

HUD > Press Room > Speeches, Remarks, Statements > 2011 > Speech\_01182011

## **Prepared Remarks of Secretary Shaun Donovan at the White House-Emerald Cities Collaborative Briefing**

**White House Old Executive Office Building**

**Tuesday, January 18, 2011**

Thank you, Dr. Thompson -- for that very kind introduction.

It's a pleasure to join everyone here today. And I want to thank Nancy Sutley with the White House Council on Environmental Quality for bringing us here this afternoon.

I particularly want to thank our panelists and sponsors -- leaders in the Third Sector who we at HUD have been proud to call our partners on so many initiatives these last two years.

It's good to speak to each of you about the Obama Administration's commitment to building the strong, sustainable housing and communities that America needs to lead in the 21<sup>st</sup> century -- about our economic future and about some of the tools we need to build a strong Middle Class.

Like you, the Obama Administration believes that the energy and economic challenges we face are inextricably linked -- and that the key to unlocking America's potential

in the 21<sup>st</sup> century starts with creating a new generation of clean energy jobs and a more sustainable future.

Of course, many of those jobs are in the building sector -- and will be for years to come.

Green construction spending already supports more than 2 million jobs and generates more than \$100 billion in GDP and wages.

Over the next four years, the green building industry will support nearly 8 million jobs and generate more than a half trillion dollars in economic activity.

Put simply, green jobs are the future of the American economy.

And certainly, the most important tool we've had to support those jobs these last two years has been the Recovery Act.

When President Obama signed the Recovery Act into law, he said it would do three things: create jobs, help those most harmed by economic crisis, and lay the foundation for long-term growth.

And according to the President's Council of Economic Advisers, the Recovery Act is responsible for as many as 3.7 million jobs -- and nearly a quarter-million clean energy jobs to date.

At HUD, we've been at the epicenter of this green transformation.

All told, nearly a third of HUD's \$13.6 billion in Recovery Act funds can be used for "greening" America's public and assisted housing stock -- making homes healthier and more energy efficient at the same time they create good-paying jobs.

Thus far, we've greened 245,000 homes with a range of energy improvements -- another 35,000 have received deep green retrofits that will save up to 40 percent in energy costs.

Thousands more newly constructed homes are being built to green standards, helping prepare a new generation of professionals -- the mechanics, plumbers, architects, energy auditors, and factory workers we need to design, install, and maintain the next wave of green technologies.

Indeed, at groundbreakings and ribbon cuttings in communities across the country, I've seen for myself how the single largest investment in green building and products in America's history is laying the foundation for the Clean Energy Economy we need.

And last month we took additional steps to help America's businesses grow and create jobs when Democrats and Republicans came together to pass the President's tax plan, including an extension of credits for renewable energy production.

And to ensure these funds are creating the kinds of good-paying jobs in the communities that need them most, the Obama Administration has been vigorously promoting project labor agreements with housing authorities, redevelopment agencies and city governments around the country.

PLAs not only establish upfront the terms and conditions of employment and a framework for cooperation -- they have also proven to be extremely effective at ensuring projects are completed efficiently and with high quality workmanship and are an important vehicle for providing the job training, employment, and contract opportunities low-income workers need.

In fact, we recently signed a PLA agreement with the Boston Housing Authority, which is undergoing one of the biggest housing rehabs in the country, greening 29 housing developments -- ensuring that \$63 million in Recovery Act funds HUD awarded will benefit public housing and other local low-income residents that need it most.

In addition, the Housing Authority has committed to contracting with local small minority and women-owned businesses to do a portion of this work with the primary developer.

This represents a major commitment to the Vice-President's Middle Class Task Force, which is promoting the use of PLAs throughout the country.

But we're not stopping with our own grants. HUD already has local hiring preferences embedded into our programs -- but many agencies we work with do not. In fact, some are specifically prohibited from doing local hiring -- which can result in projects being held up.

That's why our Deputy Secretary Ron Sims, who was the King County Executive in Washington state for a dozen years before coming to HUD, has been working with sister federal agencies to find a solution.

As a result, we have created a pilot program with the Federal Highway Administration called "Special Experimental Project 14."

Despite its humorously bureaucratic name, the point of SEP-14 is anything but:

It allows communities to apply HUD contracting requirements on federal-aid highway projects -- making it easier for communities to build the infrastructure they need at the same time they create jobs for the people *in* those communities who need them most.

Certainly, one of the most important Recovery Act investments was the \$4 billion in public housing capital funds provided to over 3,000 public housing authorities throughout the nation.

With the Recovery Act, we proved that green affordable housing construction and rehabilitation can be a powerful engine for job creation.

But of course, the Recovery Act was a one-time investment. And today--even after 12 straight months of private sector job creation--too many families across the country are still struggling.

For opportunities to create more good-paying construction jobs, we need look no further than our public housing system, which faces between \$20 and \$30 billion in capital needs.

No one seriously expects Congress will be able to provide these funds in the current fiscal climate -- and yet we estimate there is \$25 billion of private and other public capital sitting on the sidelines, waiting to be invested in these properties.

Antiquated rules developed nearly a half century ago prevent anyone but the Federal government from financing improvements to public housing.

These rules haven't just stood in the way of building housing. They have also stood in the way of building around that housing -- the grocery stores, schools and retail businesses that any community needs to thrive...and that are the bread and butter of our nation's construction industry.

That's one big reason that the Obama Administration is proposing our Transforming Rental Assistance initiative.

Instead of being seen as a problem for neighborhoods, with TRA, this housing can be an asset to our communities and a real anchor for comprehensive community investment -- bringing public housing into the 21<sup>st</sup> century and creating hundreds of thousands of jobs. Good jobs that can't be outsourced.

HUD estimates that in the first year alone TRA would create nearly 90,000 construction jobs -- 312,000 jobs in all, and in the communities that need them most.

The Recovery Act has shown that at the same time we put people to work, we can create more sustainable communities.

By Transforming Rental Assistance, we can build on those successes, change the way we do business and create more than 300,000 of the good paying jobs we need to lay a new foundation for a 21<sup>st</sup> century economy.

For those of you who have already come out in support of this effort and Congressman Keith Ellison's legislation, the Rental Housing Revitalization Act -- I thank you.

For those who haven't yet, I'm asking for your support -- to let your representatives know how important TRA is to

building the economy America needs to thrive and prosper in the 21<sup>st</sup> century.

As much as the Recovery Act accomplished, we'll never green America's built environment with Recovery grants alone -- that real change requires a market transformation with leadership, solutions and capital from the private sector.

In a few weeks, HUD will be selecting lenders to offer a product called FHA Powersaver -- the first federal financing program focused on single-family home retrofits.

Powersaver will allow homeowners to borrow up to \$25,000 to make energy efficiency and renewable energy improvements to their homes -- stimulating demand for jobs and for contractors to do this important work.

But the single family market is only part of the green financing equation. Fifteen million households live in multifamily apartments.

That's why I recently announced the Green Refinance Plus program, through which FHA will provide additional insurance coverage and Fannie Mae will offer more flexible loan underwriting to generate additional loan proceeds to make green improvements.

Through Green Refi Plus, owners of older affordable housing properties will be the first to go green in connection with refinancing their mortgages at today's historically low interest rates.



Both PowerSaver and Green Refinance Plus will take advantage of the data we gather on performance by tracking energy saved, bills reduced and value created.

It's only through proving that these investments pay for themselves and provide real benefits to families that we can catalyze change on the scale that is truly transformational -- driven not just by the public sector but more importantly through massive private investment.

Of course, real sustainability isn't just about the kind of buildings we build or how we finance them -- but also where we build them.

Certainly, it's no coincidence that the neighborhoods that faced the brunt of the economic crisis--with the highest foreclosure rates and the deepest job losses--were the most unsustainable -- with the least access to transportation, the most troubled schools and the least economic opportunity.

For all the implications of "sprawl" --from job loss, economic decline and segregation, to obesity, asthma rates, to climate change, to our dangerous dependence on foreign oil--all of them share one fundamental problem:

The mismatch between where we live and where we work.

America must find a way to connect housing to jobs.

And Americans are demanding it. Today, for every dollar the average household earns, they now spend 52 cents on housing and transportation combined. They have become American families' two single biggest expenses.

Last fall, with our partners at DOT, HUD awarded nearly \$170 million in planning grants to ensure regions and communities across the country have more housing and transportation choices, more energy independence, and will be more economically competitive. This represents the most significant federal investment in planning in generations.

These awards were jointly reviewed and selected by all three agencies -- HUD, DOT and EPA.

Going forward at HUD, we are working to embed sustainability as a priority in our core programs.

Projects seeking certain competitive funds will be rewarded for committing to meet sustainable communities principles, such as reflected in the LEED-ND rating system.

Communities that receive HUD funds will get technical assistance in more sustainable planning and building, utilizing tools such as a "housing and transportation index."

And I am especially excited to preview that forthcoming HUD grant programs will provide a major advantage in scoring to communities that are taking strong steps to becoming more sustainable.

More than half of applicants for these funds came from small towns and rural regions.

Indeed, the diverse proposals we are funding show that we aren't following the old Washington playbook of dictating how communities can invest their grants -- but instead encouraging creative, locally focused thinking from the bottom up.

Planning our communities smarter means parents will spend less time driving and more time with their children; more families will live in safe, stable communities near good schools and jobs; more kids will be healthy and fit; and more businesses will have access to the capital and talent they need to grow and prosper.

Best of all, as Terry Mitchell, former chair of the Austin, Texas Real Estate Council, puts it, regions who embrace sustainable communities "will have a built-in competitive edge in attracting jobs and private investment."

In describing each of these efforts--greening our homes through the Recovery Act, forging PLAs, transforming the way we provide affordable housing, or planning our communities more sustainably--I hope that one common thread emerges:

That you don't have to be building solar panels to be a key part of the green economy.

That the greenest jobs are the ones that help build regions that are economically strong -- and built to last.

That is why we are making sure that when communities apply for HUD funds that they are thinking not just about how to build a one-off project -- but really thinking comprehensively about community revitalization.

Certainly, this work won't be finished overnight -- or even in a year.

But by investing in energy-efficient homes and buildings, and by planning our communities in a smarter way, we can make America competitive for the 21<sup>st</sup> century.

We can create jobs -- and we can lead in this century as we did the last. I know we can -- and looking out at all of you today, I know we will.

Thank you.

And with that, let me pass this off to my good friend, Angela Blackwell.