

Paul E. Tsongas

Speech to the Senate .

June 3, 1981

Mr. President, this legislation will seriously undermine our community and economic development efforts in Massachusetts and throughout the nation. It will target the low income family and elderly housing tenants for severe economic hardship.

The changes in housing programs are a major blow to poor people. First, the Administration stripped the poor of their basic services including housing, and raised low income housing rents. Now the Senate proposes to extract the final pound of flesh by forcing cities to choose between rent controls for tenants outside public housing and rent subsidies for tenants inside public housing.

The changes in community development programs are unnecessary, since they were reauthorized in the last Congress. More importantly they are dangerous, because they take away controls on how community development funds are spent. The proposed change in small cities program administration has received only a cursory examination, and would place another layer of bureaucracy between local and federal government. I believe that necessary regulatory reforms and reductions in paperwork should and can be made without this massive effort to weaken the law. Under the guise of eliminating these burdens, the Administration is actually wasting the taxpayers' money.

It is clear that the issue is not dollars or programs, but philosophy. The Administration could have an economic recovery program with the cities as partners, but they have chosen to make the cities their victims.

Mr. President, I have worked on 7 major housing bills since I came to Congress, but I cannot support this bill. It represents a major retreat from the programs and principles which have proven workable and effective.

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TSONGAS SAYS HOUSING BILL HURTS POOR AND CITIES, PLANS TO OPPOSE

→ Senator Paul E. Tsongas, (D. Mass.) said that he will work actively against passage of the Housing and Community Development Amendments scheduled for Senate floor consideration today. ^{He stated that} ~~because~~ the legislation will seriously undermine community and economic development efforts in Massachusetts, ^{while targetting} ~~and singles out~~ the low income families and the elderly housing residents for severe economic hardship.

The bill is based largely on proposals from the Reagan Administration.

~~It~~ and was passed by the Senate Banking Committee in a ^{close vote} ~~close~~ (8-7) ~~vote~~ with all Democratic members on the Committee voting in opposition.

Tsongas cited major changes in community development and housing programs as reasons for opposing the bill. These include:

- *Elimination of application and review requirements for the Community Development Block Grant program, designed to ensure that federal funds for urban revitalization are not misspent.
- *An option for States to take on administration of the CDBG funds for smaller communities.
- *Elimination of the comprehensive planning and arewide planning programs, which provide funds for Massachusetts regional planning agencies and assist in regional housing and community development efforts.
- *Elimination of the highly successful 312 housing rehabilitation program for single family housing, and no new appropriations for multi-family housing.
- *Reduced funding for the CDBG and UDAG programs, with funding for UDAG reduced from \$675m. to \$500m.
- *Drastic reductions in funding for low and moderate income housing, from 250,000 units approved by Congress this year to 150,000 next year.
- *Increases in assisted housing tenant rents from ~~25%~~ ^{25% to} 30% of income.
- *Reduction of eligibility for assisted housing from 80% of median income to 50% of median income, and elimination of housing developments which combine low income and "market rate" tenants.
- *Reduction of public housing modernization funds from \$140 million to \$75 million, and reduction in public housing operating subsidies by \$400 million.
- *A prohibition against subsidized housing assistance for communities with rent control on newly constructed or vacant units.

Tsongas said changes in Community Development Law ~~were~~ ^{are} unnecessary, since the programs were reauthorized unanimously in the last Congress, and ~~would~~ ^{the amendments} take away controls on how community development funds were spent. The changes also include an option for States to take over control of the CDBG program for smaller communities. ^{This option} ~~a plan which~~ has received only cursory examination, and ~~which~~ is strongly opposed by officials of smaller communities, who prefer the current objective "rating system" employed by HUD. Opponents in Massachusetts include Mayor Jean Levesque of Salem, who as chairman of the National Association of Smaller Communities has been lobbying against enactment.

"No one is saying that we don't need regulatory reform, and changes in the way these programs are operated," Tsongas said, "but these things can and should be accomplished without weakening the law. Under the guise of regulatory and paperwork reform, these provisions will actually result in a waste of the taxpayers' money."

"The changes in housing programs are a major blow for low income families and elderly people," Tsongas said. "First ^{the Administration} ~~we~~ stripped the poor of their basic services, including housing, ^{it} ~~and now we~~ propose to extract the final pound of flesh by raising their rents, and forcing cities to choose between the rent controls for tenants outside public housing or rent subsidies for tenants inside public housing."

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Tsongas said the issue ^{is} ~~was~~ not just programs or dollars, but philosophy. ^{He stated:}
The ~~Administration~~ can have its economic programs without ^{gaming} ~~gaming~~ up on the family or elderly person struggling on the margin of survival. They could have their program for economic recovery with the cities as partners, instead of victims. ^{Tsongas}
I have worked on 7 major housing bills since I came to Congress, ^{said,} but I cannot support this bill because it represents a major retreat from the principles which have proven workable and effective."

Statement against Housing Bill

Mr. President,

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COMMUNITY DEVELOPMENT PROGRAMS

Mr. President,

For twenty years or so we spent more money on urban renewal and various other unsuccessful urban experiments than we did to rebuild Europe under the Marshall Plan. We wasted a shameful portion of that money before we settled on a few important principles-- principles espoused by both Democratic and Republican administrations up to now. Those principles ~~were:~~ ^{are:}

1. Target federal funds to those who lack fiscal capacity to solve their own problems.
2. Use federal funds to maximum advantage-- as glue money for other public and private sector development efforts.
3. Insure that federal, and any other community and economic development funds, are used to further a planned strategy for long term economic growth, jobs and taxes.

In passing the CDBG program 7 years ago, Congress specifically rejected the notion that we create a revenue sharing program for community development, and embraced these principles as an alternative, to insure that the taxpayers money would be spent wisely and effectively.

Last year, when we reauthorized CDBG for an additional 3 years, we looked at the law with great care. In thousands of pages of testimony on that law, not one word indicates that the law itself places undue burdens on local government.

~~although~~ many would say, and I would agree, that much can be done to relieve the regulatory, policy and paperwork burdens on those governments ~~which does~~ ^{without} ~~not involve~~ changing the law.

No evidence has been given that we should weaken the law, but evidence recently was given by GAO that we should consider strengthening the law.

No evidence has come forward to indicate that the link between smaller cities and HUD should be changed, or that smaller communities will benefit by changing

from an objective HUD scoring system to a state administered system with no guidelines and ^{unclear} controls on allocation of funds.

Now the Administration has come forward with a proposal to eliminate application and review requirements. This includes elimination of requirements for a comprehensive strategy, to insure that CDBG funds are spent for solid long term economic and community revitalization purposes. This includes ^{of the requirement} elimination that major physical development projects financed by the Action Grant program be shown to be part of that strategy. And, with no justification, and certainly with no careful consideration of impacts, the Administration proposes to give states the option to run a free wheeling program for small cities. The ^{few} requirements for this state control ~~are few and many~~ raise serious questions. For instance, the state is required to provide a 10% cash match. Is this 10% above and beyond projects already planned? The law does not say.

Is this 10% to be allocated in proportion to each grant, or only for the first city in line? ^{Can the state run a long planned highway through 4 towns and call it a 10% match?} The law does not say. The law makes no provision for protecting those small cities which have received two or three year comprehensive grants, and may face termination of their programs in midstream if the program is taken over by the state. I want to question the distinguished chairman a little further on this specific point, and I will do so in a moment.

I am strongly opposed to eliminating the statutory controls on expenditure of CDBG funds, and I feel confident that we have examined this issue fully and fairly and find no evidence to make these changes.

I am strongly opposed to transferring the small cities program to the states, because we have had no opportunity, ^{to examine the impact of this proposal} and no evidence that this move is warranted.

I would ask unanimous consent that a letter on this issue from Mayor Jean Levesque of Salem, Massachusetts be inserted in the Record at this point.

The report which accompanies this bill justifies these changes on ~~two~~ the grounds of *unwarranted federal regulatory intrusion and burgeoning and administrative hurdles.*

1. ~~Unwarranted federal regulatory intrusions~~ The report says we have gone from 52 pages to over 2,000 pages of regulations in seven years. I don't want to quibble over the total number of CDBG regulations for the entire program.

But I must point out that ~~all~~ the HUD regulations for the application and review requirements, for both small and large cities. *(which means not all cities are subject to all requirements)* ~~appear to be~~ *I may have missed a few hundred pages, but I cannot have missed 1,950 pages.* ~~adds up to~~ *about* 52 pages. *So let's* not say we are eliminating 2,000 pages of regulations by eliminating ~~these~~ *statutory* requirements. And, let me reiterate, let's not pretend we can solve regulatory intrusion problems by eliminating the protections in the laws.

2. ~~Burgeoning administrative and paperwork hurdles~~: *Again,* while local ~~government~~ officials have complained about the need to reduce paperwork, and those complaints are justified, let's not say we need to reduce effective use of the taxpayers money in order to reduce paperwork. Let's call it what it is: *Negligent* use of the tax money, with no cause.

In conclusion, let me say that ~~to me~~ *(to me)* these community development laws are more *than* words on a piece of paper, or formula calculations on a computer printout. I spend a lot of time bringing these programs to life in Massachusetts.

I know that absent these requirements, a lot of cities will continue to do a good job. But ~~unless~~ *if* we want to avoid going back to ~~swimming pools and golf courses~~ *funding*, we should not abandon seven years of careful finetuning and leave that possibility open. If the states were to take control of the program for small cities, I am sure that some, like Massachusetts, would spend the money well, because they have a proven track record in community development. But there is no justification for placing a new layer of bureaucracy between local government and these funds, and certainly no reason to give the states the opportunity to subvert the objectives of this program.

Every city and town in Massachusetts that is making these programs work for community revitalization is doing so because they have a long term strategy, and they use their funds to promote that strategy.

You simply cannot ask the taxpayers to invest in programs which do not look to the long term.

President
We do not need to ~~make~~ ^{enact} these ~~changes~~ ^{provisions}. We have an authorization. We are not required to ~~make these massive changes~~ ^{take this action} in order to comply with reconciliation. *1*
We will make a big mistake if we act now in haste, and our actions result in unwise expenditure of scarce federal funds.