



Address by Shaun Donovan, Secretary

US Department of Housing and Urban Development
Speech presented Tuesday* June 30, 2009 at the
Center for Housing Policy's Learning Conference
Chicago, Illinois, Tuesday, June 30, 2009

For more than 75 years, the National Housing Conference has been providing leadership and advocacy - furthering our common mission of providing safe, decent, and affordable housing to all Americans every step of the way. That work has always been important - but never more so than today, as communities around the country each grapple with the same fundamental problem: How to keep our neighborhoods strong in the face of an economic storm rooted in a crisis in our housing markets.

As state and local housing experts and policymakers, you know that a home is the foundation upon which we build our lives, raise our children, and plan for their future. You know that home is an essential source of a family's stability - the building block with which we forge neighborhoods, put down roots, and build the communities that are the engines of our nation's economic growth.

Unfortunately, that foundation has been seriously eroded by our ongoing housing and economic crisis. Millions of Americans have already lost their homes. Others are in foreclosure. And some have fallen into homelessness, devastating families and communities alike.

That is why this conference comes at such an important time. Not only does it give community partners the opportunity to hear about local solutions and innovations on issues from foreclosure prevention to rental housing preservation. It's also an opportunity for those of us in government to listen - to hear what's working, what's not, and what else we need to be doing.

My experience in New York tells me that many of the most promising housing policy innovations occur at the grassroots - in localities and pilot programs, with the help of local governments, foundations and non-profit partnerships. So, as you gather at this morning's plenary to discuss the future of housing policy after the foreclosure crisis, I want you to know that I'm committed to making HUD a facilitator when it comes to spurring innovation at the local level and bringing the best ideas to the national stage - helping communities respond to today's crisis while planning for the sustainable and integrated future we all know is within our grasp.

A Sustainable Recovery

Of course, HUD's first responsibility is to help our communities get back on their feet again. That work began with the Recovery Act--through which HUD is pumping some \$14 billion into communities across the country--75 percent of which we allocated within a week. \$4 billion is for public housing authorities, helping them to address the severe backlog of improvement projects created by underfunding during the last Administration.

And our work continues with the President's Making Home Affordable plan. Nearly a million homeowners have received information about the plan and participating services have extended offers on nearly a quarter-million trial modifications so far. Over the next few months, we expect these numbers to grow significantly, and we already have some early signs that the overall housing market is recovering.

But as we work to help our economy recover and put a halt to foreclosures, we are also laying the foundation for sustainable growth. We have made the highest amount of competitive funds available in HUD's history through the Recovery Act - encouraging state and local governments to develop new and innovative ways to improve public housing, rebuild communities, and increase energy efficiency.

One of the most important competitive investments in the Recovery Act is the additional \$2 billion we've invested in the Neighborhood Stabilization Program to help communities purchase and convert foreclosed and abandoned properties into new affordable housing, land banks, or other options that preserve neighborhoods. These competitive funds will not only turn foreclosed properties into homes again, but also ensure that communities go about the rehabilitation and purchase process in a smart, collaborative, and, above all, sustainable way.

We have also formed a partnership with the Department of Energy to streamline and better coordinate the use of \$16 billion in federal weatherization funds appropriated through the Recovery Act. By simply eliminating duplicative income verification requirements, we expect to be able to make 1.1 million public housing units eligible for these funds, as well as another 1.2 million privately owned federally-assisted units, and some 950,000 units financed with Low Income Housing Tax Credits.

And with HUD spending about \$5 billion on energy for our public housing and Section 8 operations alone, savings to taxpayers, municipalities, and low-income families alike through this effort is palpable. We've also offered several innovative budget proposals, including a \$100 million Energy Innovation Fund that will seed local energy retrofit funds. We want to work with local communities to leverage another \$1 billion in private financing--from utilities, local banks, and state clean energy funds--to help catalyze a home energy retrofit market in the United States.

A New Foundation

Of course, all of these initiatives are predicated on restoring HUD's bedrock commitment to building and preserving affordable housing nationwide - including our commitment to full 12-month funding of Section 8 contracts and the higher level of federal funding for housing vouchers we so clearly need. We want stability and consistency to be hallmarks of our work on both these programs going forward.

Our budget also requests \$1 billion for the initial capitalization of the Affordable Housing Trust Fund. With 74 units available for every 100 very low-income households--and only 44 for those in extreme poverty--the Affordable Housing Trust Fund is essential to providing affordable housing in America.

Each of these efforts is based on our shared belief that if there isn't equal access to safe, affordable housing, there isn't equal opportunity. But as we work to address all these issues--offering more affordable housing options, making buildings more efficient, and helping working families facing foreclosure--it's clear that we need to find ways to tackle all these problems together.

The truth is, when you choose a home, you also choose the schools your child attends, you choose transportation to work. You choose a community. That's the idea behind our Sustainable Communities Initiative, which encourages metropolitan regions, via competition, to develop integrated housing, land use, and transportation plans. We want to use those integrated plans to drive the planning and decision making of localities, increasing transportation choices and reducing housing and transportation costs for American families.

Today, families spend nearly 60 percent of their budgets on housing and transportation costs. That's not only unacceptable - during an economic downturn, it's unsustainable. And so, the goal of this initiative is to articulate a vision for growth tailored to specific metropolitan markets that federal housing, transportation, and other federal investments can support.

Our new Choice Neighborhoods Initiative is also motivated by a similar idea. We all know the impact the HOPE VI program has had on communities around the country - substantial declines in neighborhood poverty, in crime and in unemployment and real, tangible increases in income, property values, and market investment. HOPE VI has changed the face of public housing.

But we believe we have only begun to tap the potential of its ideas and practices. That's why we've introduced Choice Neighborhoods - challenging public, private, and nonprofit partners to extend neighborhood transformation efforts beyond public housing. For safe, affordable housing to be truly sustainable, it needs access to good schools, child care, health care, public transportation, and retail businesses that are staple of every vibrant community. A HOPE VI development surrounded by disinvestment and failing schools cannot succeed.

And so, Choice Neighborhoods would broaden the range of activities eligible for funding. It would link housing interventions more closely with school reform and early childhood innovations. And to realize this expanded mission, our FY 2010 budget request would more than double the funding we saw under HOPE VI to \$250 million.

At the core of all of these ideas is the same concept: Planning communities in a more integrated, sustainable and inclusive way isn't separate from advancing economic opportunity for the families we're trying to reach - it's absolutely essential.

A New Era of Partnership

Whether it's helping our nation recover, or laying out a broad vision for building strong communities, HUD has never been more important to America's immediate and long-term success and sustainability than it is at this moment. And seizing this moment requires transforming the way we do business at HUD - to ensure we become a dynamic force in the Federal government and a model for innovation. I cannot overstate its importance - not only to HUD, but to communities across the country.

For us, transformation means better research, evaluation, and accountability measures-- to figure out how we can do more with less and give the marketplace the information it needs to make informed choices. It means partnerships and collaboration with agencies, non-profits, and all levels of government.

Too often, HUD hasn't been a catalyst for change - but a barrier to it. That needs to change. Above all, transformation means a comprehensive, balanced national housing policy that recognizes affordable rental opportunities are inseparable from sustainable growth.

Homeownership is incredibly important. But it's long past time we recognized that long before the homeownership crisis in this country there was an affordable rental housing crisis - and it's still going on. It's time we made affordable rental housing the priority it needs to be. To make any of this possible, HUD needs to change the way it does business.

As President Obama has said so eloquently time and again, America has always been strongest when we work in partnership to build communities that are vibrant, durable, and inclusive. That is our goal today-- and with a new sense of partnership and collaboration, I have no doubt that we will meet it.

Shaun Donovan was sworn in as the 15th United States Secretary for Housing and Urban Development on January 26, 2009. He has devoted his career to ensuring access to safe, decent, and affordable housing nationwide, and will carry on that effort in the Obama Administration. Secretary Donovan believes that America's homes are the foundation for family, safe neighborhoods, good schools, and solid businesses, and that housing represents and confers stability - a base from which to raise America's children. He joins HUD with the commitment to make quality housing possible for every American.

Secretary Donovan previously served as Commissioner of the New York City Department of Housing Preservation and Development (HPD). When he became Commissioner of HPD in early 2004, Shaun Donovan engaged the agency in a top-to-bottom strategic planning process. This resulted in new and innovative policy and programmatic solutions, and better measurement of results. During his service, HPD's New Housing Marketplace Plan to build and preserve 165,000 units of affordable housing was the largest housing plan in the nation.