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Donovan Outlines Vision for HUD

By Jerry Ascierio

New York City—Shaun Donovan outlined an ambitious agenda for the Department of Housing and Urban Development (HUD) at a housing conference hosted by New York University Friday, Feb. 13.

While much of the speech focused on the single-family market, the new HUD secretary stressed that multifamily housing will be a top priority for the department going forward.

First, Donovan made it clear that the production of new affordable multifamily housing will be a key component of the new administration. “The president will keep his pledge to fund, at significant levels this year, the National Housing Trust Fund,” said Donovan. “We must begin to build new tools and resources particularly focused on the extremely low-income families that suffer the most in our rental markets today.”

The National Housing Trust Fund, the first new federal production program for low-income housing in decades, was passed into law last year. The fund was to be seeded by money from Fannie Mae and Freddie Mac, but their conservator, the Federal Housing Finance Agency, suspended contributions to the fund in December.

Donovan also called for a wide-ranging modernization of HUD’s multifamily programs, which have been neglected for decades. “When I think of HUD’s programs, it’s as if the low-income housing tax credit was never invented, as if the evolution of HUD’s programs stopped a generation ago,” said Donovan.

Donovan also touted several measures in the economic stimulus package that would help stabilize communities hardest hit by the single-family foreclosure crisis. The stimulus bill contains \$1.5 billion for HUD’s Emergency Shelter Grants, to help combat rising homelessness, particularly among families. The bill also has \$2 billion for the department’s Neighborhood Stabilization Program, which provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties.

Sustainability will also be a key focus for Donovan. HUD will soon create an Office of Sustainability, led by Ron Sims, who was recently nominated to be the department’s deputy secretary. The office will partner with the energy and transportation departments to coordinate various city-planning initiatives across the country with an eye on climate change issues.

Donovan, former commissioner of New York City’s housing department, noted that when the city looked to advance an inclusionary zoning policy to allow more mixed-income development, “we had nowhere to look, no model for that,” he said. “We scoured the country to look for research about best practices on inclusionary zoning and found no leadership whatsoever from HUD.”

The recovery bill contains about \$5 billion for the renovation and retrofitting of public and assisted housing, which will not only lower energy bills for tenants, but gives HUD an opportunity to set a model for the rest of the private sector to follow. “I believe that just as the FHA [Federal Housing Administration] catalyzed the 30-year mortgage generations ago, we can catalyze an enormous change in the way that housing is built and renovated,” he said.

Donovan also pledged to repair HUD’s relationship with Congress. “It’s been disturbing to see the relationship that HUD has with Congress,” he said. “Without rebuilding that

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relationship, we simply won't be able to advance the goals that we have for expanding housing assistance to so many that desperately need it."

The HUD secretary closed the session by calling on the audience to seize the opportunity presented by today's grim economic environment. "This work calls us to be more than we think we can be. All of us in this moment of crisis and opportunity must do more and be more than we think we can do and we think we can be."

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