

**OPENING STATEMENT OF  
CONGRESSMAN EMANUEL CLEAVER, II**

**COMMITTEE ON FINANCIAL SERVICES**

**HEARING ENTITLED "STRENGTHENING AMERICA'S COMMUNITIES: A  
REVIEW OF THE PRESIDENT'S FY2006 BUDGET INITIATIVE"**

**WEDNESDAY, APRIL 6, 2005**

Thank you Chairman Oxley and Ranking Member Frank for convening this hearing today on the President's "Strengthening America's Communities" proposal. Given the negative impact this proposal will have on my constituents, I look forward to hearing the testimony of Secretary Gutierrez and Secretary Jackson.

Mr. Chairman, you may recall that the appearance of Secretary Jackson before the Committee on Wednesday March 2, 2005 resulted in more questions being raised than answers about the President's proposal. On multiple occasions, Secretary Jackson testified that the Department of Housing and Urban Development (HUD) had no specific information related to the President's proposal or what was to become of the 18 programs that would be consolidated and/or cut.

This absence of detail is troubling given the short timetable that would be necessary to implement the President's proposal. However, the basic foundation of the proposal is so flawed that additional details are unlikely to make any difference. At its core, I am particularly concerned about cuts in funding for the Community Development Block Grant Program (CDBG) and transfer of the program from HUD to the Department of Commerce for consolidation with 17 other programs. The President would fund this new program at a level that is 35% lower than the combined FY 2005 appropriated level for all 18 programs. The pro-rata reduction for CDBG alone would be \$1.42 billion.

This troubles me because as former Mayor of Kansas City, Missouri I have first hand experience with the CDBG program and the Section 108 loan program. Despite what some people may say in Washington, D.C. I can tell you that these programs are effective and have achieved quantifiable positive results. In addition, given the flexible nature of the CDBG program, these cuts will severely limit the ability of states and localities to address the local housing and community development needs that are unique to their region. In Kansas City, Missouri alone, CDBG funded 80 programs including legal aid, crime prevention, homelessness assistance, small business development, sewer system improvement, senior centers, neighborhood preservation, and family services centers.

Unless Secretary Gutierrez and Secretary Jackson unequivocally testify to the contrary, by transferring CDBG from HUD to Commerce, housing initiatives will more than likely be ineligible to receive funds. As a result, mayors and local officials will lose an invaluable resource for creating affordable housing. For example, during my tenure as

Mayor, my administration identified 60,000 single family homes in need of rehabilitation or repair. The CDBG program directly contributed to the rehabilitation and construction of 12,000 single family homes. However, the President's proposal will in essence prevent the construction or rehabilitation of the remaining 48,000 homes and crush the dreams of 48,000 Missouri families who wish to own an affordable home.

Mr. Chairman, on its face the President's proposal seems to have been conceived without the consultation of our nation's municipalities. Thus, I would like to invite Secretary Jackson, Secretary Gutierrez and the President to come to my district and to take a tour of the Kansas City Missouri metropolitan area. Since the CDBG program and the Section 108 loan program have been instrumental in revitalizing Kansas City, Missouri, I will show them building after building, business after business, home after home, and job after job that would not have been realized without these vital programs.

The CDBG program has a proven record of success like no other federal program and its list of achievements include creating affordable homes, revitalizing impoverished communities, and creating jobs. I sincerely hope that Secretary Gutierrez and Secretary Jackson will counsel the President to drop the "Strengthening America's Communities" proposal because it will have the opposite effect on our nation.