

Opening Statement
Congressman David Scott
March 2, 2005
House Committee on Financial Services
Oversight Hearing on the Department of Housing and Urban Development

Mr. Chairman, the Administration's FY 2006 budget fails to reduce the deficit and leaves out the costs of for Social Security reform and military actions in Iraq and Afghanistan. Yet, the budget cuts housing programs that serve low-income families, the elderly and disabled persons. Included in the budget cuts are Community Development Block Grants (CDBG), HOPE VI grants, Section 8 vouchers, and home buying counseling grants.

The Department of Housing and Urban Development (HUD) budget is cut by \$3.85 billion, from \$32.358 billion to \$28.51 billion. Seven HUD programs would be cut by a net 35 percent and transferred to the Commerce Department, including CDBG grants. I have heard from nearly every city and county in my district about the devastating effects that the CDBG cuts will have on their communities. A clear rationale for moving these programs from HUD, which is familiar with urban revitalization, to the Department of Commerce, has yet to be provided.

I am disappointed that the budget eliminates HOPE VI for the third straight year and rescinds \$143 million from previous years' funding. Since its inception, HOPE VI has been used to revitalize the nation's most distressed public housing units by razing old developments and replacing them with neighborhoods. The HOPE VI program is important to my district because both the Fulton County Housing Authority and Atlanta Housing Authority have received HOPE VI grants to improve their communities. The Atlanta model of mixed-income community development is a proven, sustainable neighborhood strategy that is reducing institutional poverty. If the Administration wants to create an "ownership society," then it should not cut HOPE VI.

In FY 2005, Congress rejected both the Bush Administration's proposal to block grant the voucher program and reduce funding by \$1.6 billion. For FY 2006, the Section 8 budget request is reduced by \$90 million. These cuts will force a large number of housing authorities to either cut the number of vouchers being used or reduce the rent subsidy, thus leaving many poor families without housing options.

The FY 2006 budget proposes to cut home counseling funding from \$41.664 million to \$39.7 million. Given the devastating impact of predatory lending in many communities, Congress should not cut back on efforts to educate consumers about the homebuying process. I have again introduced legislation, H.R. 200, to create a housing counseling program and establish a 1-800 number for consumers to call before signing loan papers. By expanding homeownership through education, the Administration can reduce the need for future housing assistance programs.

The federal budget should be an honest blueprint for the spending priorities of the government. However, this budget is not honest. It is passing our obligations,

responsibilities and challenges to our children and grandchildren, while cutting programs that benefit the poorest among us. The 12 percent cut in the HUD budget is unnecessary and represents the largest percentage cut of any federal cabinet-level agency. These cuts will hurt low-income families and place more burdens on state and local governments. I urge my colleagues on this committee to reject these unnecessary cuts and work to improve the capacity of programs to address critical community needs.