

## SENATE APPROPRIATIONS PANEL EXAMINES THE PRESIDENT'S FY 2025 BUDGET REQUEST FOR HUD

### EXECUTIVE SUMMARY

On April 30, the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies held a [hearing](#) to examine the fiscal year (FY) 2025 budget request for the Department of Housing and Urban Development (HUD). During the hearing, HUD **Acting Secretary Adrienne Todman** fielded questions from lawmakers as it relates to the FY 2025 budget request's handling of programs related to housing and rental assistance, expanding the housing supply, addressing zoning barriers, disaster assistance, and the Community Development Block Grant (CBDG) [program](#).

Throughout the hearing, both Democrats and Republicans emphasized the importance of expanding the housing supply. However, GOP senators stressed their concerns about increasing housing prices, with some Republicans blaming the Biden administration's policies for contributing to inflation in the housing market.

### OPENING STATEMENTS

**Chair Brian Schatz (D-HI)** expressed concerns about the Fiscal Responsibility Act (FRA) budget caps being adhered to in the FY 2025 budget request, arguing that the estimates regarding the renewal of HUD-assisted housing are low given "volatility" in the rental market. Chair Schatz urged congressional actions to increase the U.S. housing supply and remove barriers, and he touted HUD's Pathways to Removing Obstacles (PRO) to Housing [grant program](#) and Home Investments Partnership (HOME) [block grant program](#). He stressed the importance of securing funding and permanent authorization for the CBDG program.

**Ranking Member Cindy Hyde-Smith (R-MS)** described the role of HUD in its work with nonprofit service providers, private sector partners, federal disaster recovery, rural towns, and vulnerable populations. However, Ranking Member Hyde-Smith noted ongoing fiscal challenges, including as they relate to the increasing cost of rental assistance and fluctuating receipts from Federal Housing Administration (FHA) and Ginnie Mae. Ultimately, she concluded that "numerous" proposals in the FY 2025 budget request will not be accommodated by Congress. Instead, she advocated for increasing the efficiency of programs.

### WITNESS TESTIMONY

**HUD Acting Secretary Adrienne Todman** ([testimony](#)) touted proposals in the FY 2025 budget request — which she characterized as only outlining a “modest” budget increase — to address homelessness, support first-time homebuyers, and expand the housing supply. Secretary Todman pointed to the Preservation and Reinvestment Initiative for Community Enhancement ([PRICE](#)) and Yes In My Back Yard (YIMBY) programs to address zoning issues. She brought attention to the \$72.6 billion requested to support core programs, such as public and assisted housing, the CBDG program, the HOME program, and more. Secretary Todman also urged Congress to authorize HUD’s disaster recovery program.

## **DISCUSSION AND QUESTIONS**

### *Housing Supply & Affordable Housing*

- **Sen. Jack Reed (D-RI)** underscored the importance of expanding the housing supply, and he noted the establishment of the Housing Trust Fund ([HTF](#)) to help increase affordable housing access. He asked about the potential impact of expanding funding streams for affordable housing. Secretary Todman explained that the HTF helps to support economically disadvantaged individuals, though she argued that the program is “very modest” and welcomed additional funding streams.
- Sen. Reed remarked that affordable housing projects often tap several funding streams, including multiple federal programs, which increase the complexity of successfully financing such projects. He opined that increasing funding for the HTF could simplify financing by providing a large, single source of money. Secretary Todman agreed.
- Sen. Reed applauded the Biden administration’s [decision](#) to extend the Federal Financing Bank (FFB) Risk Sharing program, which provides funding to local housing finance agencies. When prompted by Sen. Reed, Secretary Todman noted that many local housing finance agencies have requested but not yet received support through the Risk Sharing program.
- **Sen. John Boozman (R-AR)** echoed concerns about housing shortages, especially in rural areas. Secretary Todman described HUD’s work to expand the housing supply in rural areas, including through cooperation with the Department of Agriculture (USDA).
- **Sen. Shelley Moore Capito (R-WV)** commented on an affordable housing project in West Virginia that — since receiving a funding award from HUD — has experienced increased input costs due to supply chain issues, generating uncertainty about whether HUD amendment funds would close the funding gap due to unresponsiveness from agency staff. Secretary Todman committed to working closely with Sen. Capito to ensure that the problem is resolved.
- When questioned by **Sen. John Hoeven (R-ND)** about HUD’s efforts to increase the supply of starter homes, Secretary Todman touted the HOME program, especially in combination with the low-income housing tax credit (LIHTC).
- Ranking Member Hyde-Smith was critical that the FY 2025 budget request proposes to fund housing supply programs by \$1 billion less than the FY 2023 enacted level, instead putting more discretionary funds toward the voucher program. Without addressing these criticisms directly, Secretary Todman acknowledged difficulties with balancing priorities due to funding constraints.

### Vouchers

- Sen. Reed raised concerns that disabled veterans have their benefits counted as income for the purposes of accessing HUD-assisted housing. Secretary Todman responded that HUD has been working with the Treasury Department to address this issue, namely by topping out the area median income (AMI) for veterans at 80 percent.
- In response to a line of questioning from Ranking Member Hyde-Smith, Secretary Todman explained how reserves from the voucher program could be used to offset funding constraints from the FRA. Ranking Member Hyde-Smith seemed supportive of this effort.
- Ranking Member Hyde-Smith asked what flexibilities are being considered for administration of HUD's voucher program in FY 2025, particularly in the context of payment standards and the use of public housing funds for predevelopment and development activities. Secretary Todman noted changes that have recently been made regarding administration of the program, and she also pointed to related legislative proposals in the FY 2025 budget request.
- Ranking Member Hyde-Smith expressed lingering concerns about the accuracy of HUD's calculations of the local Fair Market Rents (FMR) to determine vouchers. In response, Secretary Todman indicated openness to hearing potential improvements to calculating the FMR.

### Other Programs & Rules

- **Sen. John Kennedy (R-LA)** stressed his concerns regarding increasing housing prices, household energy costs, and mortgage rates. In particular, Sen. Kennedy was critical of HUD's [final rule](#) to require that new homes financed by the agency must follow 2021 International Energy Conservation Code (IECC) standards. Later, when responding to a similar question from Sen. Boozman, Secretary Todman countered that the final rule will decrease energy costs for households.
- Secretary Todman agreed when Chair Schatz asked HUD to partner with lawmakers to improve the efficiency and timeliness of grant awards provided through the CBDG program.
- Sen. Hoeven blamed regulatory requirements for high housing prices. Secretary Todman expected that the funding being provided through the YIMBY program would help to address some of these issues, particularly as it relates to local requirements.
- Chair Schatz expressed dissatisfaction with the temporary relocation of people displaced by the Maui fires to hotels and vacation rentals. Secretary Todman agreed that more needs to be done to provide better interim housing to the victims of the Maui wildfires. In response, Chair Schatz expressed frustration with the Biden administration's approach to providing temporary housing.