



Letter to HUD Employees

On Tuesday, February 17th, President Obama signed the historic American Recovery and Reinvestment Act (the “Recovery Act”). As the President said, “The Act provides a direct fiscal boost to help lift our Nation from the greatest economic crisis in our lifetimes and lay the foundation for future growth.” The success of this legislation is vital not only to the revival of our nation’s economy but also to the restoration of consumer confidence and trust in government.

As many of you know, the Recovery Act makes a substantial investment -- \$13.6 billion - - in housing and community development programs administered by our Department. These investments reflect the broader goals of the Act: to generate jobs, advance energy efficiency and mitigate the impact of the economic downturn on distressed communities and the most vulnerable in our society.

The housing investments serve four main purposes. First, the Recovery Act invests \$5.85 billion in a range of housing and community development activities. An unprecedented \$4 billion is invested in the public housing program for the renovation and retrofitting of this critical inventory. The Act provides an additional \$510 million and \$250 million respectively for the Native American and assisted housing programs. The proven Community Development Block Grant program receives \$1 billion, while \$100 million is appropriated for HUD’s lead based paint hazard reduction and abatement activities. All these investments offer powerful vehicles for economic recovery because they can happen quickly, are labor-intensive, create jobs where they are needed most, and will lead to lasting housing and neighborhood benefits. Many of these investments will also reduce greenhouse gas emissions and save consumers money, by retrofitting housing to make it more energy efficient.

Second, the Recovery Act invests \$4.25 billion to spur recovery in the housing sector through highly targeted interventions. The Act contains \$2 billion for a second round of investments in the Neighborhood Stabilization Program. These funds will be used to mitigate the impact of foreclosures in some of the hardest hit communities in the country. The Act also contains \$2.25 billion in a special allocation of HOME funds to revive the low income housing tax credit market and accelerate the production and preservation of tens of thousands of units of affordable housing.

Third, the Recovery Act invests \$1.5 billion to prevent homelessness and enable the rapid re-housing of homeless families and individuals. I am particularly gratified by this significant investment; many homeless experts are gravely concerned that the economic downturn will trigger a major spike in homelessness due to job dislocation and the

eviction of low and moderate renters and homeowners. Our proposals would provide temporary assistance to hundreds of thousands of households, enabling families and individuals to re-enter the labor market more quickly and preventing the further destabilization of neighborhoods.

Finally, the Recovery Act provides \$2 billion to ensure full 12 month funding for Section 8 project based contracts. This funding will correct the “short funding” of these contracts that emerged over the past several years and send an important signal that HUD is a credible and reliable partner. By bringing stability to these projects, this funding will enable owners to undertake much needed project improvements and maintain the quality of this critical affordable housing resource.

The Recovery Act provides HUD and our partners with the resources necessary to make a difference at a time of great economic uncertainty. But it also provides a series of challenges to all of us: to obligate and spend resources quickly and effectively; to adhere to the highest levels of transparency and accountability; to use this Act as a vehicle to both streamline and simplify our programs as well as lay the groundwork for new markets and new catalytic ways of doing business.

The President said it best in signing the Recovery Act:

“The road to recovery will not be straight and true. It will demand courage and discipline, and a new sense of responsibility that has been missing - from Wall Street to Washington. There will be hazards and reverses along the way. But I have every confidence that if we are willing to continue doing the difficult work that must be done - by each of us and by all of us - then we will leave this struggling economy behind us, and come out on the other side, more prosperous as a people.”

I share the President’s confidence and strongly believe that this agency can play a critical role in economic recovery. I look forward to working with all of you to make the promise of the Recovery Act a reality.

Shaun Donovan
Secretary