prices in African American neighborhoods. The devaluation of African American-owned homes negatively impacts the overall economy. The promotion of fair housing and the enforcement of the Fair Housing Act and other civil rights laws helps to prevent and remedy discrimination, foster economic development, and expand wealth in minority communities.

QUESTIONS SUBMITTED TO SENATOR CHRIS VAN HOLLEN

Question. The President's FY2022 Budget Request includes \$491 million in funding for a new Mobility Related Social Services program to "assist families in finding housing in higher- opportunity neighborhoods with access to jobs, services, schools, and other resources."

Could you please provide additional information on how many households this level of funding would expect to help? What is the expected cost per voucher for mobility services given this level of funding? Are there additional details on this program that you can share?

Answer. The FY 2022 budget's proposal of \$491 million for Housing Mobility Services would provide nearly 20 percent of HCV families with children with services to help them access a lower poverty community. In view of the strong evidence both that low-income families with children benefit from living in low-poverty, high-opportunity communities, and that mobility programs work, it should be a priority to extend such services to more families.

Using a cost estimate of \$3,000 per family offered mobility-related services, HUD estimates that about 163,000 families will receive services on a voluntary basis. PHAs may provide services to families with an existing voucher, regular turnover voucher, or to families that receive newly available vouchers in the 2022 appropriations act.

These new funds will help PHAs implement cost-effective housing mobility strategies to expand housing options for families with children to move by providing services that will help them move, if they want, from areas of high poverty to lower poverty, high opportunity communities of their choice. Services provided to participating families may include:

- pre-and post-move coaching
- housing search assistance
- family financial assistance such as security deposits
- landlord incentive payments
- financial coaching

These services will also address impediments to PHA collaboration, particularly regulatory and administrative barriers, to facilitate regional PHA coordination on portability and other issues.

If funded, HUD will issue a competitive Notice of Funding Opportunity and encourage PHAs to apply. HUD will prioritize funding awards based on the concentration of HCV families with children in extreme poverty neighborhoods. Prior to

awarding any new funding available for mobility services, HUD also will incorporate available lessons learned from the early stages of the HCV Mobility Demonstration, the second phase results of the Creating Moves to Opportunity (CMTO) study, and existing research evidence and best practices on housing mobility programs.

Under the HCV Mobility Demonstration, our technical assistance provider is creating a suite of program guides, materials, and trainings (using the best available evidence and best practices) for use by participating PHAs. HUD will make this entire suite of guides, materials, and trainings available for all PHAs that are awarded new funding. We anticipate encouraging PHAs to use the evidence-based program model we are using for the demonstration to implement their own local programs using the new funding.

This program, anticipated to be implemented at over 100 PHAs, will help improve outcomes for HCV families with children, and help further goals of reversing the effects of residential segregation and its adverse impacts on people of color, and addressing issues of racial and health equity.

Question. At the May 20th Senate Banking Hearing (“21st Century Communities: Expanding Opportunity Through Infrastructure Investments”), I discussed with you my bill with Senator Young, the Family Stability and Opportunity Vouchers Act (S. 1991), which would make 500,000 housing mobility vouchers available over the next five years so that more families with young children can move to stable, affordable housing in areas of opportunity, with the supportive wrap-around services they need to succeed, and asked if you could confirm whether or not the Biden Administration supported the proposal.

With the benefit of having had some additional time to review, is the Family Stability and Opportunity Vouchers Act a proposal that the Biden Administration can support? Or if not, could you please provide an explanation of any concerns?

Answer. The Administration shares the goals and outcomes that S. 1991, the Family Stability and Opportunity Vouchers Act, seeks to achieve. As you know, HUD proposed \$491 million for mobility-related services in its FY 2022 budget proposal. The set of services envisioned in this budget proposal are substantially similar to the set of services proposed in the Family Stability and Opportunity Vouchers Act. Additionally, HUD proposed an additional 200,000 new housing choice vouchers in its FY 2022 budget proposal. While the services and new vouchers are not directly tied together in the FY 2022 budget proposal as they are in the Family Stability and Opportunity Vouchers Act, HUD envisions that some of the mobility-related services funding would be used in conjunction with the new vouchers. While there are differences in the approaches between S. 1991 and HUD’s FY 2022 budget proposal, there are also many similarities. Our staff would be happy to discuss both proposals with you.

Question. The President’s FY2022 Budget Request calls for \$225 million for a new Green and Resilient Retrofit Program that is modeled after the American Recovery and Reinvestment Act of 2009 (ARRA) Green Retrofit Program, which successfully rehabilitated nearly 20,000 units in over 200 properties, including Brooklyn Homes in Baltimore. While ARRA’s Green Retrofit program focused exclusively on energy efficiency, grants and loans for this program can also be used to address climate resilience, for example, by making the HVAC systems in a supported property able to continue working during a flood.

Besides this program improvement, are there other lessons learned from the 2009 program that you hope to implement in this program?

Answer. The 2009 ARRA Green Retrofit Program was widely considered successful and effective. HUD learned from that experience that demand far exceeded the amount made available. Further, we learned that more technical support was needed for some grantees and/or prospective applicants. To that end, other than the addition of property resilience measures as eligible activities to encourage retrofits that will protect life and property against extreme weather events, HUD is also requesting funds to support grantee assistance to complete necessary due diligence and underwriting efforts.

Other potential changes based on lessons learned include changes focused on ensuring that certain industry standard energy saving upgrades take place when green and alternative energy sources are being funded through the program. For example, this would entail ensuring any property installing solar panels under the Green and Resilient Retrofit Program is also replacing light bulbs throughout the property with energy efficient LED ones. HUD may consider other potential program changes that encourage property owners to apply innovative solutions for greening and increasing resilience of multifamily properties nationwide.

Question. The budget says that the program is meant to support improvement projects for approximately 15,000 affordable housing units at approximately 150 assisted properties nationwide, serving families most vulnerable to the effects of cli-

mate change. What criteria will HUD use to ensure that these grants and loans go to the most vulnerable and economically distressed communities?

Answer. Properties that would be eligible for Green and Resilient Retrofit grants or loans are those assisted through Project-Based Section 8, Section 202, and Section 811. These programs already ensure that the assistance will be provided to properties serving vulnerable populations. Historically, the application process was managed on a first come, first served basis for those that met prescribed criteria, without preference beyond participation in these assistance programs. The program will rely upon property owners and the technical support HUD will provide to identify the energy retrofit and resilience needs at each property and to ensure that owners of all sizes and abilities are able to participate. In crafting program requirements, HUD will consider how any criteria for participation will impact the applicant pool to ensure that properties in distressed communities can fully participate.

Question. The President's FY2022 Budget Request includes \$30 million for a temporary expansion (up to three years) of the Good Neighbor Next Door (GNND) program and a new HEAL pilot. The HEAL pilot, a new FHA initiative for 2022, will offer new loan products to lower barriers to homeownership for potential first-time, first-generation homebuyers. These programs will assist FHA in equitably strengthening communities by providing affordable housing to people that serve those neighborhoods and expanding access to credit.

Can you tell us a little bit more about what you envision for this program? Will it be subsidizing down payments? Lowering interest rates? A combination? And how will you determine who a first-generation homebuyer is?

Answer. In proposals for the 2022 budget, the Administration seeks to expand the Good Neighbor Next Door program, which is designed to help strengthen communities that have experienced significant underinvestment and high rates of poverty while also providing opportunities for first responders, educators, and those engaged in national service to purchase homes in those same communities.

HUD also proposes a pilot program tentatively titled "The HEAL" pilot for 2022, which would address barriers to homeownership for potential first-time homebuyers. HUD is in the process of defining what a first-time, first-generation homebuyer is as well as fleshing out the underwriting process.

Question. The President's FY2022 Budget Request includes \$295 million in targeted CDBG funds to "advance the Administration's priority of redressing the history of the Federal Government systematically declining to invest in communities of color and low-income neighborhoods and preventing residents of those communities from access to high quality housing, jobs, public transit, and other resources."

How will this \$295 million be "targeted" towards communities with a history of federal disinvestment and redlining, like Baltimore? What factors will you be looking to in your formula?

Answer. The additional \$295 million in CDBG funds will be allocated to grantees that opt-in and commit to use the incentive funds for more geographically targeted, potentially transformational activities in a specific neighborhood/Census place. HUD is discussing opt-in and formula approaches internally and is available to discuss the approach. Because allocation amounts to each participating grantee will depend on which and how many grantees opt-in, no formula runs are feasible in advance of the opt-in period.

The areas to be targeted may include neighborhoods with at least 20 percent poverty, areas of persistent poverty, low- and moderate-income areas of minority concentration, brownfields, certain designated slums and blighted areas, Neighborhood Revitalization Strategy Areas, income-qualified areas most impacted by a major disaster, and Opportunity Zones. These are small geographical areas where investments can make a significant difference. Even if a majority of CDBG grantees opt-in and the per-project award is relatively low, grantees would still be able to undertake planning and pre-development activities, and could seed small business lending, which could help attract partners and additional financial leverage. Grantees can also supplement the awards with formula CDBG funds.

Eligible activities include CDBG activities related to construction and reconstruction of public facilities and improvements, special economic development to small businesses or local entrepreneurs, acquisition and disposition of real property, and rehabilitation of housing and other structures. The CDBG incentive funds could also be used for planning activities to align codes, more modern zoning, master/comprehensive/area-wide plans, and expediting permitting to direct and support reinvestment of public and private funds into one or more historically underfunded areas.

The benefit of this incentive will exceed the reach of the funding: by providing multiple examples of targeted investment in a smaller range of activity types, it will enable HUD to evaluate and understand what investments drive revitalization. Par-

ticipating grantees can use these results to influence investment decisions for their CDBG and local funds. HUD will share successful models nationally, with the expectation of advancing local community development practice across the entire CDBG portfolio.

Question. Some 144,000 Maryland households are estimated to be currently behind on rent, according to the National Equity Atlas. Of those households, an estimated 82% are people of color. The President's FY2022 Budget Request calls for \$20 million for an eviction-prevention program that would extend "legal services" to between 10,000 to 40,000 renters. Last Congress, Senators Hassan, Kaine, and I introduced the Prevent Evictions Act, which would create a landlord-tenant mediation grant program to bring landlords and tenants to the table to find informal, mutually agreed upon solutions that keep tenants in their homes and avoid time-consuming and costly litigation. Legal representation in eviction proceedings is very important, but so is trying to find solutions before a tenant is forced to go to court.

Will some of the funding in your eviction-prevention program go towards mediation services, so tenants and landlords can find solutions before it gets to the legal stage?

Answer. HUD anticipates that the FY 2022 grant, if enacted, would build on the Eviction Protection Grant Program funded by the Consolidated Appropriations Act, 2021, Division L, Title II—HUD Appropriations Act, 2021 (Pub. L. No. 116-260, approved December 27, 2020). HUD anticipates making awards for the FY 2021 program in November 2021. The FY 2021 grant includes alternative dispute resolution as an eligible activity. Alternative dispute resolution would include mediation activities undertaken to avoid litigation. Both tenants who are at risk of eviction and those who are subject to eviction are eligible for these services.

Though HUD does not require grantees provide mediation services, applicants are rated on the soundness, quality, and effectiveness of their proposed work plan. For example, grant applicants are required to identify their program strategy from prevention through post-eviction and explain how their proposed mix of services is expected to meet the needs of their target service area. Selected grantees will also be required to report services provided and outcomes associated with those services.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. We know that only 1 in 4 families who are eligible for Section 8 vouchers receive them because of funding constraints, so additional funding for rental assistance certainly would benefit families across this country. However, in Vermont, and I suspect this is the case in many other places, having a voucher in hand does not mean that a family is housed. The scarcity and cost of available apartments poses a major barrier to housing voucher holders.

How will HUD use the additional funding requested to better align its housing production, housing subsidy and housing services programs to house vulnerable Vermonters?

Answer. HUD recognizes that the scarcity and cost of available rental units can be a major challenge to the overall success of the housing voucher program. The HCV program has an existing component that PHAs can use to address the lack of rental housing in the community—project-based voucher assistance. A PHA may use up to 20 percent of its vouchers for project-basing, which can be used to support new construction and rehabilitation as well as to place existing units under long-term contracts to preserve them as an affordable housing resource in the community. The additional resources HUD is requesting for the HCV program may be used by some PHAs to help increase the supply of affordable housing units in their jurisdictions.

HUD also seeks to increase the production of affordable housing in communities through its proposed funding for the HOME program. The \$1.85 billion invested in HOME would allow communities to increase the production of, and access to, affordable housing. HUD estimates that the requested funding for HOME would produce 35,000 units of affordable housing, both homeownership and rental units.

A vital stakeholder and partner in the HCV program is the participating owner. HUD established the HCV Landlord Task Force in 2018 to hold convening sessions with rental owners throughout the country to explore barriers to participation and develop strategies and tools to alleviate those barriers. We are in the process of implementing numerous recommendations of the task force, including providing resources specifically for landlords participating or interested in participating in the HCV program and developing a guidebook for PHAs on best practices to recruit and retain landlords.

Finally, HUD recognizes the need to provide PHAs with the resources necessary to increase voucher success rates through housing search assistance and robust landlord recruitment and retention efforts. The FY 2022 budget request provides \$2.8 billion in administrative fees for the HCV program, which would fully fund administrative fees in the HCV program for the first time in many years. While prior years have funded the administrative fees at roughly 80 percent, HUD believes that the full funding the administrative fees is critical to support additional leasing and improve voucher success rates in Vermont and across the country.

Question. During this period of sharply increased housing costs, how will HUD ensure that the fair market rent standards for Housing Choice Vouchers are accurate, especially in small rental markets where the data used to determine the FMR tend to lag what is happening on the ground?

Answer. HUD has three main strategies to address rapidly increasing rents, with the ultimate aim of enabling HCV families to better locate and rent suitable units. The first strategy is to encourage PHAs to take advantage of the range of existing regulatory flexibilities to better align their payment standards to market rents, including utilization of exception and success rate payment standards.

Second, HUD assists PHAs working through local challenges in several ways:

- HUD has made technical assistance available to support PHAs in achieving high utilization in high-cost markets.
- For the new Emergency Housing Voucher (EHV) program, HUD has established an alternative requirement permitting PHAs to establish separate higher payment standards for EHV. Through the alternative requirement, PHAs may establish a payment standard for the EHV program up to 120% of the applicable FMR/SAFMR. More than 600 PHAs across 55 states and Territories received an EHV allocation. Many of these PHAs serve high-cost urban and rural markets.

Finally, HUD has three grant-funded studies underway looking at methodologies to improve FMR estimates in markets with rapidly rising rents. The researchers are examining use of private sector data sources, web-scraping of rental advertisements, and machine-learning and Artificial Intelligence (AI)-based forecasting as alternatives to the current approach to calculating FMRs. One tension HUD will face in implementing many of the techniques identified by the research underway, should they prove to be more accurate, will be loss of the transparency Congress and the public have come to expect in being able to review the data and calculations behind every FMR.

HUD has received criticism in the past that PHAs generally do not have the resources necessary to conduct rent studies to re-evaluate HUD's FMR calculations. These studies do use PHA resources, and many PHAs' resources are already stretched thin. Congress could provide dedicated funding to PHAs to cover a portion of the local FMR surveys costs. There could be something like PD&R's Research Partnerships program where HUD splits the survey cost with a PHA. If the Committee would like to do more to support PHAs in conducting rent studies, HUD is happy to engage.

Question. In rural states like Vermont, homeownership is a vital source of affordable housing. However, the dream of homeownership is now out of reach for too many Vermont families because of the surge in home prices. In Vermont, the median sales price of a home has increased 25 percent in the last year, and that increase shows no sign of slowing. Vermont prides itself on its high level of homeownership and has had past success in creating pathways to affordable homeownership through shared-equity and down payment assistance programs. How can HUD ensure that people in Vermont, and across the country, can continue to achieve the American dream of becoming homeowners even if they are not wealthy, despite the dramatic housing market pressures the country is experiencing?

Answer. HUD programs have consistently been designed to help low- to moderate-income and first-time homebuyers become homeowners. Through the Mutual

Mortgage Insurance Fund (MMIF), FHA programs offer minimal down payment and flexible credit requirements. FHA continuously monitors its portfolio and market trends, adjusting its requirements as needed to ensure that the borrowers FHA was designed to serve continue to have access to affordable credit while simultaneously ensuring the MMIF remains stable.

A new FHA initiative for 2022, the Home Equity Accelerator Loan (HEAL), will offer new loan products to lower barriers to homeownership for potential first-time, low-wealth, and/or first-generation homebuyers.

At HUD, in addition to the extensive FHA Single Family Program, we have other opportunities for renters-including families in HUD rental-assisted housing-to move to home purchase, through resources in our public housing and voucher programs.

The Housing Choice Voucher (HCV) homeownership program, authorized under Section 8(y) of the 1937 Act, allows HCV program participants to use their voucher as monthly assistance toward meeting homeownership expenses.⁵ To participate in the HCV homeownership program, the HCV family must meet specific income and employment requirements, be a first-time homeowner as defined in the regulation, attend and satisfactorily complete the pre-assistance homeownership and housing counseling program required by the PHA, and meet any additional eligibility requirements set by the PHA. There is a maximum term of homeownership assistance of 10 years, or 15 years if the initial mortgage has a term of 20 years or more.

There are similar homeownership opportunities in the public housing program. Section 32 of the 1937 Act offers PHAs a flexible way to sell public housing units to low-income families, with preference given to current residents of the unit(s) being sold. The program helps low-income families purchase homes through an arrangement that benefits both the buyer and the public housing agency that sells the unit: it gives the buyer access to an affordable homeownership opportunity and to the many tangible and intangible advantages it brings, while permitting PHAs to sell individual units and developments that may, due to their location or configuration, be more suitable for homeownership than for rental housing. In addition, PHAs have the flexibility to use public housing Capital Funds for home purchase assistance for first-time, income-eligible homebuyers in the form of secondary financing (down payment, closing costs assistance, and second mortgages).

While these tools to facilitate homeownership for income-qualified families exist within our public housing and voucher programs, most PHAs are unable to make extensive use of these flexibilities. This is simply because the shortage of affordable rental units is equally or even more acute than are opportunities for homeownership, and it is only in very limited circumstances that PHAs find it appropriate to divert their limited voucher and public housing resources from rental to homebuyer assistance. Fuller support from the Congress for HUD's core programs would significantly expand our ability to foster first-time homebuyer programs for citizens of modest means nationwide.

HUD is also engaged with helping communities add to the supply of housing by suggesting regulatory reforms and encouraging the adoption of new housing production technologies to reduce the cost of new housing and speed up the supply response.

Question. Vermont has used its state and local relief money from the CARES Act and the American Rescue Plan to support housing construction to ensure that Vermonters who are struggling to find affordable housing, including over 2,700 Vermonters currently being sheltered in hotels to prevent homelessness. Vermont has a strong history of building mixed income housing in areas of opportunity. However, recent Treasury guidance on spending state and local relief money does not offer clear guidance for whether this funding can be used to construct affordable housing in areas of opportunity, leading to confusion among Vermont affordable housing groups. The guidance states that "Treasury will presume that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT), to families living in QCTs, or when these services are provided by Tribal governments. Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served." I understand that HUD was involved in the creation of guidance with the Treasury Department as the guidance relates to housing issues.

By not explicitly allowing affordable housing construction outside of low-income areas (QCTs), does the Treasury guidance undermine long-standing housing best practices of ensuring that affordable housing is located in a range of locations, offering economic opportunity for residents?

Answer. HUD understands the concern. HUD is trying to find ways to promote the development of affordable housing in opportunity areas and would welcome further discussion with Treasury if there are opportunities to provide supplemental guidance. It is important however, for federal resources to be directed to disadvantaged communities to help address the disproportionate housing needs in these communities. One way to do that is targeting assistance to Qualifying Census Tracts (QCTs). Targeting assistance to areas predominantly inhabited by low-income

⁵ While the HCV homeownership regulations contemplate a down payment grant option (where the PHA offers a single down payment assistance grant to the family instead of a monthly homeownership subsidy), funding has not been appropriated for this purpose and this regulatory provision has never been implemented.

households can also speed the delivery of funds to eligible populations while reducing the burdens of proving individual eligibility through income documentation.

The COVID relief money for housing programs was required by Congress to be targeted to people and places disproportionately affected by the pandemic. Because disproportionate shares of lower income people lost jobs during the pandemic, HUD advised Treasury that targeting relief money to low-income areas was highly likely to coincide with the disproportionately affected populations. Vermont can target these funds to opportunity areas if they can also show that many people adversely affected by the pandemic live there, or that the housing is being built for pandemic-affected people to move to. This is a higher bar than the “safe-harbor” of targeting funds to low-income areas in Treasury’s guidance but is in keeping with Congress’ intent when appropriating the funds.

Question. How will HUD use its requested resources to support building housing that offers not only shelter, but also opportunity, to American families?

Answer. HUD’s resources directed toward producing affordable housing in the 2022 budget include direct investment in new home construction in the Section 202 and 811 Capital Advance programs and in the HOME program. Households burdened with high housing costs for themselves, and supported family members often sacrifice spending on other critical expenses such as food, healthcare, and transportation, potentially impacting their health outcomes and access to job and educational opportunities. Providing deeply affordable housing promotes economic stability by giving residents and their families the opportunity to use household resources for other purposes such as education, childcare, nutrition, healthcare, transportation, and savings.

The Budget invests \$100 million in new affordable housing for very low-income older adults (Section 202) and \$80 million for very low- and extremely low-income persons with disabilities (Section 811). Section 202 properties provide residents connections to services through the service coordinator program, using a person-centered approach to helping residents access the resources they need to live longer, healthier lives in independent housing settings.

Section 811 properties provide residents accessible housing and supportive services often required to live independently in the community with connections to critical supportive services, as an alternative to costly institutional care. Because Section 202 and Section 811 are place-based investments, they provide opportunities for the Department to engage with communities where they are located and foster connections between initiatives and programs at the local level.

HUD’s FY 2022 budget also requests \$1.85 billion for the HOME Program. Through HOME, HUD provides funding to State and local governments to develop affordable rental and homeownership housing. Because these funds can be used anywhere within a jurisdiction, States and local governments can use HOME funding to construct affordable housing in areas with higher incomes and greater opportunity.

QUESTIONS SUBMITTED BY SENATOR JOHN BOOZMAN

Question. As you know, the American dream of homeownership remains a pillar of our economy. While home prices in urban and suburban communities have increased, affordable, lower-cost properties still exist, particularly in America’s rural communities. However, there still remain challenges to financing these rural properties.

In your view, what are some existing regulatory barriers that you see to both large and small dollar rural home financing, and what does the agency plan on doing to address those barriers?

Answer. Affordable homeownership opportunities do remain available in markets around the country, and this is especially true for America’s rural areas. However, barriers to accessing affordable financing and down payment assistance persist. HUD has several tools that can be used to address homeownership barriers that even low-cost communities face and has plans underway. The Federal Housing Administration’s (FHA) mortgage insurance program is looking at ways to make small dollar mortgages more accessible, and at improving the Title I insurance program for manufactured housing financing. In addition, the FY 2022 Budget has requested a set-aside in the HOME Investment Partnership program for a new home buyer assistance grant program to direct funds specifically to jurisdictions in support of making the dream of homeownership more accessible in America’s rural and urban communities.

Question. Given the current housing market and rising home prices, some buyers who rely on government-insured loans like FHA are being disadvantaged, especially in many of our rural communities. Some of this is from extra requirements on appraisals or inspections, or arbitrary regulatory rules that prohibit FHA loans on homes held under 90 days.

Is HUD looking at ways to make these programs work better for low-down payment/first time buyers?

Answer. Yes, HUD and the FHA team are continuously reviewing opportunities for streamlining and efficiency of our programs. We are acutely aware of the issues you raise, and how the current real estate market, with its low supply, is creating competitive pressures that make use of government insured programs like FHA more difficult for consumers to access. FHA has reviewed its strategic roadmap and has been addressing a number of items that pose barriers to potential homebuyers, especially for low and moderate-income first-time home buyers.

A recent example is the policy changes that FHA has made to its student loan debt calculation. This change aligns FHA underwriting for borrowers with student debt with other government agencies and opens up access to credit for many who would have previously been denied an FHA mortgage due to the way that debt was calculated into the underwriting decision. HUD is also taking on issues related to appraisal industry and misevaluation of properties driven by bias. An interagency task force has been formed, led by HUD Secretary Fudge and is attacking this head on with a set of recommendations and report expected in January.

The FHA team has taken many steps, particularly in light of the COVID-19 pandemic, to be proactive and ensure that inspection requirements and appraisal requirements meet the needs of communities—especially those that are harder to reach, like rural—and has put in place numerous waivers and flexibilities for lenders and servicers during this time.

Question. The current rise in home prices can present a challenge to prospective buyers facing difficulties qualifying for a mortgage or saving for a down payment, particularly in rural communities. FHA-backed products in limited markets such as own-option mortgages, leases with a purchase option, and others have shown promise in increasing affordable homeownership. However, I'm concerned that unnecessary regulatory burdens may limit the ability of these types of products to expand into rural households and communities. Housing agencies have a responsibility to ensure that regulatory requirements are not unnecessarily limiting or delaying the ability of products aimed at increasing affordable, sustainable homeownership to broaden into new markets.

Can you commit to looking into what actions your agency can take to ensure that overly burdensome regulatory requirements are not limiting the ability of these types of products to expand into new markets, especially into rural households and communities?

Answer. FHA continuously monitors market trends and will look at ways it can work in harmony with alternative financing arrangements that show effective means toward attaining affordable homeownership. HUD's Office of Policy Development and Research (PD&R) maintains current information on housing needs, market conditions, and existing programs and conducts research on priority housing and community development issues. PD&R provides reliable and objective data and analysis to help inform FHA decisions. See examples of PD&R's recent reports here:

1. National Comprehensive Market Analysis (As of January 1, 2021): <https://www.huduser.gov/portal/publications/pdf/National-CHMA-21.pdf>
2. US Housing Market Conditions, Comprehensive Housing Market Analyses: https://www.huduser.gov/portal/ushmc/chma_archive.html
3. National Housing Market Summary: https://www.huduser.gov/portal/ushmc/quarterly_commentary.html

QUESTIONS SUBMITTED BY SENATOR SHELLEY MOORE CAPITO

Question. As you know, the Biden Administration extended the forbearance period through September 30, 2021, and the foreclosure moratorium through June 30th. An estimated 6.5 million home-loan borrowers have missed at least one payment since March 2020. Since the forbearance moratorium was implemented, West Virginia has seen a dramatic increase in serious delinquent loans—those falling in the 120 day and greater category. While a well-intended temporary solution, I am very concerned at the unintended consequence this action and its subsequent extension will have on homeowners in my state.

Many housing stakeholders in my State believe that while they will be able to provide loan modifications to some, there will be many who never recover. What actions and resources has HUD taken and devoted to addressing this serious issue?

Answer. HUD has taken significant steps and has devoted many resources to acting to ensure all protections are in place that will help people keep their homes and avoid foreclosure. HUD has worked in coordination with the White House, and all government agencies who back mortgage loans to address delinquent borrowers swiftly through forbearance and new foreclosure avoidance programs which have been announced. Our priority is helping as many families as we can get on a road to recovery and move to stability and affordability in their housing.

On June 25, 2021, Federal Housing Administration (FHA) announced more measures to help homeowners with FHA-insured mortgages who are struggling financially due to the COVID-19 pandemic. These measures will provide additional, immediate relief while also expanding outreach and home retention options for struggling homeowners who are disproportionately people of color. These measures include the extension of the forbearance period until September 30, 2021, but HUD has included additional foreclosure alternatives to avoid the unintended consequences mentioned.

COVID-19 ADVANCE LOAN MODIFICATION

FHA introduced a new home retention option, the COVID-19 Advance Loan Modification (COVID-19 ALM). The COVID-19 ALM will offer significant payment relief to eligible homeowners.

The COVID-19 ALM will be offered to borrowers who are 90 or more days delinquent or at the end of their COVID-19 Forbearance. This new home retention option is for those homeowners whom a 30-year rate and term mortgage modification will bring the mortgage current and will reduce the Principal and Interest portion of their monthly mortgage principal and interest payment by at least 25 percent. Another key step for delinquent borrowers is the simplification of the FHA loss mitigation waterfall and introduction of the COVID Recovery loan modification that FHA announced on July 23, 2021.

The new FHA COVID-19 Recovery waterfall streamlines and revises FHA's previous options for struggling homeowners, reduces required documentation, and allows mortgage servicers to provide greater payment reduction for eligible homeowners with FHA-insured

Single Family Title II forward mortgages. The simple two-step waterfall options intended for properties that are occupied as the homeowner's primary residence are:

1. COVID-19 Recovery Standalone Partial Claim: for homeowners who can resume making their current mortgage payments, the COVID-19 Recovery Standalone Partial Claim allows mortgage payment arrearages to be placed in a zero-interest subordinate lien against the property that is repaid when the mortgage terminates, usually when the homeowner refinances or sells the home.
2. COVID-19 Recovery Modification: for homeowners who cannot satisfy the COVID-19 Recovery Standalone Partial Claim requirements, the COVID-19 Recovery Modification extends the term of the mortgage to 360 months at a fixed rate and targets reducing the borrower's monthly principal and interest portion of their monthly mortgage payment. The COVID-19 Recovery Modification must include a Partial Claim if the homeowner has Partial Claim funds available.

FHA has also taken steps to ensure protections for seniors who are part of the reverse mortgage program.

HOME EQUITY CONVERSION MORTGAGE COVID-19 EXTENSIONS

To assist seniors with Home Equity Conversion (reverse) Mortgages (HECMs) who have been negatively affected by COVID-19, FHA extended the ability for these homeowners to request an extension before the servicer may request the loan be called due and payable. For extension requests received between July 1, 2021, and September 30, 2021, servicers must grant homeowners an extension of up to six months.

For HECM homeowners with loans that have already been called due and payable, servicers must approve homeowner requests for an extension for any deadline related to foreclosure and claim submission of up to six months when the request is received between July 1, 2021, and September 30, 2021.

For all HECMs that received an extension between July 1, 2020, and September 30, 2020, FHA is providing one additional three-month extension period if needed, when the homeowner requests this extension from their mortgage servicer.

Question. Another matter we continue to receive outreach on is the inability to quickly distribute federal dollars to renters and tenants who are desperate to receive them. While I understand that Treasury is responsible for overseeing the distribution of these funds, I am concerned that with the amounts allocated through the CARES Act and the American Rescue Plan on top of the Administration's significant increase in the amount requested for HUD, I am concerned that we are completely overwhelming our States and localities with money that they simply do not have the capacity in place to get out the door. Can you comment on this?

Answer. We agree that many CDBG and HOME grantees are addressing historic levels of need with historic levels of funding. Some are struggling currently, but most seem to be steadily prioritizing, scaling up, and successfully implementing. HUD's experience with disaster recovery and Neighborhood Stabilization Program (NSP) funding is that this apparent pause as grantees design programs and execute contracts and inform citizens will give way to rapid action in most communities. These funding sources provide substantial administrative resources for grantees to hire or contract the additional expertise necessary to implement the activities for which the funds are appropriated. In addition, HUD is implementing a robust technical assistance effort to support the CARES and ARP funds and coordinating closely with the Department of Treasury to support and improve community capacity, with special attention to sharing best practices.

Question. Earlier this year, the Office of Management and Budget released a proposed rule that would double the definition of a metropolitan statistical area from a population of 50,000 in an urban core to 100,000. This change would lead to over 140 communities to lose out on billions of dollars in grants, including Community Development Block Grants through HUD that have been invaluable to my home state of West Virginia. I joined 24 of my Senate colleagues in sending a bipartisan letter to OMB opposing this change.

According to recent news reports, OMB is planning to move forward on this regulation despite receiving over 800 comments from affected communities that are opposed to this change. As a largely rural state with few urban centers, this change would force West Virginia communities that have long relied on HUD and other agency grants to potentially seek alternative funding, which is unrealistic in a poor state such as West Virginia.

Should OMB finalize this rule, how will you commit to ensuring that HUD continues to serve communities that do not meet these overly stringent definitions of "urban?"

Answer. On July 13, 2021, OMB announced that the technical advisory committee of interagency experts, the Metropolitan and Micropolitan Statistical Area Standards Review Committee, after the public comment period, submitted a revised recommendation to leave the current Metropolitan Statistical Areas (MSA) core population threshold in place. Consistent with the Standards Review Committee's revised recommendation, OMB's 2020 Standards will maintain the MSA threshold of 50,000. Recognizing the committee's concern that MSA thresholds have not kept pace with population growth, OMB will work with the Standards Review Committee to conduct research and stakeholder outreach to inform the 2030 standards update.

HUD remains committed to serving all communities, and its State CDBG program serves smaller urban and rural communities. The State CDBG program represents 30% of the annual CDBG appropriation and is one of the largest grant programs directed to rural jurisdictions to meet their community development and affordable housing needs. In the State CDBG program, states pass almost all funding through in subgrants to about 2,500 less urban or rural jurisdictions a year. Although the full range of CDBG eligible activities is available, the majority of the funding is used for public facilities and improvements, such as water/sewer systems.

Question. How will HUD continue to invest in struggling communities such as those in West Virginia that are often left fighting for a tiny piece of the pie in terms of federal grants?

Answer. One way HUD will continue to serve smaller urban and rural communities, such as those in West Virginia, is through the CDBG program. The CDBG program provides grants directly to larger cities and urban counties through the entitlement program and serves non-entitlement communities through the State CDBG program. The State CDBG program represents 30% of the annual CDBG appropriation, or about \$1 billion per year, and is one of the largest grant programs directed to rural jurisdictions to meet their community development and affordable housing needs, primarily for the benefit of low- and moderate- income families. In the State CDBG program, the states pass almost all funding through in subgrants to non-entitlement communities. States may use a portion of the funding to provide technical assistance and help localities apply for and use the funding. Although the

full range of CDBG eligible activities is available, most of the funding is used for public facilities and improvements, such as water/sewer systems.

Similarly, the Rural Capacity Building Program (RCB) enhances the capacity and ability of local governments, Indian tribes, rural housing development organizations (RHDOs), rural Community Development Corporations (CDCs), rural Community Housing Development Organizations (CHDOs) to carry out community development and affordable housing activities that benefit low- and moderate-income families and persons in rural areas. The RCB program provides much needed funds that assist small, rural communities such as those in West Virginia and beyond. For example, RCB funds assist the *International Sonoran Desert Alliance (ISDA)* located in rural Arizona, which is a 501(c)3 organization that designs and implements environmental, cultural, real estate and business development projects intended to preserve and enrich the environment, culture, and economy of the Sonoran Desert. ISDA is a sub-awardee of RCB funds that was awarded \$15,000 to support organization operations. ISDA operates a social enterprise Inn and Conference Center that the organization utilizes as a business incubator and job training site. Because of decreased activity caused by the pandemic, revenue has decreased by 70%. ISDA expects to lose \$150,000 in revenue due to the pandemic. ISDA also experienced revenue loss at a historic plaza it operates with mixed use commercial tenants. Due to businesses shuttering, ISDA has projected a loss of \$40,000 in rental income. Despite facing significant organizational challenges, ISDA continues to offer emergency utility assistance, help stakeholders in accessing SNAPs benefits, rental assistance, and conducting minor home repair and appliance replacement. ISDA has also provided mobile hotspots and laptops that allow clients to continue engaging in virtual small business development programming. RCB funds continue to support this kind of dynamic organization, building capacity across fragile communities.

SUBCOMMITTEE RECESS

Secretary FUDGE. Thank you.

Senator SCHATZ. [Whereupon, at 10:44 a.m., Thursday, June 10, the subcommittee was recessed, to reconvene at a time subject to the call of the Chair.]

TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2022

WEDNESDAY, JUNE 16, 2021

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 2:32 p.m., in room SD-192, Dirksen Senate Office Building, Hon. Brian Schatz (chairman) presiding.

Present: Senators Schatz, Reed, Murray, Coons, Van Hollen, Collins, Boozman, Hoeven, Kennedy, and Braun.

DEPARTMENT OF TRANSPORTATION

STATEMENT OF HON. PETE BUTTIGIEG, SECRETARY

OPENING STATEMENT OF SENATOR BRIAN SCHATZ

Senator SCHATZ. This hearing will come to order.

Good afternoon and welcome. Secretary Buttigieg, I'm really pleased and honored to have you before this subcommittee to testify on the President's Budget Request for the Department of Transportation for fiscal year 2022.

I look forward to discussing the President's vision and how this budget request, along with the American Jobs Plan, will help to improve the safety and efficiency of our transportation networks.

It is a challenging time to plan ahead for DOT with a reauthorization bill on deck, an overall budget agreement outstanding, an American Jobs Plan under negotiations, the impact of COVID still wreaking havoc on transportation revenues, and Highway Trust Fund issues.

Now that we have the President's budget proposal, it's time to get to work. It's not like the condition of our transportation infrastructure is a secret. We all know that the state of good repair needs in every single mode are in the billions of dollars.

Highways and bridges have a \$786 billion backlog, transit a \$105 billion in deferred maintenance, and Amtrak needs \$42 billion for the Northeast Corridor alone, and that's just the cost to address our current infrastructure deficit. That does not protect our roads, rail, and airports from rising sea levels and increasing flood risks. We must admit that resilience is not a luxury. We cannot adapt to the effects of climate change by nickeling and diming it.

I agree with the Secretary that it is time for bold action. While it may be hard to come up with the revenues, it is nowhere near the hardship that we will face if we don't invest now.

I look forward to working with Ranking Member Collins to pull together a bipartisan bill this year. We share the same commitment to improving safety, rebuilding our transportation infrastructure, and providing opportunities for the transportation workforce.

The President's \$88 billion budget request for the Department of Transportation builds on many of these same objectives and themes. The budget prioritizes safety by increasing funding for FAA Safety Office and NHTSA's Vehicle Safety Programs, both important to address weaknesses in our certifications systems and the alarming rise in traffic fatalities.

I'm glad to see that climate change initiatives are a focus across the department because resiliency needs to be a key part of any infrastructure program.

I'm also glad to see that the budget continues to invest in our transportation workforce. It funds the Aviation Workforce Development Program. It provides resources to help transit systems adapt to electric vehicle fleets. It fully funds the Fifth Maritime Training Vessel to educate our maritime workforce.

The focus on these priorities demonstrates the commitment to addressing the workforce challenges across the transportation industry that I fully support.

I see a lot of good things in this budget request, but I'm concerned about the lack of funding for Amtrak and the potential impact to the workforce. The budget request will not have enough to prevent furloughs and sustain services if we don't have additional resources through a surface reauthorization or the American Jobs Plan.

The same can be said with the elimination of popular programs for airports and bridges. The Jobs Plan and surface reauthorization have the potential to deliver historic investments in infrastructure in every state.

It's important to know where things stand as we start to mark up the THUD appropriations bill. If these negotiations drag on, it will be incumbent on Congress to extend the FAST Act as it expires on September 30th, as well as to make sure the Highway Trust Fund remains solvent.

Secretary Buttigieg, I look forward to hearing your testimony on the budget request. Your leadership at the department is just what we need to focus on the future and the challenges ahead.

Most people take transportation for granted until something goes wrong. We saw this with the Colonial Pipeline incident. We've seen it when roads get flooded or a bridge has to be shut down and people don't have a way to get home. I really think the way that you're speaking and leading on these issues is a refreshing change.

With that, I'd like to turn it over to Vice Chair Collins for her opening statement.

STATEMENT OF SENATOR SUSAN M. COLLINS

Senator COLLINS. Thank you very much, Mr. Chairman.

Secretary Buttigieg, I'm delighted to join the Chairman in welcoming you to your first hearing before our subcommittee.

As part of the fiscal year 2021 Omnibus, we provided \$87 billion for the Department of Transportation, excluding emergency funding. This funding supports our nation's infrastructure through im-

portant programs, including highway funding, BUILD grants, now called RAISE grants, the Airport Improvement Program, Port Infrastructure Development Grants, and much more.

As we begin our work on fiscal year 2022, it is important to note that unlike previous years, there is not yet a budget agreement in place. Top line funding levels remain to be determined.

The Administration's fiscal year 2022 request for DOT is 88 billion. Of this amount, the request includes 25.7 billion in discretionary resources, an increase of 411 million above current levels.

The Administration's budget request is in addition to its infrastructure plan. As described in the budget, the American Jobs Plan proposes nearly 2.3 trillion in new investment, including 621 billion for transportation and resiliency programs.

Under the plan, the department would oversee 540 billion in transportation-related investments and 7.5 billion for resiliency.

This proposal, as well as the Administration's fiscal year 2022 budget request, would be on top of the supplemental funding provided by the CARES Act, the December COVID bill, and the American Rescue Plan.

I have long supported a robust infrastructure investment in this country and I worked hard with our former Ranking Member, Senator Jack Reed, to increase funding for many programs.

The Administration's Infrastructure Plan, however, represents trillions in new spending and seems to be a vehicle for major unrelated policy changes rather than an effort to modernize and rebuild our physical and digital infrastructure.

That's why I've been working hard with the bipartisan group of Senators to develop a proposal that does focus on the critical physical and digital infrastructure investments that our nation needs.

Although I'm concerned about the overall level of spending being proposed by this Administration, I want to take a moment to discuss the areas of shared interest.

I'm pleased to see the inclusion of the popular RAISE Grant Program, formerly called BUILD, before that was called TIGER, in the Administration's request. I've championed this program since 2009 as well as the INFRA Grants, which are focused on freight corridors.

Our state departments of transportation rely on these two programs to fund much-needed improvements. These programs have been particularly helpful for Maine's rural communities, including in Litchfield, West Gardner, Stonington, Greenbush, Southport, Milo, and Bridgewater, where a BUILD grant is funding the replacement of five at-risk bridges in poor condition and the rehabilitation of a compromised bridge.

Additionally, I'm pleased that through another BUILD grant, the communities of Waterville and Winslow will benefit from the replacement of a 111-year-old bridge with a modern bridge with wider lanes, shoulder, sidewalks, and bike lanes. It also will eliminate the possibility of an eight-mile detour and related congestion should the current bridge fail.

Rural communities face unique challenges in funding transportation infrastructure and often rely on programs, like RAISE, for necessary projects and improvements. According to the department's own statistics, 68 percent of our nation's total lane miles are

in rural areas, two-thirds of rail freight originates in rural areas, and nearly half of all truck vehicle miles travel occur on rural roads.

It is therefore imperative that our rural communities remain competitive in DOT's discretionary grant programs.

In addition, like the Chairman, I want to note the funding that was included for the National Security Multi-mission Vessel Program to replace California's Golden Bear Training Vessel. This investment delivers the fifth and final Maritime Academy Ship Replacement and fully funds the program that was initiated in 2018.

These vessels are critical for training cadets at the Maine Maritime Academy and at the other Maritime Academies. I am concerned about the lag in getting them constructed and out to the academies.

Finally, I'm pleased to see that the Administration includes funding for the Essential Air Service and investments to improve the safety and efficiency of our nation's air space. The Fiscal 2022 requests 3.4 billion for facilities and equipment, an increase of 395 million.

Again, Mr. Secretary, I welcome you to today's hearing and I look forward to hearing your testimony.

Senator SCHATZ. Thank you very much, Senator Collins.

For the information of members, we have a three-vote series at 3:15. We will roll right through and Vice Chair Collins will take the gavel when I go down to vote.

Mr. Secretary, please proceed with your testimony.

SUMMARY STATEMENT OF HON. PETE BUTTIGIEG

Secretary BUTTIGIEG. Thank you very much.

Good afternoon. Thank you, Chairman Schatz. Thank you, Ranking Member Collins or Vice Chair, forgive me, and thank you to all of the members of the committee for the opportunity to join you and discuss the President's fiscal year 2022 Budget Request for the Department of Transportation.

I also want to thank the members of this committee for your strong support for the Department and its programs which help to keep the American people safe and moving every day.

The Department of Transportation plays a crucial role in maintaining and upgrading the infrastructure that powers our economy and keeps us moving. Yet as we've seen in recent months, such as with the I-40 bridge shut-down, much of our infrastructure in a state of disrepair.

In some cases, we are relying on roads, bridges, railroads, ports, and waterway infrastructure built a century ago.

In addition, our transportation infrastructure and systems are not sufficiently designed to mitigate or be resilient to the impacts of climate change.

If we are to grow our economy, remain competitive, and address the climate crisis, we need to take swift and bold action. At this moment of challenge and opportunity, President Biden's first fiscal year 2022 Budget Request to Congress reflects that urgent need as well as our values and priorities.

The request includes \$88 billion to support transportation priorities throughout the nation. These resources will enable the De-

partment to continue funding its current portfolio of programs while also revitalizing transit and rail and making necessary improvements to our aviation infrastructure.

The President's proposal also includes a funding request for the American Jobs Plan, a once-in-a-generation investment in repairing and transforming our infrastructure, which will create millions of good-paying jobs and keep our economy moving forward for decades to come.

It contains an additional \$621 billion for long overdue repairs and improvements for our highways, transit systems, rail, ports, aviation, and more.

The details of the President's budget request advance the vision of the American Jobs Plan and underscore our commitment to key priorities: improving safety, building economic strength, addressing the climate crisis, advancing equity, and supporting innovation.

Let me share some of the highlights of this budget request when it comes to transportation.

As always, promoting safety for the hundreds of millions of Americans who rely on our transportation systems is this Department's North Star and safety is embedded throughout the budget request.

The President is requesting \$18.5 billion for the Federal Aviation Administration, including \$17.4 million to strengthen aviation safety oversight and begin addressing the requirements of the Aviation Certification Safety and Accountability Act.

FAA will also receive a billion dollars to improve the facilities that house the workforce and technology at the heart of our air traffic control system. Many of these facilities were built in the 1960s and are in dire need of replacement or repair.

This funding will reduce the current backlog and help ensure our air traffic controllers have an efficient, modern workplace to carry out their mission of keeping the skies safe.

The budget also includes \$246 million, over a \$50 million increase, for the National Highway Traffic Safety Administration's Vehicle Safety Programs. These programs help advance safety innovations to keep pace with the rapid development of vehicle electronics and automated driving systems.

This funding will also help to mitigate carbon pollution by enforcing the highest achievable fuel economy standards and ensuring that alternative fuel vehicles are safe.

With respect to transit, the President's request includes \$2.5 billion for Capital Investment Grants, a \$459 billion increase, to accelerate existing transit projects and support new ones. These increases will help us advance cleaner vehicles while creating jobs to benefit our economy.

The President's budget includes \$2.7 billion for Amtrak, a 35 percent increase, to accelerate track renewal, renovate aging stations, refresh the existing capital fleet, and help address maintenance backlogs throughout the system.

Along with a \$625 million for a new competitive Passenger Rail Improvement Modernization and Expansion Program (or PRIME) Grants, these investments will be modernizing passenger rail service and growing existing rail corridors throughout the country.

To encourage innovative transportation projects that are tailored to fit local needs, the President's request continues \$1 billion in funding for the flexible and over-subscribed RAISE Grants. This popular competitive grant program provides much-needed Federal funding to help localities that are working on innovative modern infrastructure projects.

Lastly, I want to mention the \$110 million requested for a new Thriving Communities Program that will establish a new office to help communities eliminate transportation barriers and improve access to jobs, schools, and businesses to ensure all Americans have access to fair, equitable, affordable transportation options.

These are just a few of the items in the budget request, which, together with the Jobs Plan, will help keep Americans safe and moving, make the necessary investments to tackle the climate crisis, and provide the foundation for economic prosperity.

I thank you again for the opportunity to appear before you today and I look forward to responding to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. PETER BUTTIGIEG

Chairman Schatz, Ranking Member Collins, and members of the Subcommittee: thank you for the opportunity to discuss the President's fiscal year 2022 Budget request for the Department of Transportation. I also want to thank the members of this subcommittee for your strong support of our Department and its programs, which help keep the American people safe every day.

The Department of Transportation plays a crucial role in maintaining and upgrading the infrastructure that powers our economy and keeps us moving. Yet, as we've seen in recent months, such as with the I-40 bridge shutdown, much of our infrastructure is in a state of disrepair. In some cases, we are relying on roads, bridges, railroads, ports, and waterway infrastructure built a century ago. In addition, our transportation infrastructure and systems are not sufficiently designed to mitigate or be resilient to the impacts of climate change. If we want to grow our economy, remain competitive, and address the climate crisis, we need to take swift and bold action.

At this moment of challenge and opportunity, President Biden's first fiscal year 2022 budget request to Congress reflects that urgent need, as well as our values and priorities. The request includes \$88 billion to support transportation priorities throughout the nation. These resources will enable the Department to continue funding its current portfolio of programs, while also revitalizing transit and rail, and making necessary improvements to our aviation infrastructure.

The President's proposal also includes a funding request for the American Jobs Plan: a once-in-a-generation investment in repairing and transforming our infrastructure, which will create millions of good-paying jobs and keep our economy moving forward for decades to come.

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To encourage innovative transportation projects that are tailored to fit local needs, the President’s request continues \$1 billion in funding for the flexible and oversubscribed RAISE grants. This popular, competitive grant program provides much-needed Federal funding to help localities that are working on innovative, modern infrastructure projects.

Finally, I want to mention the \$110 million requested for a new “Thriving Communities” program that will establish a new office to help communities eliminate transportation barriers and improve access to jobs, schools, and businesses. This program aims to ensure that all Americans have access to fair, equitable, affordable transportation options.

These are just a few of the items in the President’s 2022 budget request, which, together with the American Jobs Plan, will help keep Americans safe and moving, make the necessary investments to tackle the climate crisis, and provide the foundation for economic prosperity.

Thank you again for the opportunity to appear before you today. I look forward to answering your questions.

Senator SCHATZ. Thank you, Mr. Secretary.

Transportation is the largest contributor to greenhouse gas emissions, but we do not currently measure the impact of new transportation projects on emissions.

Are you going to engage in a rulemaking to require DOTs and MPOs to set greenhouse gas emission performance measures?

Secretary BUTTIGIEG. Yes, you can’t manage what you don’t measure and, as you noted, we lack some of the measures that are needed for performance with regard to tailpipe emissions, and with transportation being the sector contributing the most to greenhouse gases, we need to act.

The Federal Highway Administration plans to propose a rule establishing a method for states and metropolitan planning organizations (MPOs) to measure and report on tailpipe emissions. We are hopeful of publishing the proposed rule for comment in September 2021.

Senator SCHATZ. Thank you. We had this extraordinary hearing a couple of weeks ago on resiliency, especially in the context of climate change, and there was a researcher from the University of Maine who had this extraordinary technology, some of it funded by your UTC Program.

What we are starting to understand, though, is that UTC funds these innovative new ways to do things and that doesn’t necessarily get deployed because, although there’s a small grant program to kind of do the technology transfer to the various state departments of transportation, it’s not enough of a financial incentive, and so I’m wondering, you know, there’s a technocratic way

to ask this question, which is how do we make sure that the sort of workflow goes all the way from UTC to innovation to deployment at the DOT level.

But it occurs to me that this is about building back better but the execution is no small thing because it is entirely possible that what Professor Doger has developed will take 20 or 30 years to be deployed if you don't fix our system in partnership with us.

So what do we do about the problem of finding all this technology and then it lays on the shelf and our state DOTs either aren't aware of it or aren't incentivized to deploy it?

Secretary BUTTIGIEG. Well, I want to thank you for lifting up federally-funded research in Maine and so many other places where this extraordinary work happens, and I view our Department's role as not only directly supporting such research but cross-pollinating, making sure that when a good idea is being implemented, even if it's in a pilot phase or in a nascent form, that we can help that get carried over to other places.

Sometimes that can be directly encoded in what we support, other times I think it's an informal role that the Department plays, helping to share knowledge and expertise, but it's a role that we look forward to embracing.

Senator SCHATZ. Thank you. Let me talk to you about net zero emissions in aviation.

Does the FAA have a realistic plan to work with the airlines to achieve their goal of zero carbon emissions by 2050, and how much of hitting 2050 depends on sort of hopeful thinking as it relates to technological break-throughs or massive subsidies?

Secretary BUTTIGIEG. There is a lot of potential, especially around sustainable aviation fuels, but I think any of us intuitively can recognize the difference between, for example, the progress made in zero emission cars and what's going on with aircraft. A lot of the opportunity is less about having a form of propulsion that doesn't burn any fuel and more about making sure the life cycle emissions of the fuels are reduced or even net zero.

That's a topic not only in the U.S. but in the global aviation community as we head next year towards the International Civil Aviation Organization (ICAO)—convening. It's something where I think we can come together around some demanding standards and support airlines in seeking to meet them.

Senator SCHATZ. Yeah. I just think there's a balance to strike here between sort of magical thinking, imagining that some technology will emerge in 2035 and solve all of our problems and it's sufficiently far into the future that we can just refer to it hopefully, and also declaring that this is not doable and then not even trying.

So I'm hoping that you can strike the right balance, but also be clear-eyed about where we are, and if the airlines are essentially saying if you over-subsidize us, we'll do whatever you want. Well, that's not quite the solution set that I think we're going to want to land on.

Final question. You have a \$110 million for Thriving Communities. Everybody likes thriving communities, but what do you mean by that?

Secretary BUTTIGIEG. Thanks for the opportunity to spell this out a little further.

The idea of Thriving Communities is that Federal dollars can either help or hurt from the perspective of a community being connected and the community sometimes being divided by the very same pieces of infrastructure we're building.

Thriving Communities recognizes that there are places around the country from south to north and east to west, examples from St. Paul, Minnesota, to Pittsburgh to New Orleans, where we've seen a piece of federally-funded highway infrastructure, for example, literally cut a community in half.

We've got a chance to do something about that. Sometimes that means capping a highway and reclaiming the land that was torn up in order to produce it. Other times it means introducing bridges over or tunnels under or transit routes around these divisions, but the most important thing is to make sure that transportation really does connect. That's something that we're really eager to lean into as an important moral and economic responsibility of the Department.

Senator SCHATZ. Thank you.

Senator COLLINS.

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Secretary, in December Congress passed the Coronavirus Economic Relief for Transportation Services Act, known as the CERTS Act. It was part of a COVID relief package to provide \$2 billion to support our nation's bus, motor coach, and passenger vehicle industries, a sector that had really been overlooked in previous COVID packages.

Senator Jack Reed and I authored this legislation and we were successful in getting it included in the December package.

Virtually every major source of business and revenue for bus companies, including school—and sports-related travel, tourism, public events, weddings, you name it, has been severely restricted or eliminated over the past 14 months.

Now I recognize that the Department of Treasury is responsible for the administration of the CERTS Program, but despite the fact that the program was enacted into law over 6 months ago, not a single dollar has reached these entities that are struggling to survive.

Given that DOT has provided technical expertise and guidance to Treasury on this program, would you be willing to reach out to Treasury to see if you could use the expertise with dealing with these transportation companies to expedite this relief?

If they have to wait another 2 months to actually get the money, now that the portal has been set up, it's going to be a real problem. Many of them will not survive.

Secretary BUTTIGIEG. We absolutely stand ready to support Treasury in this. As you know, Treasury has the lead but we have a lot of relationships and data and expertise when it comes to the motor-coach industry and we want to deploy that in order to be helpful.

We did consult with them, knowing how important this is to you, Senator Reed, and others on this committee. We're advised that the portal is set to go live and be ready to take applications this month and recognize, of course, that putting an application in is just one step.

We'll also do everything we can to make sure that that aid is flowing as promptly and responsibly as possible.

Senator COLLINS. My hope is that we're not going to see another two-month delay once the applications are received. That would be truly tragic for a lot of these buses that are used by lower income people, by schools. So I hope that you will help us on that.

I raised in my opening statement my concern about rural communities being left behind and my concern is prompted in part by the fact that the department has changed some of its criteria for rating applications for the BUILD Grants or the RAISE Grants, as we call them now, and I'm very pleased to say that both Maine and I know Rhode Island, as well, were successful in all 11 rounds of BUILD grants from 2009 to 2020, and in the case of Maine, we've received 250 million since its inception.

I want to make sure that rural states like Maine remain competitive and get a fair shake in RAISE going forward. So my concern is that if you're weighing factors that simply aren't relevant to rural communities, that don't exist in rural communities that rural communities are going to be at a disadvantage in applying for these grants.

Given the changes that you've made, how can you ensure that rural communities will still be treated fairly and be competitive in getting funding?

Secretary BUTTIGIEG. It is certainly our intent to make sure that rural communities no less than urban benefit from the RAISE Program, and I thank this committee and you for your support of this program.

I should also note that Congress makes very clear the expectation of 50/50 split with regard to the RAISE Program and other discretionary programs also have that, and, we will maintain fidelity to that Congressional intent.

I would also add that the original NOFO requirements from the past are intact. We've added clarifications about other things we consider important but do not regard those as being systematically to the disadvantage of rural communities, whether we're talking about climate considerations, which affect every community in America, or equity considerations, which will certainly look different in different parts of the country, but in one way or another are meaningful everywhere.

It certainly should not systematically be to the disadvantage of one part of the country or one scale of community or another.

Senator COLLINS. Thank you.

Senator SCHATZ. Senator Murray.

Senator MURRAY. Thank you, Chairman Schatz and Ranking Member Collins.

Secretary Buttigieg, good to see you. Thank you for being here today.

I just want to say I was really pleased to see the proposed levels of investment for the Department of Transportation in the President's budget, especially with regard to transit funding and the TIGER-BUILD-RAISE Discretionary Grant Program and I certainly appreciate the renewed focus on climate change, sustainability, and equitability. So thank you for that.

And with that in mind, I also want to thank you and the President for allocating money in the fiscal year 2022 budget for two Washington projects in the Capital Investment Grant Program. We've already talked about them before and the importance of the projects.

It's the South King County BRT I Line and the Pacific Avenue Route 7 BRT Project. So I appreciate your work on that, but I do want to urge you and the FTA Administrator Fernandez to work with our transit agencies on the ground out there to get what we need for the grant agreement. I look forward to working with you on that.

Secretary BUTTIGIEG. We're certainly committed to working with you on that and delighted whenever we're able to deliver for a community through CIG.

Senator MURRAY. Great. I also want to thank you and the department for the allocation of millions of dollars to support transit projects in Washington State funds from the American Rescue Plan. That money is so critical to keeping workers on the jobs and trains and buses moving on time and I just want to join everybody in urging you to get that money out as fast as possible.

Investing in our transit systems and our agencies is really important as we talk about reauthorizing the nation's surface transportation programs and an infrastructure package. So I would like to ask you for your support of the Public Transit Capital Investment Relief Act.

I introduced that earlier this year and it's a bill that will provide really needed relief to public transportation agencies through the Capital Investment Grant Program by increasing the Federal cost-share by an additional 30 percent of the total project cost and would really love to have your support on that.

Secretary BUTTIGIEG. Thank you. I look forward to reviewing how we would be able to put that into practice and thank you for your support of transit. They've been hurting a lot with what happened to their fare box revenue and their operations.

The Rescue Plan went a long way, but there's a lot more we can do to support our transit.

Senator MURRAY. Great. I also want to bring up the issue of fish culverts which I know is something that nobody here has probably has talked to you about, but I know that Senator Cantwell and I have been talking with you a lot about and that is so important to Washington State, how it's important to restoring our salmon runs in the Pacific Northwest. It's important to our constituents and I won't dwell on the details or the background, but we know that one really crucial piece of salmon recovery is this culvert repair and replacement and other fish passage and habitat restoration plans.

These projects create jobs. They drive economic development. They combat the effects of climate change and they help us meet tribal treaty obligations which is why I believe they belong in an infrastructure package and to that end, I recently co-sponsored the Bridge Investment Act which would make culvert projects eligible for two new major bridge programs.

As you know, I'm working very closely with Senator Cantwell on this issue and I just for the committee want to highlight the great

work she's done in the Commerce Committee, Surface Transportation title, which she's done a great job on, but it proposes to invest four billion in the repair and removal of fish culverts. That's really of critical importance to our state.

By the way, it's also a bipartisan issue. So I hope that you and your team, Mr. Secretary, can take some time to review the Commerce Committee's proposal and work with us and our staffs to find a path forward on this important issue for us.

Secretary BUTTIGIEG. Well, thank you. I know how important it is to your region and would welcome the chance to work with you on that.

Senator MURRAY. Great. And, as always, thank you for all the work and time you put into all these critical projects. I look forward to continuing conversations and appreciate your coming here today.

So thank you.

Senator SCHATZ. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman, and thank you, Secretary, for being here today.

First of all, I want to thank you for being so helpful in regard to the I-40 Bridge. That is a very serious situation. For those of you that don't know, the I-40 bridge connecting Arkansas to Tennessee is in the middle of a serious repair and it is a truly major hub, costing trucking about \$2.4 million each day, along with just all those that travel that bridge. So you've done outstanding. Your staff has been very, very helpful. We would appreciate it if you would continue, and I know you will, but also as we look through the 2022 funding request, you know, seeing if there's anything that we can do, perhaps the Federal Government, to be of help as we go forward.

Again, that certainly was not something that Arkansas and Tennessee planned for, but like I say, we really do appreciate your help very, very much.

Secretary BUTTIGIEG. Thank you and appreciate the communication with your team and your recognition of our team working hard. Your sense of urgency and your invitation to come along with your Arkansas and Tennessee colleagues to see it for ourselves led to a trip that was—

Senator BOOZMAN. And you did. You came immediately and again so I do appreciate that.

Secretary BUTTIGIEG. Thank you.

Senator BOOZMAN. That was, I think, a real boost and as you know, it's just a classic example of, you know, your leadership and then the state DOT's jumping in, Coast Guard was helpful, and there for a while we had the Mississippi River shut down. So, you know, you can imagine the impact of that with trade. So again thank you for really setting the bar in a very, very good way.

Contract Tower Program is one of FAA's most successful government/industry partnerships and as you well know has very strong bipartisan/bicameral support in Congress. As validated numerous times by the Department of Transportation, DOT Inspector General, the program continues to provide high-quality, cost-effective, and critical air traffic control services to over 250 smaller airports

throughout our nation's air transportation system, including five in Arkansas.

Given the critical importance of contract towers to Rural America's smaller airports, what steps are DOT and FAA taking to work collaboratively with industry to ensure the continued success of rural airports that depend on contract towers?

Secretary BUTTIGIEG. Thank you for the question, Senator. We certainly recognize the important role that these towers play in our air traffic organization and our national air space overall, and we're committed to making sure, especially with regard to the modernization of the overall system, that every element of it is successful, whether we're talking about the biggest airports with the most directly-controlled Federal resources or rural airports that rely on the Contract Tower Program, EAS, and other forms of support.

That is why you'll see in the President's request a very robust level of funding requested to support FAA and this continuing work. Obviously there's a lot going on with next generation air traffic control that will be a multiyear journey, but we certainly want to make sure that the contract towers are successful in every dimension of deploying that.

Senator BOOZMAN. Good. Thank you, Mr. Secretary.

As you're well aware, we are seeing an uptick of drunk-impaired driving in the U.S. with marijuana legalization, not to mention the opioid crisis.

Would you agree your fiscal year 2022 drunk-driving initiatives from a safety perspective and talk for a moment about the need for more research on the issue?

Secretary BUTTIGIEG. Thank you for raising that, Senator. Alarming, even though there was considerably less driving than normal in 2020, our traffic safety data is showing that shockingly there were more fatalities and crashes, and it indicates that we've really got our work cut out for us.

In fact, we saw some of the worst numbers since 2007. Part of this relates to drunk or impaired driving, part of it relates to speeding, part of it relates to not wearing seatbelts, and, of course, any time more than one of those factors interact, it makes a crash that much more likely to be fatal. It's why the budget request includes resources for NHTSA to continue both on the research side making sure that we're really understanding and analyzing what the data tells us about the causes and also on the behavior side because we have resources to step up public communication about just how much of a life or death difference it can make to drive safely.

We'll be happy to work with you to offer more detail if that's of interest.

Senator BOOZMAN. Very good. Thank you.

Secretary BUTTIGIEG. Thank you.

Senator BOOZMAN. Thank you, Mr. Chairman.

Senator SCHATZ. Senator Coons.

Senator COONS. Thank you, Chairman Schatz, and Vice Chair Collins, both for this hearing and for your leadership on this committee.

Secretary Buttigieg, it is so wonderful to be with you at this important moment in the future of transportation. We have an oppor-

tunity and I hope it's one we'll seize on a bipartisan basis to provide robust funding for investment in America's infrastructure to make it both more competitive and more relevant to the context and the time we're in.

Amtrak is, of course, my first question, and I appreciate the President's request to increase Amtrak baseline funding by 35 percent from fiscal year 2021. We need steady annual funding to both maintain and improve our passenger rail network.

I'm leading the annual Dear Colleague Letter in support of that requested funding for Amtrak for fiscal year 2022.

The budget also requests a generation investment through the American Jobs Plan, that framework, for Amtrak needed to address the repair backlog which is about \$42 billion in the Northeast Corridor.

Can you talk about how the annual budget request would work in concert with the American Jobs Plan?

Secretary BUTTIGIEG. Thank you. I often say that in this Administration, I can only ever aspire to be the second biggest Amtrak enthusiast, but I'm trying to make it a close second, and as you note, there is a repair backlog, a great deal of need, and a great deal of value to be unlocked by making sure that Americans can count on the highest standard of passenger rail service.

We regard the \$4.0 billion budget request, which represents a 35 percent increase, as a foundation. It's an example of what we need to do, frankly, in order to be able to continue to enjoy the service that we have, especially knowing what Amtrak went through with COVID, and I want to thank the Congress for the Rescue Plan being an important part of how we kept that from leading to the furloughs and route cuts that we might have seen.

But as you know, we would have to go considerably further to really deliver the kind of passenger rail service that Americans deserve, and that's why you see such high levels of funding. \$85 million is envisioned in the President's Jobs Plan for rail overall in this country.

We view this as both making sure that we are doing the right thing through the annual process and making sure we have the generational investment.

Senator COONS. And if I could just briefly, Mr. Secretary, if we go ahead and make that generational investment in dealing with the backlog for state of good repair, how would that impact our annual budget going forward in terms of Amtrak?

Secretary BUTTIGIEG. What we know is that repairs don't get any cheaper. I want to make sure I was clear. The \$4.0 billion is for FRA and \$2.7 billion of that is envisioned for Amtrak. We can either make the right repairs now and pay for them or we can pay more in the future.

Unlike roads where we have a Highway Trust Fund or airports where there's also a trust fund, there isn't that kind of multiyear mechanism when it comes to rail, but we envision continuing to work with Congress to have that steady annual support and relieving some of these mounting costs of deferred maintenance that, candidly, was needed years ago, which is part of what the Jobs Plan can help address.

Senator COONS. We first got to know each other through our shared experience in local government and we both witnessed the ways in which the threat of climate change for vulnerable communities needs a response. My home state, the lowest mean elevation state in America, faces some real threats from rising sea level as do a number of other states represented on this committee.

I'm excited about funding for the climate research, the continuation of the Clean Program, something that I worked to extend in the 2018 FAA reauthorization.

I'm interested in how some of the programs in this budget request, in particular the National Resilient Communities Challenge, will increase the capability and the capacity of local communities to build resilience in the face of climate change.

Secretary BUTTIGIEG. Well, as you know and as we both experienced in local government, it really is communities that are on the front line. Of course, there are national and even international steps that need to be taken to mitigate climate change, but ultimately it comes down to a particular bridge, a particular dam, a particular neighborhood impacted by climate. With things like the Resilient Communities Challenge incentives and ways to boost the innovation that's happening locally—often communities are innovating out of absolute necessity but would benefit from having a Federal hand, both to help them pursue these innovations and to lift up and spread them to other communities that could benefit.

This is an important part of how we can make sure that that resilience really is set up for the changes that are coming in the severity and frequency of extreme weather events, no matter how good we are at responding to the climate challenge.

Senator COONS. Two more questions, if I might, Mr. Secretary.

First, a bill, very broadly bipartisan bill, called Driving for Opportunity. We've talked about it before, but I commend the Administration's focus on equity. This is a bill that is literally supported by the FOP, the Chamber of Commerce, Americans for Prosperity, the ACLU, and Lawyers Committee for Civil Rights under Law, and dozens of others.

It essentially incentivizes ending the practice of suspending drivers' licenses for those who cannot pay fees and fines not related to traffic safety just because they're poor.

I'd be interested in your view on the issue of debt-based license suspension as a matter of economic and racial inequality in terms of access to the opportunity to drive and to be employed.

Secretary BUTTIGIEG. One of the poverty traps that exists is the inability to access a car which is needed in order to be able to get to work, in order to be able to get out of poverty, and often these kinds of obstacles are part of that.

As you mentioned, safety is one thing and we have to make sure always that we're looking after safety, but when it's not related to safety, I do think that there's an opportunity to expand the ability to access good-paying jobs.

I can tell you firsthand, so often when we were working with people ready to turn around what had been potentially violent lives and get on to a better pathway forward, or when we were looking at people who had no interaction with the criminal justice system but were in these cycles of poverty, in both cases it is very impor-

tant to make sure that we tear down obstacles to being able to get to where people need, whether that's equitable access to transit or, as you say, reducing the kinds of suspensions that make it difficult to for people to drive themselves.

Senator COONS. Last question, if I could. One of the reasons to pursue bipartisan legislation around transportation is to give the department authorizations, the ability to do things that can't be accomplished under current law.

Could you just briefly mention any of the reforms, things like re-branding BUILD, creating PRIME, dealing with state of good repair, where the department hopes to accomplish something that cannot be accomplished under current law?

Secretary BUTTIGIEG. Just very briefly, I'll mention two. You spoke to PRIME, which is important, in addition to our funding request for Amtrak, because it can support not only Amtrak but other passenger rail services that are so important. The authorization to do that would allow us to do so much more.

I would also return to the theme of Thriving Communities. The authorization to make sure that Federal dollars are helping where Federal dollars may in the past have been harming is a great way to meet the equity objectives of this Administration and lift up communities as a whole.

Senator COONS. Terrific. Thank you very much, Mr. Secretary.

Senator SCHATZ. Senator Kennedy.

Senator KENNEDY. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here. Last Congress we passed a bill, I think it was called The Pipes Act, which called for the creation, the establishment of an LNG Center of Excellence, and I think we asked the Department of Transportation to give us a report about the establishment of the center.

It's obviously important to my state. We are the leading exporter of LNG, liquefied natural gas, and I suspect we will be for a while.

Do you know when we can expect that report, Mr. Secretary? I know you have a lot on your plate but.

Secretary BUTTIGIEG. I'll make sure to look into that and get back to you. We're working to keep up with a number of the authorizations and expectations in the PIPES Act, and I'll check with the Pipeline and Hazardous Materials Safety Administration (PHMSA) to see where they stand.

Senator KENNEDY. Yeah. How many times have you testified since you've been Secretary in Congress?

Secretary BUTTIGIEG. Well, I think this would be my third in the Senate and I've got something like three in the House.

Senator KENNEDY. Yeah. Congress whines a lot, doesn't it?

Secretary BUTTIGIEG. I doubt it would be my place to say that, Senator.

Senator KENNEDY. It's because we've given up all our authority to you guys.

Speaking of whining, let me talk to you a little bit about—give me your thoughts about liquefied natural gas.

Secretary BUTTIGIEG. It certainly represents part of an "all of the above" fuel strategy for the U.S. I don't want to venture outside my lane as the Transportation Secretary.

Senator KENNEDY. I know, but you've thought about it—

Secretary BUTTIGIEG. I think more about other energy but—
 Senator KENNEDY [continuing]. and you're influential. Is it part of our energy future?

Secretary BUTTIGIEG. Well, it's certainly part of our energy present.

Senator KENNEDY. I'll agree with that. You think it's part of our energy future?

Secretary BUTTIGIEG. It's not part of a zero emissions means, for example, of fueling light duty vehicles, but there are a lot of applications where electrifying is certainly not in the near future. To the extent that LNG or any kind of natural gas offers fewer emissions than diesel or some of the more carbon-intensive forms of fossil fuels, then at the very least it can be attractive as a bridge.

Senator KENNEDY. Well, and in the last decade, the United States has reduced its CO2 emissions and in the last decade, China, for example, which emits more CO2 than any other country in the history of ever, has increased its CO2 emissions.

Why have we been going down and China's been going up?

Secretary BUTTIGIEG. What I'll say is I certainly wouldn't want to emulate China in that regard. I hope that we can continue to drive the—

Senator KENNEDY. Well, I didn't suggest we should, but why has China been going up? Forget China for a second. Why have we been going down?

Secretary BUTTIGIEG. I'd like to think it's because of the U.S. tradition of leading the world in doing the right thing.

Senator KENNEDY. Natural gas is part of it, isn't it?

Secretary BUTTIGIEG. I would say that's more of a how than why, I guess, in my way of thinking, which is maybe why I missed your question, but certainly conversions from coal or diesel to gas have had climate benefits.

Senator KENNEDY. So if we liquefy natural gas and we sell it to a country at a reasonable price that, let's say, for example, uses coal, isn't the world better off in terms of the environment?

Secretary BUTTIGIEG. If those were the only two choices, then yes.

Senator KENNEDY. At what point do you think realistically in terms of available, affordable energy sources without taxpayers having to subsidize it we're going to have other options?

Secretary BUTTIGIEG. With regard to cars and light duty vehicles and increasingly things like pickup trucks, that day has come. For other applications, it may be further out.

Senator KENNEDY. But when?

Secretary BUTTIGIEG. Well, again, yesterday when it comes to vehicles. For other applications, I'd probably defer to the Secretary of Energy for more sophisticated insights, but, of course, it depends on the industry.

Senator KENNEDY. Yeah. What are your thoughts about petrochemical production?

Secretary BUTTIGIEG. Generally?

Senator KENNEDY. Yeah.

Secretary BUTTIGIEG. Well, it's certainly part of our economy and part of how a lot of goods and materials are made.

Senator KENNEDY. Yeah. Do you think we ought to phase those plants out?

Secretary BUTTIGIEG. If there are ways to produce products that create less harm, then of course we'll want to develop toward those, as industry generally does when we find that there's a less emissions-intensive or less toxic way to do something.

Senator KENNEDY. Do you think we'll still be exporting liquefied natural gas and it will still be a major source of energy and contributing to a cleaner environment compared to coal, for example, in 10 years?

Secretary BUTTIGIEG. I would want to defer to the EIA for those kinds of forecasts.

Senator KENNEDY. Yeah. But what do you think? You read a lot. What do you think?

Secretary BUTTIGIEG. I think that the sooner the U.S. can get to zero emissions in any given industry, the better off the world and the U.S. are going to be.

Senator KENNEDY. Sure. I understand that, but how about in 10 years?

Secretary BUTTIGIEG. I don't know, Senator.

Senator KENNEDY. How about 20?

Secretary BUTTIGIEG. Again, Senator, I don't know.

Senator KENNEDY. What would be your preference?

Secretary BUTTIGIEG. My preference would be that we're able to meet our energy needs by means that don't contribute to the climate problem.

Senator KENNEDY. Okay. And does that to you mean no fossil fuels?

Secretary BUTTIGIEG. Well, certainly in terms of burning them up, unless we're talking about things like sustainable aviation fuels that hold the promise, not yet fully realized, of lower life cycle emissions. But ultimately if we can power a given vehicle or widget or industry without setting anything on fire, that's a benefit to the climate and a benefit to the country.

Senator KENNEDY. Do you think it's possible—this will be my last one, Mr. Chairman. Do you think it's possible with carbon capture, sequestration, and utilization, it's possible to burn fossil fuels cleanly?

Secretary BUTTIGIEG. There's a lot of promise and a lot of benefit to CCUS. I hope we wouldn't lean on it as a crutch to get us out of our obligations to take more immediate steps that we ought to take.

Senator KENNEDY. Do you think we ought to try it?

In other words, before we take our energy policy and we take our sources of energy and just throw them out the window and start over, don't you think for a fraction of the cost we ought to try to clean up what we have now?

Secretary BUTTIGIEG. It depends how we think about the cost, right? If we're factoring in the full cost of the toxicity and the emissions of a lot of the fuels we depend on now, then apples to apples, we're already there in terms of the benefits of more renewable sources of energy that exist right here in the United States coast-to-coast. The sooner we can be using those the better off we're going to be because we don't have a lot of time, Senator.

Senator SCHATZ. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman.

Mr. Secretary, great to see you again, and I want to start by commending you on a number of items in the budget. You mentioned Thriving Communities to address situations where Federal transportation projects have actually divided communities.

You and I have talked previously about what we call the “highway to nowhere” in West Baltimore, a highway that was started, never completed, but still divides a community in Baltimore, and I’m pleased there are also funds proposed as part of the American Jobs Plan there.

I want to commend you on the Amtrak request and, as well, your Capital Investment Grants increase request.

You’ve been a mayor of South Bend, Indiana. You may have experienced a situation where local governments have really important transit projects that they want to move forward, but the state that they’re in is not supportive and therefore it becomes difficult to access the necessary funds to complete that project.

We have that situation in Maryland. You visited Prince George’s County. We were together when we were at the UPS Hub for the distribution of vaccines. Prince George’s County has about 900,000 people. They want to establish a rapid transit connection with a county to their south, Charles County, which has over a 100,000 people. These two counties together have a population bigger than a couple states and yet it’s been really difficult for them to get the State of Maryland to support their proposed transit project.

Finally, the State Legislature passed something this year to do it. The Governor didn’t sign it, but he didn’t veto it. So that’s the good news.

As we look through the budget, and I really need your help not just today but going forward, these kind of projects, right, it’s a kind of medium-sized project, it’s a transit system between two counties becoming very congested, you look at the Federal transportation formulas and as you and I have discussed previously, states have an incentive when they have a fixed number of dollars to go for highways. They get a higher Federal match, much higher.

The process is easier. The state just makes a decision to go and then they can draw down those funds, whereas for transit, you’ve got to go through a pretty cumbersome process to get the go-ahead and then, as I see it, we get about on average in the United States today about 54 percent Federal match.

I’m looking at what’s now called the RAISE Grant Program. It’s a billion dollars. This committee has said, I think, \$30 million of that should be used for planning grants. I just want to be clear that that is a floor, not a ceiling.

So for counties like Prince George’s and Charles County where the state’s not really stepped up in a significant way, it would be very helpful if we could work with you to—you know, RAISE Grants can be used for planning, but if we’re really looking at 30 million, if we look it as a cap nationally, it’s going to be impossible for lots of Prince George’s County and Charles Counties to be able to access those funds.

So I want to work with you to make sure that the 730 million above the cap is also looked at by DOT for planning purposes and

beyond that just your thoughts about how counties in this kind of situation that want to build a transit and are willing to put a good amount of money in but don't have the ability to write the entire check, how they would go about doing it.

Is it the RAISE Grant? Is that the way they go these days? If that's the case, we need to do a lot better in terms of a national program.

Secretary BUTTIGIEG. First of all, the point's well taken about support for planning. That's especially important in order to get resources out equitably to communities that may not always have the same resources, counties that may not have the same resources.

More generally with regard to supporting transit, we need to acknowledge that there is a national benefit, as well, to driving more successful transit uptake. There's certainly a climate benefit, a congestion benefit, and an efficiency benefit. We work with what Congress provides but are also eager to continue building that, and that's why the President's Job Plans calls for us to double Federal support for transit.

Our Department stands ready to help facilitate that as well as through existing programs. You mentioned RAISE. I'd also point to the Capital Investment Grants Program, which has been successful and popular, and so many of these programs are getting more applications coming in than we're in a position to fund.

Senator VAN HOLLEN. I appreciate that. [Off microphone] not easily, but it is a clear path toward having that happen and when you've got this kind of regional transit project.

So I really look forward to working with you. This is a big priority of the State of Maryland.

Thank you.

Secretary BUTTIGIEG. Thank you.

Senator COLLINS. Thank you.

First, let me say how wonderful it feels to be holding the gavel even for a very short time once again.

Senator Hoeven.

Senator HOEVEN. I hear you, Ranking Member Collins.

[Laughter.]

Senator HOEVEN. Mr. Secretary, thanks for being here. Good to see you again.

Give me your thoughts. Right now there's an effort to put together a bipartisan package on infrastructure. I think the number right now is about 950 billion over five, would range up to maybe 1.1 to 1.2 over eight. A variety of pay fors that we talked about when I was at the White House and you were there, focuses on pretty much traditional infrastructure, although some of the things that, you know, people feel aren't infrastructure.

So that's a work in progress, but undoubtedly you've been briefed on it and obviously have been part of the conversations. Give me your thoughts on whether that's close to something that you think could get support from the Administration and in fact pass.

Secretary BUTTIGIEG. We're certainly encouraged by the conversations that continue. I'd like to believe even if there isn't a consensus on exactly what to do and how to do it, there's a consensus that we've got to do something big and we've got to do something

bold and we've got to do something right away, and I can feel that shared sense of urgency animating these talks.

I am hopeful that something could emerge that will have the support needed in this chamber as well as be something that the President and the Administration can support and in the other chamber as well. I hope we work on the principle that we don't want to be doing all this work just so we can stay in 13th place but that if we come together and commit the real resources that are needed, it can make it possible for America to continue to be in a position to lead the world.

Senator HOEVEN. So short version would be you're kind of on-board with the work but remaining and kind of watching to see what the final package looks like or you're engaged in terms of modifying the package or kind of, you know, maybe just a little more detail on where you're at with it.

Secretary BUTTIGIEG. I haven't seen the latest paper on where you and some of your colleagues are converging and would want to have a better feel for the composition of it, but certainly in principle, if there can be bipartisan agreement.

Senator HOEVEN. So it'd be fair to say if Senator Collins thinks it's okay, you think it's okay?

Secretary BUTTIGIEG. Well, that might not be fair to Senator Collins, but that would certainly be encouraging. Every additional Senator who thinks it's okay means that it has a better shot of advancing.

Senator HOEVEN. Have you had a chance to look at the Move America aspect? Senator Wyden and I have introduced that, again would provide bonding authority to try to get, you know, the public/private partnerships and private dollars into the equation, as well, would generate about \$226 billion, and either that or there's been a revolving loan concept, too, but some mechanism like that again to help, you know, fund it.

Secretary BUTTIGIEG. I think those mechanisms have a lot of promise, and they are built or they could build on the Build America Bureau, which is the resource we have within the Department of Transportation, including private activity bonds.

I don't think it can wholly substitute for other robust sources of Federal support, but certainly if we can unlock more sources of capital to build our infrastructure, we should give it a really good look.

Senator HOEVEN. Right. A piece of the puzzle, yeah, and then this one I think you'll relate to in terms of livestock hauling. We've got to have more flexibility under the hours of service rules for our livestock haulers.

The latest provisions that have gone through Commerce relate to the Hauls Act, the bill that I support, and again it in essence exempts because of loading and unloading, a 150-mile radius of where you start when you're hauling live animals and when you end up in terms of the hours of service rules, so that you have the flexibility you need both to make sure you can load and unload your animals and, of course, it relates to the comfort and the humane treatment for hauling livestock.

If that passes, which I think it will, I would ask for your support in its implementation.

Secretary BUTTIGIEG. We'll do everything we can to properly implement what comes from Congress, as we always seek to do, and we recognize that hauling live cattle, for example, is not the same thing as a truckload of printer paper, and it's important to be able to tell the difference.

Senator HOEVEN. Very important, and I know you understand the difference coming from Indiana.

Last question I have. Would you believe that one of the 25 busiest airports in the United States is in my state of North Dakota?

Secretary BUTTIGIEG. I would now, Senator.

Senator HOEVEN. One of the 25 busiest. So it's the Grand Forks Airport and in large part it's because the University of North Dakota has a fleet of more than a hundred aircraft there and the largest pilot training university in the country. So, in addition to the regular commercial traffic, they're constantly landing and taking off all these students and they teach everything from fixed wing to rotary to jet to air traffic control, all these things. Like I said, a fleet of more than a hundred aircraft.

We need a new control tower and so I would just ask for your support to work with FAA that we can—you know, and this expansion projects underway.

Secretary BUTTIGIEG. Okay.

Senator HOEVEN. I'm just asking and I'm apprising you of it, why it's important because we need pilots and asking for your help and support with it.

Secretary BUTTIGIEG. Well, I learned something new today and I'll make sure to follow up on that.

Senator HOEVEN. Thank you, Mr. Secretary. Appreciate it.

Secretary BUTTIGIEG. Thank you.

Senator HOEVEN. Thank you, Ranking Member.

Senator COLLINS. Thank you, Senator.

Senator Reed, my partner on Transportation for so many years. Great to see you.

Senator REED. Thank you, Ranking Member, Acting Chairman, very much.

Welcome, Mr. Secretary. Thank you for your great service.

We've all been, I think, shocked by the violence occurring on commercial airplanes. Scenes of flight attendants being literally attacked, 2,500 reports of unruly passengers recently, about 20 times the average number throughout the year, and the FAA's zero tolerance policy is in place but it ends in September.

Will you work with the FAA to make it permanent?

Secretary BUTTIGIEG. I would want to learn more about the relevant authorities that will be needed, but I appreciate the opportunity to express our strong view that there is absolutely no excuse for unruly behavior, mistreatment, or abuse toward flight crews. They are there for passenger safety. They have a job to do, and we have no toleration for mistreatment of the people who keep our flying public safe.

Senator REED. Well, thank you very much, Mr. Secretary.

Last week we had the Attorney General before another subcommittee and I posed a similar question to him. He obviously agreed with you that this is extremely dangerous behavior, unacceptable, etcetera.

Has the FAA, to your knowledge, referred any cases involving physical violence to the Department of Justice for prosecution, and, if not, will you commit to have a review process so that these serious incidences are in fact referred for serious prosecution?

Secretary BUTTIGIEG. I'll make sure to look into that.

Senator REED. Thank you very much. I want to join my colleague, Senator Collins, in promoting the Search Program where, through her leadership, I was the wing guy on the operation, we were able to get it through for the trucking industry, the busing industry, etcetera, and as you have committed, you're going to help the Treasury Department get the money out the door. It's there. We've got to get it out, and I appreciate very much your commitment. Thank you.

RAISE Grants, which have a long history of different names but the same basic idea, the last Administration, there was no priorities for transit, none in highway programs, etcetera.

Will you commit to just think about and hopefully enact a notion to give transit, bike, and pedestrian projects equal consideration? My sense was they were dismissed, missicium, I think, is the Latin word, but they're important to many communities. Would you put them in a place where they could be fairly considered?

Secretary BUTTIGIEG. They absolutely ought to be and will be considered consistent with statute. I believe the statute calls for diversity of modes to be contemplated which makes it all the more important not only as a matter of Administration policy but our best effort at fidelity to Congressional intent, to make sure we do so.

Senator REED. And, indeed, you know, as a former mayor, you recognize that, you know, key transportation projects could be a bike path or could be something much different than just a highway.

Secretary BUTTIGIEG. That's right.

Senator REED. And that language was not, I think, honored in actual promotions or grants last year and before.

Last year the committee was able to provide \$2 billion in extra general funding for highway formal programs and including \$1 billion Bridge Rehabilitation Program and this funding made a huge difference for my state of Rhode Island. We have the worst bridges in the country but thanks to Senator Collins and my colleagues in the committee, we've made some progress to fix them.

The President's budget does not include additional general fund dollars for these investments, but I hope the committee will be able to do so that we can again fund the Rehabilitation Program and other valuable programs.

In this case and looking at the President's budget, if we stick with that budget, how will we fix the bridges which you know in every state in the Union are, as you indicated, a hundred years old and in Rhode Island try 200, so?

Secretary BUTTIGIEG. This is one of the reasons why it's so important that the American Jobs Plan move forward. The budget, the surface reauthorization, all of these things can help create a foundation, but we're dealing with a backlog of repairs that are not going to get any cheaper, and we need a major generational investment to help address it.

Senator REED. Thank you, Mr. Secretary, and thank you for your service. Thank you very much.

Secretary BUTTIGIEG. Likewise, thank you.

Senator SCHATZ. Senator Braun.

Senator BRAUN. Thank you, Mr. Chairman.

Good to see you again, Mr. Secretary. Last Congress and this Congress we got a bill through committee unanimously, I think, to reauthorize and protect the Highway Trust Fund. That went through regular order. It's there bipartisan.

Why not get that across the finish line because the insolvency will hit that fund next summer? I know we're wrestling with anything from 27, 23, 17, now maybe 900 billion to 12. This is clearly bipartisan. What's wrong with getting it across the finish line and then coming back and looking at the rest of it?

Secretary BUTTIGIEG. We would view the investments we're trying to make in the context of the Jobs Plan as addressing something a little bit different from what you're talking about.

We have a backlog of needs, a readiness to take our infrastructure to the next level in this country, and a need to find means to fund that once-in-a-generation investment.

But there's another parallel conversation, I agree, about the Highway Trust Fund and different views on how to address it—from the traditional model that we've relied on, which Congress for some years now has supplemented with General Fund transfers, to some other model that might make sense in the future.

Respecting the pleasure of this committee and the rest of Congress in exactly how to do it, our Department will stand ready to deploy those funds as efficiently and promptly as possible however they ultimately are sent our way.

Senator BRAUN. I think it'd be good to at least—I think that would symbolize the fact that we're getting something that's gone through some normal process and it's bipartisan and it wouldn't preclude doing the broader package that you're talking about.

This past Monday before I came back to D.C., I spoke to a group of truckers in Indianapolis and they are concerned not only about what I just asked about, also about getting truck drivers to drive their units.

Senator Young and I have got the Drive Safe Act, which would try to get through proper training once you're 18 years old on the pathway so you don't lose that window of having to wait 3 years before you can get someone trained to do that job professionally, technically put some at risk in states that have that broad geography anyway.

Indiana, the Crossroads of America, you go a 150 miles east or west, you're triggered into needing that stipulation that you're 21 years old. Is that something we can get done?

Secretary BUTTIGIEG. It's something we can explore provided we satisfy any safety concerns that arise with it.

Experienced drivers are the safest drivers, but you've got to begin getting experience at some point and we're also very attuned to the concerns about potential driver shortages. I had a similar experience speaking with trucking companies and hearing a lot about this and the President has asked me, along with Secretaries Vilsack, Raimondo, and others to participate in a supply chain task

force addressing some of the supply chain issues we face. There's no question that making sure trucking is in good shape is a big part of that equation.

Our commitment is to look for solutions that balance safety, economic need, and all of the other considerations that are affecting us because it is a real concern.

Senator BRAUN. Would it make sense to maybe phase it in, try it, maybe not go full scale across the country, but owning a trucking company myself before I got here, it is the biggest issue we contend with along with the fact that that pathway in life, along with many other career and technical education-type jobs, high demand, high wage, you know, gets almost stigmatized against in terms of guidance that you get going through high school.

So there's a lot working against that and no one's wanting to sacrifice safety shortcuts. We'd just like a little bit of agility in entrepreneurialism from this place when it comes to solving problems that have been around for that long.

We've talked about this before, how to pay for things. Come from our great state. We believe in rainy day funds, balanced budgets, living within our means, thinking big but paying our bills. That's the exact opposite of your new employer here. I found that out when I got here two and a half years ago.

Why don't we look there to be a little bit more adventuresome entrepreneurial? The private sector's got a balance sheet that is strong. The markets show that. The balance sheet here is terrible and getting worse by the year. It's gone from 20 trillion maybe to 30 trillion in terms of debt and we are not savers and investors anymore, we're spenders and consumers.

So why don't we tap through public/private partnerships, the capital that's out there, and put that to work and allow states like Indiana and others that are savers to maybe have more access to Federal dollars if they put more skin in the game?

Secretary BUTTIGIEG. Well, as you note, in Indiana, things were a little different when I was mayor. We did our budget in cash.

There are some different principles that apply to Federal budgeting. If we can unlock private capital in a responsible way without sacrificing public policy goals or goods, we ought to.

On the other hand, it's the markets above all that remind us that Federal debt isn't like any other kind of debt, and I would make sure that we don't put ourselves in the position of a business that could have made a great investment but didn't because they didn't think it was permissible to do so.

Senator BRAUN. The modern monetary theory I debated Senator Sanders for about 25 minutes a month ago on. If you're bored some evening, take a peek at that and see the difference of opinion on how we can keep running these deficits and then turning it into Federal debt when we don't have the willpower generally now that we had coming out of World War II, again where we were savers and investors, not spenders and consumers.

I always enjoy the conversation.

Secretary BUTTIGIEG. Likewise, thank you.

Senator SCHATZ. Love to see the Indiana friends spar.

A couple of questions about safety after the two crashes of the 737 Max. The Aircraft Certification Safety and Accountability Act

was included in the Omnibus and it reflected recommendations from numerous audits. Many of the critical provisions in that bill require funding, but the budget request, a \$17 million increase for aviation safety well below the \$75 million authorized.

So I want you to speak to that discrepancy but also just this general sense that folks have regarding the FAA and the extent to which it views itself as a separate Cabinet agency from the agency that you run.

I am all for the independence of expert agencies, but I still think they belong under your oversight and under our oversight and there is a sense, it may or may not be true, but there is a sense of almost impunity with which they operate, that they're not accountable certainly to the Congress or even the Office of the Secretary, and I'm wondering if you might be willing to address that as delicately as you want.

Secretary BUTTIGIEG. The Federal Aviation Administration (FAA) is a constituent modal agency of the U.S. Department of Transportation. There's has been a lot of Congressional interest in the FAA and an expectation that the FAA will be responsive to Congress. I also expect that the FAA will be responsive to Congress and responsive to the Department whenever any oversight issues come up.

With regard to the numbers, I would just note that, in addition to \$17.5 million specifically for improving aviation safety oversight, there's also a \$57 million increase envision for the aviation safety organization as a whole. Of course, funding is only part of the equation when it comes to making sure those safety imperatives are met, and that's where oversight comes in.

Senator SCHATZ. Yeah. I just think we need more regulatory staff. If you're going to enforce the law, you need people to do so, and you need to be able to deploy them to various places across the country.

The budget request of \$51 million for Vehicle Safety Programs, you spoke a little bit with Senator Boozman, I think, about the increase in traffic fatalities.

I'm a little worried that we're focusing on vehicle safety when it seems like we've got a problem of driver behavior, right, and I'm wondering if you could speak to that particular discrepancy but also just generally.

I know you don't want to get in front of any analysis from your experts, but something is going on with traffic fatalities skyrocketing as they are. It's absolutely counterintuitive. It doesn't at least on its face necessarily appear to be just people on their phones which would have been my instinct.

So I just don't know what's going on, and I don't want to wait 3 years to find out what it is if you have an inkling of what you think is going on and how we can get in front of it.

Secretary BUTTIGIEG. I hesitate to share an inkling in a Senate committee, but we know that speed is often a factor. It may be that the reduced traffic as a consequence of COVID-19 led to increased opportunities for speeding, and one of the things we're hoping to assess is whether the data bears out that hypothesis.

We know that impaired driving, speeding, and failure to wear a seatbelt all seem to be among the main behaviors that drove the

increase and as you say, it's alarming. The fatality rate for 2020 was 1.37 per hundred million vehicle miles traveled which is up from 1.11 just the year before.

As you mentioned, vehicle safety is one thing. Then there's driver safety and then there's system safety. How are the roads designed and are they inclined to make it more or less likely that there will be a fatal crash?

We need to invest in all of those. The American Jobs Plan envisions \$19 billion for safety that would help improve not only the safety of those who are in the vehicle but those who are anywhere near a vehicle, like pedestrians or bicyclists.

Senator SCHATZ. This wasn't in my prepared questions, but as a television watcher and also an Internet user, I wonder what—you know, you see these Federal DOT-funded wear your seatbelt and don't drunk driver television commercials.

Are you in other channels now because it seems to me that anyone who's in the communications business needs to worry about the extent to which plenty of people don't going to watch TV anymore?

Secretary BUTTIGIEG. Yeah. I don't know whether it happened on its own or whether the algorithms figured out what I do for a living, but I have noticed a little more on things like Hulu that messages coming out of NHTSA are popping up.

I'll look into how we are getting into other media because you're absolutely right that, especially given that age is an important factor in the data for risk, we can't assume that the targeted audience is watching television on the television.

Senator SCHATZ. Thank you very much.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Secretary, as I'm sure you know, the FAA has a next generation air traffic system called NextGEN. It is intended to modernize our nation's air traffic control system, to provide safer, more efficient, less polluting routes, and to use arrival and departure paths that will improve air space utilization.

So every year that I've been on this committee, this subcommittee, we have appropriated another billion dollars, it seems, for FAA to implement NextGEN. So since 2007, Congress has appropriated \$13 billion.

So you can understand my dismay when I read a March 30th of this year report by the Office of the Inspector General that indicates that the system has not lived up to its promise.

Now part of it is that there have been COVID impacts. There has been more traffic, but nevertheless the bottom line is not an encouraging one, and the Inspector General says, "We were not able to identify any clear improvement to operations overall. Instead, overall operations appear to have become less efficient with average taxi time, departure delays, and arrival delays all increasing over this period."

If NextGEN worked as intended, we should see all of those trends going in the other direction and by using performance-based navigation, we could also assist in combating climate change by promoting greater fuel savings and reduced emissions.

So what's going on with NextGEN that we poured \$13 billion and this is the result?

Secretary BUTTIGIEG. Overhauling the entirety of the air traffic system for any country, but certainly for this country is a massive undertaking. Congress has high expectations, I know, of NextGEN implementation, as do I. That implementation is an ongoing process and not something that is simply from the “before” state to the “after” state change can be said now we’re there.

There are a lot of pieces coming into place and the funding request in the President’s budget advances that. This is very important for the efficiency reasons that you mentioned, including that climate benefit of reduced air time. I’ve seen estimates suggesting about 15 percent fuel savings just from more efficient routing, and we would hope to realize that as well as some of the other efficiency gains that you were mentioning from a fully-implemented NextGEN reality.

I will continue to consider this a priority for our expectations of the FAA and do everything we can to keep Congress updated on progress being made.

Senator COLLINS. That would be helpful. As you can imagine, a billion dollars is a lot of money year after year after year, though it doesn’t seem so in this environment anymore, but it used to be a lot of money, and to have push for this money year after year after year and then see such poor results is very disturbing. So I hope you will look into that.

I want to go to the issue next that Senator Jack Reed raised. When I was flying back from Bangor, Maine, this weekend, the two flight attendants sat down and talked to me about the mask mandate and one of them, frankly, was frightened about what would happen if she tries to enforce the mask mandate and the violence we have seen is horrendous and unthinkable and I join Senator Reed in saying that I hope people will be prosecuted for the violence that we’ve seen on videos.

However, both of the flight attendants raised with me the issue of why is there still a mask mandate for airlines. The CDC recently released recommendations significantly curtailing mask requirements in both indoor and outdoor settings, and as one passenger said to me, I can go sit at a bar and drink for hours at a crowded bar now without wearing a mask and yet I can’t take a short flight from Bangor to Washington without wearing my mask, despite the fact that the airplane has a far better ventilation system than that crowded bar.

And I thought it was a very good question. I understand that these decisions require an interagency process that includes the CDC, DHS, and DOT, but could you discuss the process for potentially lifting the mask mandate for air travel provided that certain—I guess I’d like to know what are the benchmarks or metrics that you’re going to use given that the CDC has lifted it in other places.

Secretary BUTTIGIEG. Thank you for your expression of support for flight attendants. I cannot emphasize enough how seriously we take unruly behavior, and with the zero tolerance policy, those who disrupt flight operations or cause harm or are disrespecting and violating laws and regulations face fines of up to \$35,000. We want to make sure that it is not it’s left to the flight attendants alone to enforce mask mandates or any other FAA regulation.

As to the mask mandates on planes, like many of the traveling public, especially as I'm traveling more and more, I share the impatience to be able to return to where they're not required.

As you mentioned, this is an interagency process. It's really driven by public health experts and we do everything we can to run with that. They point to some differences and uniqueness in the context of travel related to the number of people from different places passing through the same small space; a couple things would be different from the bar example.

One would be the presence of children onboard, knowing that there's not yet a vaccine approved for children. Another is that if I'm not too sure about the person sitting next to me in the bar, I can get up and leave, but it's not the same in a moving aircraft.

That being said, I do think this is something that we need to continue to revisit. While I haven't seen a specific rubric that says if we hit this benchmark, then we can say goodbye to the masks, which I think we're all eager to do.

The sooner we get as many people as possible vaccinated, the sooner we can get there and that's one of the reasons we're continuing to push on that.

Senator COLLINS. Thank you. I have another mask-related question which I'm going to submit for the record, but just to give you the outlines of it, I'm hearing from commercial vessel operators, like barges and tugs, from Portland Harbor that they find the guidance on masks to be very inconsistent and confusing and apparently the Coast Guard has a lot of enforcement discretion and these operators of the tugs and barges really don't want that kind of situation because they don't know what rules they're supposed to follow if the Coast Guard has discretion on enforcement.

So I will provide you with further information but would appreciate your getting back to me.

Secretary BUTTIGIEG. Okay.

Senator COLLINS. For the record on that, and, finally, I just want to echo what the Chairman said about the university transportation centers.

I'm very proud of the work that's being done under Hoby Doger's leadership at the University of Maine. It's truly absolutely extraordinary and some of this is the use of sustainable advanced manufacturing structures, construction methods, and it's resulted in real-world applications that extend the life of bridges, in particular reduce the carbon footprint of our transportation infrastructure projects.

Just recently, I went to the dedication of a bridge in Herman, Maine, a short bridge that used all of these advanced materials. Instead of steel girders, it had composite girders and the asphalt is such that it won't have to be jack hammered off when it needs to be replaced. Believe it or not, it's sort of screwed on and so this is so innovative and so exciting and this bridge is supposed to last for like a hundred years because of the new materials.

But I share the Chairman's concern that although the university's done a great job of trying to commercialize and get this material out into the marketplace that it's hard to make that transition from the laboratory to the real-life application. I think the University of Maine's done a great job at it but that's something that I

think we really should look at expanding the funding for the commercialization of those materials.

So I just wanted to second what the Chairman said and encourage you to take a look at that.

Secretary BUTTIGIEG. I enthusiastically share your interest in that and would welcome chances to work together on it.

Senator COLLINS. Great. Well, we'll have you up to the University of Maine at some point.

Secretary BUTTIGIEG. I'd love it.

Senator COLLINS. Because it truly is extraordinary, the work that is being done there.

Thank you, Mr. Chairman.

Senator SCHATZ. Either right after or right before the University of Hawaii.

Senator COLLINS. Actually a Maine to Hawaii trip, you know.

Secretary BUTTIGIEG. That's very nice.

Senator SCHATZ. Pick the right month. Secretary Buttigieg, I want to thank you for coming today to discuss the fiscal year 2022 Budget Request.

ADDITIONAL COMMITTEE QUESTIONS

The hearing record will remain open until Friday, June 25th, to allow members to submit additional questions for the record.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. A more substantial and expedient transition towards electric and zero-emission transportation is critical to address the worsening impacts of climate change. As costs of electric vehicle (EV) technology continue to incrementally decrease, it has become easier and easier for Americans to purchase EVs. However, in parts of the country where colder temperatures reduce battery range, many buyers are apprehensive about purchasing an EV as their primary mode of transportation. Particularly in largely rural and car-dependent communities, like those in Vermont, reduced battery range during the winter poses a significant obstacle for many drivers.

An effective remedy for this challenge is a more comprehensive EV charging station infrastructure. The Department of Transportation's FY 2022 budget request includes a request for \$15 billion over five years to be spent on EV charging infrastructure. The Federal Highway Administration's (FHWA) Alternative Fuel Corridor designation has the potential to support and incentivize the construction of new EV charging infrastructure on some of the most-trafficked highways.

How will the Department ensure that EV charging infrastructure funding is appropriately disbursed geographically to allow the most car-dependent communities—specifically in colder and rural areas—to transition to zero emission transportation?

Answer. Equitably distributing EV infrastructure to communities that rely most on cars is very important. FHWA's Alternative Fuel Corridors for EV infrastructure include existing and pending corridors through rural areas and colder climates. DOT is focused on ensuring that the pending corridors that do not yet have sufficient EV chargers are completed. Additionally, DOT will capitalize on our partnership with the Department of Energy and other Tribal, State, and local governments to identify the most beneficial locations for EV infrastructure. DOT is also developing a rural EV toolkit which will help guide rural communities that are interested in installing EV charging infrastructure. This builds on the Department's Rural Opportunities to Use Transportation for Economic Success (ROUTES) initiative to provide technical assistance to rural communities interested in DOT programs.

Question. Specifically, how will the Department use this new funding to better utilize the alternative fuel corridor program to facilitate the adoption of EVs across a broader range of communities and to connect more distant and rural areas to surrounding urban hubs?

Answer. DOT is focused on ensuring that corridors are completed in order to provide for viable highway EV travel nationwide. DOT plans to collaborate with partners and stakeholders to identify the best locations for the installation of new EV

infrastructure that will best serve EV users across the country and provide connections between rural and urban communities.

QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

Question. Commercial vessels (both passenger and non-passenger) find the CDC guidance on mask mandates for indoor and outdoor areas to be very inconsistent and confusing. From a regulatory perspective, the guidance gives U.S. Coast Guard Sector Commanders broad enforcement discretion that has the potential for creating a patchwork of conflicting interpretations. The U.S. Coast Guard's issuance is merely guidance, however, and the CDC mask order remains in place for commercial vessels. What is DOT's role in mask mandates for commercial vessels?

Answer. The Department of Homeland Security (DHS), through the U.S. Coast Guard, has the statutory authority for the safety of commercial vessels. DOT therefore does not have a regulatory role in determining or enforcing the CDC mask requirements for vessels. Through DOT's Maritime Administration, DOT does manage the readiness of Federal sealift assets such as Ready Reserve Force ships. DOT applies all applicable mask requirements mandated by the CDC.

Question. What more can DOT be doing to help lift the mask mandate for commercial vessels and create more certainty for commercial vessel operators?

Answer. DOT is working very closely with the transportation industry and Federal partners to keep transportation networks safe and operational while the Nation combats COVID-19. This includes working with DHS, which has statutory authority for the safety of commercial vessels to apply all applicable mandates to the Federal sealift assets within the DOT purview and, through continued engagement with interagency partners and the maritime industry on Federal COVID-19 response, provide timely information and assistance to stakeholders.

QUESTIONS SUBMITTED BY SENATOR MIKE BRAUN

Question. Sec. 24405 of the FAST Act of 2015 created a streamlined regulatory structure to enable small volume motor vehicle manufacturers to produce brand-new classically styled replica cars that meet current emissions standards.

American companies will be able to manufacture everything from 1930s hot rods to 1960s cobras to DeLoreans of the 1980s. EPA and the California Air Resources Board have completed their guidance and regulations, but companies can't start building vehicles and hiring workers until NHTSA's Jan. 15th final rule has been approved and published in the Federal Register.

NHTSA did its due diligence on this rulemaking, completing a robust public comment process. The Biden Administration's Spring Regulatory Agenda states that the rule will be finalized in January 2022.

Can you provide an update as to when you estimate the rule will be finalized?

Answer. NHTSA is working to finalize this rulemaking by early this year.

SUBCOMMITTEE RECESS

Senator SCHATZ. This hearing is now adjourned.

[Whereupon, at 4:02 p.m., Wednesday, June 16, the subcommittee was recessed, to reconvene at a time subject to the call of the Chair.]

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