

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services
Subcommittee on Housing and Community Opportunity Hearing on
February 13, 2002

“The HUD FY 2003 Budget Proposal”

Thank you Mr. Vice-Chairman for holding this hearing.

I would like to welcome Secretary Mel Martinez to the Subcommittee today.

I have had the opportunity to work with you on several initiatives during the past year and I want to personally thank you for your assistance and your leadership. I am looking forward to your much-promised visit to the Fourth Congressional District of Ohio so that you can see the fine work of the non-profit organizations that are providing needed housing to working Americans.

Today, you are one of the few departmental secretaries that received a proposed increase from last year's budget – approximately seven percent. This increase is a signal from the Administration that housing is an important issue and that we must not only ensure that the taxpayer's investment is maximized but that we continue to create new ways to ensure housing for all Americans.

At last year's hearing, you indicated that you and your staff would need at least a year to refocus HUD and guarantee that the trains would run on time. It is my hope that as you begin your second year at the helm, HUD will provide the leadership necessary to shepherd our housing policy in eliminating programs that are antiquated, costly and ineffective. Our Committee looks to you to replace them with ideas that are cost-effective, sensitive to the needs of hard-to-house families and individuals, and allow greater local and state control. Certainly, this budget is a good start.

I am elated that the budget proposes a lower mortgage insurance premium for the FHA multifamily insurance program, which will produce an additional 50,000 units. I also applaud the Administration for its proposal to renew all section 8 rental subsidy contracts. Moreover, your three-fold increase in funding to the Self-Help Homeownership Opportunity Program (SHOP) will leverage limited government funding, faith-based and non-profit organizational leadership and private financing to create approximately 3,800 new homes.

However, I am concerned that in future years, rental subsidy contract renewals will consume a significant portion of the housing budget and preclude new housing initiatives. We will need to review this issue for its long-term impact and prepare the Congress for the difficult decisions ahead.

Finally, I applaud the President's leadership, particularly his reference in the State of the Union that encourages greater homeownership especially among minorities. I believe that under the fine leadership of our Housing Subcommittee Chairwoman Marge Roukema, Vice-Chairman Mark Green and Ranking Member Barney Frank, we can create an omnibus housing bill that provides for greater homeownership and rental opportunities, as well as community and economic development initiatives to sustain and enable communities to flourish.

I would ask that the Department, however, accelerate the reimbursement process for non-profit organizations expecting payment for providing technical assistance in their local communities. I believe we were very clear through legislation passed in December that we intended for the Department to reimburse these groups. To underscore the importance of these groups, I want to highlight two in Ohio: the Ohio Coalition for Housing and the Homeless which provided workshops to section 8 residents; and the National Housing Trust, in cooperation with The Enterprise Foundation, which provided predevelopment work associated with Mount Vernon Square Plaza I and II in Columbus.

Mr. Secretary, thank you for your leadership, and many thanks to our Housing Subcommittee Chairwoman Roukema and Vice-Chairman Green for their work on these issues.

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