

Opening Remarks

Honorable Maxine Waters, D-35th CA

House Committee on Financial Services

**Oversight Hearing of U.S. Department of Housing and
Urban Development**

**The Honorable Alphonso Jackson, Secretary, U.S.
Department of Housing and Urban Development**

Room 2128

March 14, 2007

Good morning ladies and gentlemen. I want to thank Mr. Frank, Chairman of the Committee of Financial Services and Ranking Member Baucus for holding today's hearing. I am pleased to welcome today's witness, the Honorable Alphonso Jackson, the U.S. Secretary of the Department of Housing and Urban Development, to the Committee.

As the Chairwoman of the Subcommittee on Housing and Community Opportunity, I have a number of concerns that I hope you will be able to address today in your testimony. The Congress has made addressing the housing crisis in the Gulf Region its number one housing priority. As you know, the Committee on Financial Services passed a bill I introduced and sponsored by Mr. Frank, H.R. 1227, “the Gulf Coast Housing Recovery Act of 2007” to address a number of serious housing and community development issues in the Gulf Region. The bill that passed our Committee by a vote of 50 to 16, is designed to avert an affordable housing crisis in the Gulf Region where more than 265,000 homes and apartments in Louisiana and Mississippi. This represents \$67 billion damage to the

housing stock, requiring a rebuilding effort that is unprecedented in scale.

While you did not come to speak about the Gulf Region and the bill that passed this Committee, I am very interested in your views about the legislation. Do you believe that the bill will make a difference in the Gulf? What is the most pressing housing issue confronting the Gulf Region? I believe that it is the shortage of affordable housing, and until the shortage of affordable housing is corrected, it will be virtually impossible to rebuild communities in the Gulf Region.

Today, we will hear from the Secretary about HUD's major housing and community development programs as well as the Administration's budget recommendations for

Fiscal Year 2008. Last year, I was surprised by any number of proposals related to housing and community development programs proposed in the Administration budget. This year I am shocked that many of the same proposals are being advanced. These are proposals that the Congress overwhelmingly rejected on a bi-partisan basis last year, and I believe is poised to flatly reject again.

The overall HUD budget proposal is of great concern to just about anyone with whom I speak. The proposed FY 2008 budget would cut a number of critical programs by a combined total of \$1.565 billion. Let me illustrate this point:

- Public Housing would be cut by \$477 million, or 7 percent;

- The Capital Fund would be cut \$415 million to \$2.02 billion;
- Hope VI would be eliminated;
- Section 8 would receive \$14.245 billion, representing a .06 percent increase for inflation, amounting to \$9 million;
- Community development block grants would be cut by \$735 million from \$3.711 to \$2.976;
- Section 811 Disabled Grants would be cut by \$112 million;
- Section 2000 Elderly housing program would be cut by \$160 million; and
- Brownfields, Section 108 and Rural Housing and Economic Development grants would be zeroed out.

We can not adopt the President's budget proposal for FY 2008 for the nation's housing and community development programs. Can we truly make a difference in the communities that we represent if these cuts are adopted? CDBG is targeted to low and moderated income persons (70 percent) in communities across this country. To illustrate my point, the importance of the CDBG program, Los Angeles County received \$74.5 million in CDBG funds for FY2006 with identical funding for FY 2007. However, if the President's 20 percent reduction in the CDBG program is adopted for FY2008, Los Angeles County would receive \$59.6 million, or a \$14.9 million reduction in CDBG funds. The Section 202 program assists the elderly, while the Section 811 program helps the

disabled. Section 8 is intended to provide affordable housing to renters.

My amendment to the HUD Appropriations bill last year spared the Section 108 program, but here we are again with an Administration proposal to eliminate the Section 108 program. Hope VI would be eliminated, but there is a bill in the Senate that would reauthorize Hope VI for several years at \$600 million annually, a program where there are 3 applications for every grant. The Brownfields reauthorization just passed the House, but the HUD budget proposes to eliminate the program. Do you see my point? For almost every program where you propose to severely reduce funding or to eliminate it, the House is likely to overwhelmingly support them. Each one of the programs

has an important community and affordable housing purpose.

Fair housing is still a major issue in this nation as is lead paint poisoning. Unfortunately, based on the budget proposals related to these programs one must conclude that housing and community development is no longer HUD's mission. Mr. Secretary, I hope you can bring some clarity to these issues, because I am still trying to understand why the CDBG program would be cut, as well as housing programs assisting our rural communities to meet their housing needs. Mr. Secretary, what can we do to help you achieve your Department's mission? Thank you.