S. HRG. 107–244

NOMINATION OF MEL MARTINEZ

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON

NOMINATION OF MEL MARTINEZ, OF FLORIDA, TO BE SECRETARY U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

JANUARY 17, 2001

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C O N T E N T S

WEDNESDAY, JANUARY 17, 2001

	Page
Opening statement of Chairman Sarbanes	1
Prepared statement	43
Opening statements, comments, or prepared statements of:	
Senator Gramm	2
Prepared statement	43
Senator Dodd	8
Senator Allard	11
Senator Reed	13
Senator Enzi	15
Prepared statement	44
Senator Bayh	16
Senator Miller	18
Prepared statement	45
Senator Stabenow	18
Senator Corzine	19
Prepared statement	45
Senator Schumer	46
Senator Bunning	46
Senator Ensign	47
Senator Carper	34

WITNESSES

Bob Graham, A U.S. Senator from the State of Florida	2
Bill Nelson, A U.S. Senator from the State of Florida	4

NOMINEE

Mel Martinez, of Florida, Secretary-Designate, U.S. Department of Housing and Urban Development	20
Prepared statement	47
Biographical sketch of nominee	50
Response to written questions of:	
Senator Sarbanes	58
Senator Dodd	61
Senator Bennett	62
Senator Shelby	63
Senator Reed	65
Senator Stabenow	68
Senator Corzine	69
Senator Crapo	71

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

Letter from Senator Connie Mack to Senator Paul Sarbanes supporting Mel Martinez to be Secretary of Housing and Urban Development	74
Letters from various institutions supporting Mel Martinez to be Secretary of the U.S. Department of Housing and Urban Development	75

NOMINATION OF MEL MARTINEZ OF FLORIDA TO BE THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WEDNESDAY, JANUARY 17, 2001

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, D.C.

The Committee met at 10 a.m., in room SD–538 of the Dirksen Senate Office Building, Senator Paul Sarbanes, (Chairmen of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN PAUL S. SARBANES

Chairman SARBANES. The hearing on the confirmation of Mel Martinez as the Secretary of Housing and Urban Development will come to order.

Mr. Martinez is currently County Chairman of Orange County, FL, a very significant executive position at the local government level. I think Orange County has about 850,000 population.

Prior to this, Mr. Martinez had served on the Orlando County Housing Authority board of directors, including 2 years as its chair in the mid-1980's, as Vice President of the Catholic Social Services of the Diocese of Orlando throughout the 1980's, as President of the Orlando Utilities Commission from 1994 to 1997, and was a leading lawyer in his community for the last 25 years or so. He served the community in many ways as a volunteer member of numerous organizations.

He came to the United States at age 15 as a refugee from Cuba. So he has a very compelling and inspiring life story and I hope, Mr. Martinez, you will outline that for us in your opening statement to the Committee.

In order to accommodate the President-elect, a number of committees are meeting this morning to consider nominees. There are a number of such hearings going on in various Senate Committee hearing rooms. Obviously, a number of Members of this Committee serve on other committees and may not be able to attend all of this hearing. And so, people will be coming and going in the course of the hearing. It doesn't show any lack of respect for our nominee. I hope he understands that. But to have other nominees for whom they also have to show some respect.

Before I move forward to hear the opening statements from Mr. Martinez's two Senators from Florida, I just briefly want to welcome to the Committee our new additions.

Senator Zell Miller of Georgia joined the Committee at the end of the last Congress. He has moved up very fast in terms of seniority on this Committee. We are delighted that he is with us and we very much look forward to his service.

We have three additions on the Democratic side to the Committee—Senator Carper of Delaware, who was on the Banking Committee in the House when he served in the House, and a former Governor.

Senator Debbie Stabenow from Michigan, who joins us from the House side.

And Senator John Corzine of New Jersey, who of course brings some very valuable experience to the work of this Committee.

And on the Republican side, we will have added to the Committee Senator John Ensign of Nevada, who also served in the House on the Ways and Means Committee.

We very much welcome the new Members. I am sure that they will enjoy their work on this Committee.

Before turning to Senators Graham and Nelson for their introductions, and then, once they conclude, we will go to opening statements by Members of the Committee, I will ask Senator Gramm if he wants to say anything.

COMMENTS OF SENATOR PHIL GRAMM

Senator GRAMM. Well, why don't I, as a courtesy to our two colleagues, who I know need to be in 15 other places, why don't I let them go ahead and give their introduction and then I will give my opening statement, Mr. Chairman.

Chairman SARBANES. I want to recognize our two colleagues from Florida to introduce the nominee.

Senator Graham, we will turn to you. And then we will hear from Senator Nelson.

Bill, that is the way it works. You are the new kid on the block. You have to go second.

Senator NELSON. Senator Graham has made sure that I understand that.

[Laughter.]

Senator GRAMM. You are going to do all right here, Nelson.

[Laughter.]

STATEMENT OF BOB GRAHAM, A U.S. SENATOR FROM THE STATE OF FLORIDA

Senator GRAHAM. Mr. Chairman, Members of the Committee, I appreciate this opportunity to introduce an exceptional human being and a long-time personal friend, Mel Martinez.

I am confident that Mel Martinez will serve America as well as he has his home community and will bring great pride to President-elect Bush for his leadership in the important Department of Housing and Urban Development.

Mr. Chairman, in your opening remarks, you have already covered several of the items that I was intending to bring to the Committee's attention. So I will summarize those issues that have not been previously covered.

Mr. Chairman, you mentioned that Mel Martinez has a compelling personal story. It is the story of America. A family coming to this country, seeking freedom and liberty and the opportunities.

In this case, it was a divided family, because like many others in Cuba, in the early 1960's, the parents were unable to leave.

And so, through the good work of the Catholic Church and the U.S. Department of State, arrangements were made for the children to leave.

This was known as Operation Peter Pan, a fitting name because these children's parents were, indeed, sending their sons and daughters off to a kind of never-never land which they hoped would fulfill the promise of a better life. For Mel Martinez, it certainly has. After he finished high school in Orlando, he went to college and finally graduated from Florida State University College of Law in 1973.

For 25 years, Mel and his wife Kitty have raised a family with three beautiful children. Mel has practiced law and they have been actively involved in the Orlando community.

After a number of civic activities, in 1998, Mel offered himself for the position of Chairman of Orange County, FL. That position, Mr. Chairman, is essentially the chief executive officer of a county which has in excess of 800,000 people, with all of the challenges that come with a rapidly developing urban area.

Mr. Martinez has been responsible since his election to that position for providing the residents with government services, including public safety, neighborhood development, social services, and public works. Under his leadership, Orange County has begun addressing problems such as overcrowded schools, funding for after-school programs for children in partnership with the YMCA and the Boys and Girls Clubs.

He has worked with the private sector to create new health care clinics and services for senior citizens. He has held leadership positions in other agencies and organizations. He is now the Chairman of Governor Jeb Bush's commission on managing our State's rapid growth.

Mel has presided over the Orlando Utilities Commission, the Greater Orlando Aviation Authority, and perhaps most relevant for today, the Orlando Housing Authority.

In that position, one of the things that Mel has done is to show a deep sensitivity to all of the components of the housing authority, especially the residents themselves.

Out of Mel's personal experience, he has developed a strong empathy with those who are striving to achieve, and that has been reflected in the manner in which he has carried out his responsibilities at the Orlando Housing Authority. I am confident it will characterize his service as Secretary of the Department of Housing and Urban Development.

Mr. Chairman, I wish to congratulate Mr. Martinez for his nomination. This is an opportunity to use the experience which he has gained to help many more of our most vulnerable and least advantaged citizens.

I strongly urge his confirmation before this Committee and hope that, expeditiously, Mr. Martinez will be moved into full service as Secretary of the Department of Housing and Urban Development.

Thank you.

Chairman SARBANES. Thank you very much, Senator Graham.

Senator Nelson.

STATEMENT OF BILL NELSON, A U.S. SENATOR FROM THE STATE OF FLORIDA

Senator NELSON. It is a privilege for me to be here for my friend, Mel. And also to call the attention to the Chair that a letter was sent and would be part of the record from Senator Connie Mack on behalf of Mel.

It is such a privilege for me to be here on behalf of a personal friend whom I have known for going on 3 decades as a wonderful family man, as a consummate professional, and as a community-involved citizen before he ever offered himself for public service.

Indeed, one example of that is when I ran for Congress and joined Senator Graham in the class of 1978, Mel Martinez——

Chairman SARBANES. A very auspicious class, that class.

Senator NELSON. An auspicious class.

[Laughter.]

Senator GRAMM. An old class.

[Laughter.]

Senator NELSON. Mel Martinez and his wife Kitty went door-to-door for me in the Nelson's Neighbors campaign. That is just one example of him lending a hand to help in his community. Another good example is, without any fanfare as the Chairman of Orange County, the position to which Senator Graham has already referred, the chief executive position of a major metropolitan county.

Just before Christmas, my wife and I had a food distribution to the poor and to the hungry in Orlando. And who was out there in the line scooping up beans and bagging them, along with a number of community leaders, both in the private sector and public sector, but Mel and Kitty. I think that indicates a heart for public service. And whenever we find that in a person, that is worth rewarding.

I think it is going to be a great reward for America, that one of ours from the Sunshine State, we are sending to Washington to be in a very important position for this Nation.

Thank you, Mr. Chairman.

Chairman SARBANES. Gentlemen, thank you both very much.

I know you have competing demands on your time and we certainly are pleased to excuse you. But thank you very much for appearing to introduce the nominee.

Senator GRAHAM. Thank you very much, Mr. Chairman.

Chairman SARBANES. I am pleased to be able to hold this hearing on the confirmation of Mr. Martinez.

I met with Mr. Martinez in my office last week and found him to be serious, thoughtful, and committed to the enterprise he is about to undertake.

I was much encouraged by the statement he made when first nominated, when he said, "I will work hard to ensure that every American has every opportunity to have affordable housing." And I look forward to working with you to achieve this important goal.

I want to take just a moment or two this morning to review the progress HUD has made in recent years, as well as to set out some of the challenges which I think Mr. Martinez will be facing at the department.

HUD has had a history of being a troubled agency. While many of its programs do a good job of providing decent homes to millions

of poor and working families, it has proven to be over the years a difficult department to manage.

In fact, in 1994, HUD was put on the General Accounting Office's—the GAO—High Risk List, the only agency to be so listed.

However, as a result of concentrated efforts by Secretary Cuomo and his top staff, I understand that the GAO will announce this afternoon that HUD is now off the high-risk list.

This result was achieved by some tireless work to correct the problems in financial oversight, procurement systems and so forth, and I think Secretary Cuomo has really tried to address the managerial issues within his department. And I am pleased that just before he departs, the GAO has reached the judgment that they made significant progress, sufficient to take the department off the high-risk list. This is by no means to say that all of HUD's problems have been solved. I do not want the nominee to start relaxing too much in terms of what he is taking over.

But it does mean that Mr. Martinez will take over a department with a management system in place that is moving HUD in the right direction.

I believe his primary job will be to sustain this progress and continue to move forward on this important management issue. Let me also emphasize a couple of the reforms which have taken place at HUD which I think are important.

First, they have undertaken the physical inspection of public and assisted housing. And I very much hope that this will be kept in place. I think it gives HUD a good way to get a handle on its inventory, to avoid or to move quickly to deal with the deterioration of properties and to avoid a descending situation, a downward spiral in terms of managing their inventory.

Second, the Federal Housing Administration, the FHA, has played an important role in helping us reach historically high levels of homeownership, including record levels among Black and Hispanic families.

FHA has offered millions of Americans the opportunity to take part in the American dream of homeownership. In order to keep this dream alive, I think we need to continue HUD's efforts to identify and sanction lenders who consistently make bad loans and the appraisers who misstate the values of these homes engaged in these really deplorable practices.

In the last Congress, I introduced legislation to codify this program, which is called Credit Watch, and I hope we can review that legislation this year as we move forward.

Third, we need to continue the work HUD has only just started, working with the Treasury Department to fight predatory lending by enforcing fair housing laws and other statutes, by working with the Congress to develop new tools to fight these abusive practices.

To sustain the progress in management noted by the GAO, Mr. Martinez obviously will have to hire capable assistant secretaries and other staff with demonstrated competence in their fields.

I understand from our conversation that the incoming Administration has given him the authority and the room with which to do this in terms of the flexibility to hire qualified staff, and obviously, that is very important. Many of those people will appear before this Committee for confirmation. We wish you well in that endeavor.

I want to conclude by noting that one of Secretary Cuomo's significant accomplishments was the success he had in making housing an important issue within the Clinton Administration, a success reflected in recent years by the increase in budget resources for HUD to carry out its programs.

Mr. Martinez will face the challenge to convince his colleagues at OMB—that omnipresence—which you will soon come to fully appreciate—to convince his colleagues at OMB of the importance of sustaining these budget improvements.

Much of what we seek to accomplish, whether it is better education, more effective job training, getting people from welfare to work or other efforts to empower people, rests upon people having an affordable place to live in a safe and stable neighborhood. We wish you well in that very important endeavor.

We have received a number of letters in support of the nominee. And I ask unanimous consent that they be placed in the record. Without objection, so ordered.

Very quickly, from the Appraisal Institute, the Council of Large Public Housing Authorities, the National Association of Housing and Redevelopment Officials, the National Association of Realtors, the National Affordable Housing Management Association, the Public Housing Authority's Directors Association, a very thoughtful letter from a young man now with the Greater Boston Legal Services who worked with Mr. Martinez previously in Orlando, Habitat for Humanity, the Consumer Mortgage Coalition, and the National Association of Homebuilders.

And in a sense, foremost in my own thinking, from our former colleague, Senator Connie Mack of Florida. And I will just quote briefly from his letter.

Senator Mack says, outlining his past experience with you:

> I have found him to be an exceptional individual who has the intelligence, integrity, and compassion to guide this agency and serve its constituents.

Senator Gramm and I are intent to try to move this nomination forward as promptly as we can.

In that regard, I ask that members of the Committee, and I will repeat it later for others who come in, submit any questions they may have, any written questions they may wish to submit to Mr. Martinez, to the Committee by the close of business today, if at all possible.

We would like to get these questions to the nominee. Mr. Martinez, I hope you are able to respond to these as promptly as possible, so that we can distribute the answers to the Members of the Committee as we take your nomination under consideration.

With that, I will now turn first to Senator Gramm for his opening remarks, and then we will recognize the other Members of the Committee who are present with us.

Senator Gramm.

Senator GRAMM. Mr. Chairman, first of all, let me thank you for holding this timely hearing. It would be my goal to try early next week to have a vote on this nomination if in fact all of the questions have been answered, obviously, I will check with Senator Sarbanes and with Members of the Committee to see if we might do this as early as Monday afternoon. But in any case, we will try

to find a time convenient to the majority of the Members of the Committee.

I would like to thank you, Mr. Chairman, for your input into our legislative activities in the last Congress. I think some in the media coverage of events suggested that we were somehow in partisan conflict. But the reality is that we had a very active legislative agenda last year. We passed perhaps the most important banking bill in 60 years. And on final passage we had virtually a unanimous vote—with only a very small number of people in opposition. And every major action we took in the end was a bipartisan action.

I think the lesson of that—to both of us—is that we need to make an effort to be more bipartisan to begin with, since we always end up there anyway.

I want to pledge my commitment to that effort. I want to say to the new Members of the Committee that I look forward to working with you. And as Chairman after the 20th, I will be looking for good ideas, whether they come from Democrats or Republicans.

I hope to have an opportunity to visit individually with each of our new Members to talk about their agenda and what they want to do. And I look forward to working with each of you.

Mel, I want to welcome you before the Committee. I cannot think of an agency that would be more difficult to run than HUD.

On the other hand, I do believe there is a bipartisan consensus that we want to get the taxpayers' money's worth for the effort that we have undertaken to provide housing—quality housing—to provide an environment in which the maximum number of people can go on and build and buy their own homes and lead productive lives.

I would like, from my own point of view, simply to ask you to learn what the agency does, to they to make every program within its jurisdiction work, whether you agree with them or not.

And once you have tried to make them work and have learned whether they really work, then I would urge you to come back to this Committee and ask us for the legislative changes to maximize your ability to get your job done.

I think it is fair to say that we are open to changes in HUD, which has many different programs instituted at many different times under many different circumstances.

Going through and consolidating and rationalizing, I believe, would be very productive. So I want to say that I am excited about your appointment, and you bring a practical experience at the local level which is very much needed. Your compelling life story is a clear message to anybody anywhere in America, that if you work hard, you can succeed in America. This is a country where, routinely, ordinary people do extraordinary things. And that is really the American story.

Your life is a clear example of how America works. And quite frankly, I think it is important that there be people out front that other people can look up to as role models.

So I want, first, to pledge my support for your nomination. Second, I look forward to working with you and hope you will feel free to work with this Committee in partnership to seek any changes you need to do your job. And Mr. Chairman, thank you again for holding the hearing.

Chairman SARBANES. Well, thank you very much.

If I could just take a moment, I want to just follow up on one thing that Senator Gramm said about the work of the Committee in the last Congress.

A lot of attention was focused on the Financial Services Modernization bill. That obviously was an extremely important piece of legislation. There were some sharp divisions, but, in the end, we in effect reconciled them and moved that legislation through.

Aside from that piece of legislation, the other legislation reported out of this Committee was all done by overwhelming margins, without any real division—the Export Administration Act, the manufactured housing legislation, the rural television legislation.

We had important other housing legislation and the regulatory relief bill. The Committee was able to work together, I think in a very constructive and effective fashion. That is not always, I think, been fully recognized.

And I join the Chairman—well, I am anticipating our 4 days here—joining Senator Gramm in making that point.

Senator Dodd.

STATEMENT OF SENATOR CHRISTOPHER J. DODD

Senator DODD. Thank you very much. For the next 72 hours, I get to call you Mr. Chairman, which is a pleasurable experience.

I say that with all due respect to the incoming Chairman on Saturday at noon as well, my good friend, Phil Gramm. And let me commend both of you for the last Congress' work.

The work of this Committee is complicated work. It is not work that always attracts the kind of instant analysis that we see on the nightly news.

It is hard to get people's attention when you start talking about some of the arcane subjects that involve the jurisdiction of the Banking Committee. But they play a critical role in the economic and social well-being of this Nation.

I have been deeply appreciative of the work of both of you and the other Members of the Committee and look forward to that same kind of relationship in this Congress.

Let me also join in welcoming the new members to the Committee, people I have known for some time. I think you are going to make a wonderful contribution to this Committee and its work.

Let me also commend, Mr. Martinez, your predecessors. Henry Cisneros, who I know you know, from Texas, did a remarkable job at HUD and was largely responsible for beginning the process that resulted in the news that will be announced either today or tomorrow, and that is what Senator Sarbanes, the Chairman, has pointed out, HUD is coming off the agencys at-risk list.

Andrew Cuomo, his successor, has done a terrific job as well. He worked with all of us up here through some difficult issues.

I should actually begin with Jack Kemp. I think Jack Kemp did a very fine job, began a process of really putting HUD back on track again. So there have been some very fine people who have taken on these issues and worked hard.

I was intrigued reading *The Washington Post* this morning—the story about your involvement back in Orlando when you were head of the housing agency and how you stood up for low-income people

at a time when issues of shelter were at stake. That means so much more.

Rhetoric comes kind of easy during the process. Everybody has nice things to say and that is all well and good. But I am always impressed with what people have done. That speaks much louder to me than a lot of rhetorical flourishing about friendships.

And your activities when issues of housing have been involved where you have had a leadership role, you have spoken up for people who do not always have a voice. And I commend you for that. So I look forward to working with you in this coming Congress on a number of issues.

Your personal story, as Senators Sarbanes and Gramm have said, is a very, very compelling one. Senator Gramm said all who were born in this country, and that is certainly true. But we have also been enriched by people who haven't been born in this country, who come to America. It is the great strength of our country. It is the great diversity and the fact that our doors are open to people from around the globe.

You are a wonderful example, and your family obviously is, of tremendous courage and strength and sense of purpose. It is a pleasure to have you in the public sector and your commitment to those issues that you have already demonstrated during your service in Florida.

These hearings obviously provide us a quick opportunity to kind of hear you talk about some of the things you care about. But it is also worthwhile for nominees to get a chance very briefly to hear about the issues that we concern ourselves with.

You and I had a very good meeting last week and I had a chance to outline a couple of them. But let me just mention very briefly a couple of issues again that I am very much interested in, and based on your background and things you have said, I believe you are as well.

As I said earlier, HUD has really done some remarkable things in the last few years. We are seeing homeownership rates now at the highest levels in the history of this country, in excess of 67 percent. We have increased homeownership by nine million people in the last 8 years—truly a remarkable record and obviously, a reflection of the kind of economic times we are in. We have also seen record levels of homeownership in urban centers. African-Americans and Hispanic and Latino families in this country, which is again, a very positive indication.

The volume of Federal Housing Administration loans has doubled in recent years. FHA has now about 6.7 million mortgages in its portfolio.

FHA has gone from a $2.7 billion deficit to a current value of more than $16 billion, and that is certainly a wonderful legacy to inherit as you come in as the new Secretary of HUD.

HUD has also recognized the changing needs of an aging population by producing the Housing Security Plan for Older Americans. We have made progress, but a lot is yet to be done. I just want to mention a couple of areas.

As I mentioned to you the other day, the National Housing Act was truly a bipartisan effort. Housing issues have historically been bipartisan issues—decent, affordable shelter which you have al-

ready articulated, has been a common commitment of most people in public life, with the exception of a few years where this became a highly divisive issue. I think we are back to the time again when people care about those points.

One of the areas of paradox in all of this, of our recent prosperity, is that a lot of low-income people in this country have not all enjoyed this remarkable increase in wealth in our country.

And for an awful lot of people, safe and affordable housing is more elusive than ever in this Nation. And that is because the cost of housing has outpaced the increase in wages in many of our urban centers.

My State is a good example of that. It is always listed as the most affluent State in America on a per-capita income basis. And yet, the cities of Bridgeport, Hartford, New Haven, the smaller cities, were also listed as some of the poorest cities in America.

Here is a State the size of San Diego County that has some of the greatest wealth in the country, and some of the most serious poverty right next door to each other.

It is a difficult issue because that wealth in effect contributes to some of the difficulty that low-income people have in being able to afford decent shelter.

Public housing is a particular concern of mine in this area. In some parts of the country—the northeast, the midwest—the age of public housing has necessitated the demolition of many units that have become too deteriorated to be rehabilitated.

Federal policy has tried to provide public housing residents with vouchers, as you know. But, frankly, there are not enough of those vouchers to go around.

And further, in high-cost housing markets, vouchers have not always been useful to low-income families because they cannot find landlords who are willing to accept the vouchers. And even with vouchers, they may find the rent to be out of their reach. So it is a complex issue. I know you are sensitive to it. And I look forward to working with you on it. So we need more vouchers. We also need to invest in capital maintenance, rehabilitation, and funding to ensure that public housing units remain habitable.

There are a lot of creative programs around the country that are already underway that I think will be worthwhile taking a look at.

Finally, in this context, and there are many other issues, but assisted housing—again, you and I talked about this. I think this will be one of the great issues in the next 25 or 30 years that we have to deal with. And that is, how we provide decent, affordable shelter for people who may need something as little as someone to visit them once a week, to people who need 24-hour care.

And obviously, from Florida, you are probably more sensitive to this than others because the population of older Americans, the concentration of older Americans that have lived in your State or moved to your State.

And yet, I think it is one of the really serious issues that we are going to face. And the earlier we begin to address it, I think the better off we will all be.

I mention to you as well that, once things settle down a little bit for you, we want to invite you to come up to the cold north. I know the temptation to go back down to Florida, I do not blame you dur-

ing this time of year. But we would like to invite you to come up and see and visit some of these areas. As I say, you have already expressed an interest in working on, to get a first-hand knowledge of this.

I have mentioned already to a few of my mayors over this past weekend that I was very impressed with our conversation, impressed with, as I say, your personal history, but also your commitment as a public official in Florida to the issues that are certainly at the center of the job of Secretary of Housing and Urban Development. And they are truly excited about the prospect of you coming up and getting to know them and getting to know some of the problems we face in Connecticut and throughout the Northeast and Midwest.

And with that, I look forward to strongly supporting your nomination, Mel, and I hope you will feel free to call on us, to be involved with us, to engage the Committee, the staff, its members.

I have always found, historically, that secretaries who do that avoid an awful lot of problems if they maintain those strong open lines of communication.

And certainly, you have given us every indication based on your previous public experience that that is the way you like to work, and I look forward to having that partnership with you, welcome to the Committee, and I look forward to hearing your statement.

Mr. MARTINEZ. Thank you.

Chairman SARBANES. As you plan your trip to Connecticut, don't forget Maryland and Texas in your thinking.

[Laughter.]

Senator ALLARD. He may want to take a ski trip to Colorado, too, Mr. Chairman.

Mr. MARTINEZ. Yes, that is right.

[Laughter.]

Chairman SARBANES. All of us.

Senator DODD. Every Member of this Committee wants you in their State.

[Laughter.]

Mr. MARTINEZ. There are some nodding heads back here on that one.

[Laughter.]

Senator DODD. I think Colorado's going to win out on this one.

[Laughter.]

Chairman SARBANES. Thank you Senator Dodd.

Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Mr. Chairman, I would like to join you and other Members of the Committee in welcoming Secretary-designate Mel Martinez to the Banking Committee, and I look forward to hearing his statement and listening to him respond to questions from members of the Committee.

During the last 2 years, I have served as Chairman of the Subcommittee on Housing and Transportation. And during this time, chaired over a dozen hearings on various programs at the Department of Housing and Urban Development.

I know that HUD has tremendous responsibilities and tremendous challenges.

The job of HUD Secretary is going to be difficult. I agree with Senator Gramm in that regard. But I am convinced that you are the man for the job.

As Chairman of Orange County, Mr. Chairman, Mel Martinez has managed a government of 6,000 employees and a large budget.

Mel has also been chair of the Orlando Housing Authority and president of the Orlando Utilities Commission.

And during the past year, he has served as chair of the Florida Growth Commission, where he tackled many issues dealing with growth and affordable housing.

In my view, the past experiences of Mel Martinez prepare him for the management challenges at HUD. And as we all know, HUD is a difficult agency to run. There has been progress in tackling, I believe, many of the problems at HUD. But much more remains to be done.

I would urge you, Mr. Secretary, to work closely with the Congress and Members of this Committee, the General Accounting Office, and the Inspector General and housing organizations as we continue to look at ways at how we can improve HUD. We all have a common goal and that is to see that HUD is run well. This is in the interest of taxpayers, as well as the beneficiaries of the programs. It will help us to maximize HUD's resources as we work to provide assistance for affordable housing.

As you get settled into your new position, I recommend that you consider the consolidation of some of HUD's more than 300 programs. I think we should consider shifting some of those programs to State and local governments. In my view, previous examples of this have been successful. The best thing that can be done is to focus on the core mission of HUD, which is affordable housing.

Last year, as was pointed out by some of my colleagues, Congress was able to pass a significant homeownership bill. I look forward to working with the new Secretary as HUD writes regulations and implements the new law.

In particular, I want to call attention to the manufactured housing portions of the legislation. These provisions streamline safety and construction standards for manufactured housing.

This legislation will help to alleviate the shortage of affordable housing and I look forward to working with you as HUD implements the changes that are necessary. Another portion of that legislation dealt with the issue of regulatory barriers to affordable housing. This is an area that is of great interest to me.

In my view, government at all levels—Federal, State and local—should be very cautious when adding new regulations, fees and red tape that increase the cost of housing.

Several other issues are very important, such as the health of the FHA fund. I have asked the GAO to study the health of the fund under difficult economic scenarios.

They are conducting what is best described as an economic stress test. Their report will be released in February and I look forward to working with you as we review legislative and administrative options for the FHA fund. If we find that there is a surplus, my

preference is to lower borrowing costs by rebating excess premiums to homeowners.

Last year, significant concerns were raised concerning the expenditure of funds and living conditions in parts of the Puerto Rico housing agency. By the way, this is the second largest, housing authority after New York City.

This was a big issue in the recent governor's election in Puerto Rico. The governor ran on a platform that included reform of the housing authority.

HUD has begun to respond to these concerns and I want to work with you to improve conditions in Puerto Rico and other housing authorities where living conditions are unacceptable.

Finally, I hope to work with you to modernize some of the regulations at HUD. In particular, simplifying the disclosure requirements under the Real Estate Settlement Procedures Act, otherwise known as RESPA.

We need to modernize and clarify these regulations. This is important as we work to provide the most relevant and useful information to homebuyers.

The current paperwork can be confusing and we may be able to find ways to provide more precise education to consumers in order to protect against improper practices.

Mr. Chairman, let me conclude by stating my support for Secretary-designate Martinez. I have sat down and had an opportunity to visit with him. I believe he is an excellent choice for HUD Secretary. I hope that he will receive the unanimous support of this Committee.

I would also urge that we do whatever is necessary to see that he is confirmed and in place as soon as possible, hopefully on Inauguration Day. And Mel, I look forward to working with you in the 107th Congress.

Mr. MARTINEZ. Thank you.

Chairman SARBANES. Thank you very much, Senator Allard.

Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman.

I would like to commend and thank you and Senator Gramm for scheduling this hearing. I also welcome the new Members to this Committee and certainly welcome Mr. Martinez.

Mel, it was a pleasure to meet with you last week. Your personal characteristics are obvious and outstanding. And you bring to this job interesting perspectives as head of a large county in Florida, and as a former Chairman of a public housing authority. I am eager to hear your views on housing policy.

Our Nation has come a long way since the Housing Act of 1949, where we committed this Nation to a goal of a decent home and a suitable living environment for every American.

Today, we might amend that phrase by also including a safe and affordable home for every American. And we have made tremendous progress.

We have increased homeownership. We have improved the quality of housing stock. We have developed a strong tax and financing

system to support housing in this country. And we have a strong and stable economy that undergirds our housing policies.

But despite this progress, a number of people have been left behind and serious challenges remain in ensuring that all Americans have safe and decent and affordable housing.

In fact, there are increasing numbers of families throughout this country who do not have access to such housing and we have a situation in which the number of households with significant housing needs remains at an all-time high.

In a report to Congress issued by HUD in March of 2000, HUD noted that despite continued economic expansion, worst-case housing needs have reached an all-time high of 5.4 million families. And in the same report, we learned that housing that is affordable to the lowest-income Americans continues to shrink.

In fact, the number of rental units affordable to extremely low-income families decreased by 5 percent since 1991, a loss of over 370,000 units.

The report also noted that worst-case housing needs have increased dramatically, particularly in minority households, during the 1990's. All of this is mentioned to emphasize the importance of the job that you will take on in the next few weeks. These are issues that I have long cared about, coming from Rhode Island, where we are basically a city-State, and the decisions made by HUD impact every facet of our lives in Rhode Island.

If you are approved as Secretary of HUD, you will play a very important part in helping develop our Nation's housing policy and our Nation's urban policy. And I believe, working together, we truly have an opportunity to make a difference in the lives of the families of this country. If we work carefully and cooperatively, we can make a difference and I believe we will make a difference. I would also like to urge you to maintain the recent management successes of HUD.

As the Chairman has noted, and others have noted, the GAO is reversing their determination that HUD is a high-risk agency. That is good news. But there are still significant challenges and great tasks ahead in terms of making sure that we have an efficient and humane Department of Housing and Urban Development.

I know and I hope that you will continue the progress that we have made in managing HUD. I also hope that you continue to stimulate the creation of more affordable housing.

Again, back in my own State of Rhode Island, it has been estimated that 46 percent of renters are unable to afford a two-bedroom apartment at the current fair market rent. And that is a staggering statistic.

Part of it is working together to ensure that HUD has the funding necessary to carry out its mandate of providing safe and decent housing for all Americans. And I know and hope that you will carry out this mandate.

Finally, I would be remiss without mentioning one of my top priorities. I had a chance to chat with you about this in my office.

Lead poisoning is one of the most significant environmental threats to children in this country because we have housing stock that is saturated with lead paint. We have to do something.

This agency has taken upon itself with funding requests and with regulations to address this problem. And I hope, working together, we can make progress. And as I look at your own wonderful family, I suspect you will take this mission on, not just with your head, but also with your heart. And I thank you for that.

We have daunting and critical issues ahead. I look forward to working with you. And finally, just for the record, when you visit Senator Dodd, you can fly into T.F. Green Airport in Warwick, RI, which is the gateway to southern New England.

Thank you.

Mr. MARTINEZ. Thank you very much.

[Laughter.]

Chairman SARBANES. And remember, you do not even have to use a plane to visit Maryland.

[Laughter.]

Senator Enzi.

STATEMENT OF SENATOR MICHAEL B. ENZI

Senator ENZI. Thank you, Mr. Chairman. I want to thank you for holding this hearing so promptly so that we can get on with this important area of American life.

Housing of course is part of the American dream and I am so pleased that Mr. Martinez has been nominated for this secretarial position. One of the reasons that I am really excited about it is because he has local experience.

A lot of times here in Washington, we think on the Federal level and sometimes we even give States a little bit of credit for doing something. But the people really live at the local level. And particularly when it comes to housing.

You bring some experience on the ground with people that have been going through the turmoil of searching for housing and hoping for affordable housing.

And when we met, we also talked about the importance of homeownership. I mentioned that at one time I was mayor of a boom town. And one of the problems when a town is growing rapidly is having housing for people. But I got to notice that when people got to own their own home, their attitudes about the community changed drastically.

They became more involved, more concerned, more participating. They actually created a community by having a little piece of the American dream. And that is what you have: the opportunity for America.

I guess one of my roles on this Committee, though while it is called urban, is to bring up the rural aspect that is covered by it just as well.

Wyoming, of course, is one of those two square States out there and we are anxious to have you not only slip into Colorado, but then drift up into Wyoming for a little fishing and maybe even some hunting.

[Laughter.]

Seeing Yellowstone and Grand Teton National Park on the way.

[Laughter.]

But while you do that, you will notice how rural we are. The sides of our State are about 300 miles on a side. Our State only

contains 480,000 people. So we have a lot of wide open spaces. But we have people who are just as concerned about homeownership and affordable housing as any place in America.

We also have the Wind River Indian Reservation, which is the only reservation in the United States that has two tribes on the same reservation who were formerly warring tribes. They have some significant housing needs there that I know that you will take a look at.

Finally, I would commend you for your experience in management. We talked a little bit about the Government Performance and Results Act and the mechanism it has for continuing the improvement in HUD and making sure that everybody there understands that you know what a customer is. I hope that you will help us to find out what the job of HUD is and how we will know when it is done. And so, I commend you on your nomination and I would ask that my full statement be in the record.

Mr. MARTINEZ. Thank you, Senator.

Chairman SARBANES. Thank you, Senator Enzi.

Senator Bayh.

STATEMENT OF SENATOR EVAN BAYH

Senator BAYH. Thank you, Chairman Sarbanes, for convening these hearings. It is good to be with you and I thank you for your leadership.

Chairman-to-be Gramm, it is good to be with you once again.

Mr. Martinez, I want to thank you for your presence here today and for your patience, your willingness to listen to all of us once again after having paid so many courtesy calls.

Frankly, I was sitting here wondering how you were going to do your job, having received so many invitations to visit so many places. But I am sure you will be able to balance all the competing demands for your time.

I very much appreciated your coming to see me. And particularly, I wanted to remark upon your pledge of bipartisanship, which I thought was particularly appropriate.

Housing and the issues you will be addressing should not and need not be partisan in any way. It takes all of us working together, Members on both sides of the aisle, to fully realize the American dream of quality affordable housing for every citizen. And I very much appreciated your heartfelt pledge to operate in that manner.

On behalf of the people on our side of the aisle, I wanted to extend the hand of friendship and say that we are here to work with you to accomplish that objective in good faith. And so, I thought that that was an excellent way for you to begin.

I want to also remark, as most of my colleagues have, on your compelling personal story. And it is wonderful to see your family sitting behind you today. I am sure you are bursting with pride and we will introduce them in a few moments. I want to thank them. I know you would not be here today without their support. So it is good of them to be with you.

I hope you will be more than just a caretaker. I suspect that you will be more than just a caretaker, but an advocate. Particularly

given the history on the part of some in your party for actually advocating the abolition of the department you will now be heading.

I think it is up to you to make a compelling case to them about the vital, important mission of this department. And I know you will. I would encourage you along those lines because, as my colleague, Senator Reed, just finished reciting, there is much unfinished business.

Even at a time of unparalleled prosperity and the highest incidence of homeownership in the history of America, too many are still struggling to make ends meet and to realize the American dream of affordable housing.

With the economy possibly slowing and the business cycle not yet having been repealed, at least as far as I know, we will face some downturn sometimes in our economy, which will add additional stress to those who are struggling to reach that objective. So your emphasis on affordable housing I think would be very well placed.

You and I talked briefly about the concept of smart growth. I encourage you once again in that regard.

We both agreed that this is very much a quality of life issue for many in our country. And intelligent growth in ways that help to foster the other values we hold dear I think is something that you would be well advised to pursue, and I commend you for having pursued that already.

I have something of a home State interest in this regard, having had two mayors of our largest city, Mayors Hudnutt and Goldsmith, having taken up this issue. So I commend you for your interest in that regard.

Finally, I would say that your building on your compelling personal story as an immigrant to our country, I know you would feel a special sensitivity about the need to be on the look-out and to fight any vestiges of discrimination against anyone for reasons of race, religion, or other factors.

I know that is an important part of the American dream and story and one that you would share, given your own personal background. And I would commend that to you as well. It is important that we send that signal to all Americans, that opportunity is available to them and that the vestiges, the unfortunate vestiges of the past are exactly that—in the past.

Finally, I would just remark upon your courage. There is one aspect of your personal biography that has not been remarked upon here. But as a prominent and successful trial attorney, you may find yourself lonely sometimes in the new Administration.

[Laughter.]

But I want to commend you for that and can only hope that they will solicit your views on matters other than housing policies.

[Laughter.]

Thank you very much, Mr. Martinez. I look forward to working with you.

Mr. MARTINEZ. Thank you.

Chairman SARBANES. Thank you, Senator Bayh.

Senator Miller.

STATEMENT OF SENATOR ZELL MILLER

Senator MILLER. Mr. Chairman, it is an honor to be a Member of this Committee and to be a part of this important confirmation hearing. I am pleased that the work we are undertaking today pertains to such important issues for our country—affordable housing and the development of our urban centers.

As a Senator representing the State of Georgia, these issues have great impact on areas such as Atlanta and Augusta, Savannah and Columbus. But they also affect rural populations, traditionally, the most economically challenged in Georgia.

Housing needs are not just limited to the big cities. For example, in the suburbs of Georgia, throughout the last decade, we saw a decline in the number of units affordable to low-income families. And today, over one third of households facing worst-case needs are in Georgia's suburbs.

Don't misunderstand me. Economic development initiatives are still needed greatly in Atlanta and other cities around the country. We must continue to fight urban poverty and the many social ills it brings to this Nation.

But I also believe, as the nominee approaches this job, that you must do so with the outlook of not serving just one sector of America, but all of America—urban and rural.

Mr. Martinez, I have followed your public career in my neighboring State. You are an excellent choice for this position and I look forward to strongly supporting you. And also, as you well know, you have received all these invitations from other States. But Atlanta and Georgia is on your way home.

Mr. MARTINEZ. That is right.

[Laughter.]

Thank you.

Senator MILLER. Thank you, Mr. Chairman.

Chairman SARBANES. Thank you, Senator Miller.

Senator Stabenow.

STATEMENT OF SENATOR DEBBIE STABENOW

Senator STABENOW. Good morning. Thank you, Mr. Chairman. It is a pleasure to be with you and on the Committee. It is an honor to serve with my colleagues and Ranking Member, soon-to-be-Chairman, Gramm, I look forward to working with you as well. I must tell you that I relish my seniority over Senator Corzine.

[Laughter.]

We have to take what we can as we move. And so, I am pleased to have some small seniority.

Senator BAYH. I was down there last year, John. There is hope.

[Laughter.]

Senator CORZINE. It is a nice seat. I like it.

[Laughter.]

Senator STABENOW. As we proceed and as everyone has invited you to their State, I would urge that you start in Michigan and buy a wonderful new car from our auto industry and drive. And we would be happy to offer you the opportunity to do that. In fact, the North American Auto Show is currently going on and I would love to have you come see all the opportunities.

I share with my colleagues the sense of pleasure at your nomination and the impressive resume and experience that you bring.

Obviously, someone who has combined experience and management skills with advocacy, which is certainly appealing to me, and I think to all of us. It was a pleasure to have you in my office and to have the opportunity to talk about issues of concern to Michigan.

Certainly, there are issues that you will decide every day that directly affect real people—a senior citizen in Michigan, a young family wanting to buy a home, to make sure that their children have shelter, the disabled, the homeless. There are issues every day that will touch real people in the area that you will serve. And I think that is very significant.

We have challenges that I am very concerned about, whether it is Section 8. Whether it is our seniors and the fact that the population goes up and yet, the funding for housing for our low-income seniors has gone down in real dollars by 48 percent in the last 6 years. That is a challenge for all of us to address together.

The homeless—on any given night, there are 750,000 people on the streets of our cities and rural communities. Again, homelessness has gone up. And yet, the resources have gone down and we have challenges there together.

I agree with my colleagues that it is the great American dream and that we need to do everything we can to make homeownership available to every family and every individual.

I would also encourage you to continue support for enterprise zones. Detroit has very effectively applied their enterprise zone. And I would be very anxious to have you come and visit to see what positive impact there has been as a result of that designation. Also, the enterprise communities.

Flint, an urban area, and Lake County, a rural area, both having been designated and received opportunities as a result of that designation. I think it is critical that we work together in a bipartisan basis. I think by the strong support on both sides of the aisle in this Committee, you see that you have the support to work across the aisle to get things done.

I am very pleased to support your nomination. And with your impressive background, you truly fit the ideals of living the American dream. And I am very hopeful that, together, we will be able to give the opportunity to every American to have that same American dream fulfilled.

Thank you.

Chairman SARBANES. Thank you, Senator Stabenow.

Senator Corzine.

STATEMENT OF SENATOR JON S. CORZINE

Senator CORZINE. Thank you, Chairman Sarbanes.

It is terrific to be here. It is a great honor to be part of this Committee and serving with you. And I look forward to serving with Chairman-to-be Gramm and all the Members.

Given my private sector background and interests and, maybe more importantly, the needs of our State, I really think this assignment and particularly the area, Designee Martinez, with regard to housing, is truly going to be a joy of opportunity.

Today's hearing really does deal with one of the most important jurisdictions of the Committee that is important to our country and State and for myself.

Like many parts of the country, and I would like to actually join you on some of these trips, particularly the ski trip, the trip to the beach and some of the other places, New Jersey really does suffer from a real shortage of decent, affordable housing. I think we talked about it yesterday.

The rental costs in New Jersey are the highest in the country. We also have some of the poorest and most concentrated senior communities in our country, where affordable public housing is an important ingredient. We desperately need the support of this Committee, of your department, and the country.

And I look forward to working cooperatively in a bipartisan way to address these issues and the mission of the department, both for my constituents, and for others around the country that have the same needs.

You and I had a terrific conversation. I think this is a clear example where people can work in partnership to get things done. I know your personal experiences will make a real difference in accomplishing the needs of the Nation.

I think the President-elect made a very, very positive and great choice in having someone who has the background, the experience, and the real embracement of the American promise that your life exhibits.

So I mostly want you to know that I want to work cooperatively and in detail on the kinds of things that are in the mission statement, making sure that we service the needs of our people and provide that affordable housing. And I look forward to supporting your nomination and look forward to working very closely with you in the years ahead.

Mr. MARTINEZ. Thank you, Senator.

Chairman SARBANES. Thank you very much, Senator Corzine.

I want to thank my colleagues for their statements. And now, Mr. Martinez, I would like to ask you to stand in order to take the oath before we hear your statement.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MARTINEZ. I do.

Chairman SARBANES. Do you agree to appear and testify before any duly-constituted Committee of the Senate?

Mr. MARTINEZ. I do.

Chairman SARBANES. Thank you very much.

We are now prepared to hear your statement. And of course, we very much hope you will, at the appropriate time, present your family to the Committee as well.

Mr. MARTINEZ. Yes, sir. I will do that.

TESTIMONY OF MEL MARTINEZ
SECRETARY-DESIGNATE OF THE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. MARTINEZ. Thank you very much, Chairman Sarbanes, and Senator Gramm and Members of the Committee.

Thank you very much for allowing this timely hearing to take place on my confirmation. It is great to be before you this morning.

First of all, I would like to express my gratitude to President-elect Bush for the honor that he has bestowed upon me and the responsibility that he has given me an opportunity to do on behalf of the people of America.

It is a very humbling experience and it is a great honor, and I am extremely grateful to him as he has asked me to be the Secretary of the Department of Housing and Urban Development.

And at this time, Senator, with your indulgence, I would like to introduce my family. It is with their love and support, as Senator Bayh stated, that it is possible to carry out the important public responsibilities that are before me.

First of all, I would like to introduce my wife Kitty. And my children, Lauren, John and—I guess Andrew had another hearing to attend.

[Laughter.]

Young Andrew was here and may come back.

[Laughter.]

But anyway, he is the youngest in the family. Also my brother Ralph, who also has his own compelling story, is here with us today. And his wife Becky and their children.

Chairman SARBANES. We are very pleased to have them all here. We certainly welcome them to the Committee. I just forewarn them, it is not always this easy, I want you to know.

[Laughter.]

Mr. MARTINEZ. Senator, I have had an opportunity, as has been mentioned, to live the American dream. I have had an opportunity to, after arriving here as a youngster at the age of 15, scared and alone, to enjoy the fruits of what America has to offer and to be a beneficiary of what this country has to offer.

And since something has been said about me and what I have done, what I would like to do in talking about that aspect of my life is, frankly, talk about the others who have touched my life and who made all of this really possible for me.

First and foremost is my parents, who had the fortitude to make that gut-wrenching, difficult decision to send me out of the country and to love me enough to be away from me at a time when it was the best thing for me.

Beyond that, there are others who have really touched my life in different ways. There was a young priest in Miami, now Monsignor Walsh, who undertook this program called Pedro Pan.

There have been others. Obviously, the social worker, Mr. Aglio, who touched my life and placed me in foster homes in Orlando. And obviously, my foster parents.

I have often just marveled at their fortitude and their strength in simply asking that I be placed or offering their home to a stranger who did not speak the language and about whom they really knew next to nothing.

So the fact is that it is those people that are the real heroes in my life and who have really made a difference and made it possible for me to be here today. And it is really about that that I want to tell you about the compassion and charity of the American people.

We are a good people and I am proud to now have an opportunity for my life to touch that of others in a way that mine has been improved and made better by what others did for me. In my public life, Senators, I have had an opportunity to fight for inclusion, to fight for opportunity for others.

When I chaired the Orlando Housing Authority, I never really anticipated that I would have the opportunity to some day in my life be the Secretary of Housing and Urban Development. But it came natural to me to try to do for others what had been done for me—inequality, unfairness, lack of opportunity, voices that needed to be heard. I sought out an opportunity to hear them.

We included before it was a Federal mandate the residents at our meetings of the Orlando Housing Authority, which was an important thing in order for them to know what was happening in their lives. We would go in our board meetings to each of the housing authority complexes and meet in their community room.

This gave them an opportunity to come and hear the work of the authority, to, frankly, from just being informed, to making a complaint about a screen door that did not close or a refrigerator that was not working. And in that, I think that we were empowering them to better their own lives and to maybe have a sense of reaching up and doing better in their lives.

I also worked hard to build the senior housing project. The Orlando Housing Authority has been a well-run authority. And from that and the savings the authority generated from managing the Section 8 program, we were able to build a housing project for elderly and single mothers. These were really positive achievements and things that I took with a great deal of pride as we were able to do those. I later moved to public service and elected office, as Chairman of Orange County.

I have to say that we have faced there a lot of the challenges that prosperity and growth can bring. Not unlike Atlanta, Senator Miller, where we have seen sprawling neighborhoods and suburban neighborhoods. We have seen some of our central cities perhaps not be as healthy as we would like for them to be. And we have seen the challenge of affordable housing be a real significant problem.

So we have tackled the problems of overcrowded schools, of growth, tried to come up with more innovative ways of growing as a community, to ensure that the quality of life is maintained, in spite of the fact that changes are coming and changes are fast. But I do believe that at the end of the day, quality of life is what growth management is about, and that is what we attempted to do.

Housing affordability has been a crisis where I come from. The affordable housing index for people in our community has been difficult to attain.

But in any event, those are some of the things that we have attempted to accomplish and much has been done in the two that it has been my privilege to serve the people of Orange County since they elected me to that office. And I have been guided as I have done that with what I in my heart felt was the right thing to do, not necessarily the politically expedient thing to do. And I do believe that those are the things that I will do if confirmed by the Senate as Secretary of Housing and Urban Development.

Senators in my jobs, I have been a consumer of HUD. I have been at the receiving end of HUD programs. I have understood the local government's frustrations in not being able to access the bureaucracy and not having clear links of how we do things.

But whether it be in public housing or in the community development block grants that are so vital to strengthening local communities, or to the housing block grants, those are all things that I have touched in my local government role, and I look forward to now having an opportunity to interact with our local partners to ensure that things are done in a way that makes their job more successful.

The population of Orange County has been mentioned to be about 860,000. I was proud to be elected to that office by the people of Orange County. But it has then been my responsibility to manage a staff of over 6,000 people, while at the same time serving on the airport authority, a large, and I know some of you who have visited there, beautiful airport which has allowed Orlando to be one of the real gateways to the world.

We have also worked in challenges of developing our community in a way that would allow for growth to be compatible with a quality of life that I can remember when I grew up as a youngster in Orange County in the early 1960's.

But the challenges of housing and the challenges of all of these urban problems and obviously, also of some rural and growth problems are now my responsibility, if you would be good enough to confirm me.

I do believe that those will be responsibilities that I will attempt to tackle with a lot of enthusiasm. I, far from being a caretaker, intend to be a very active secretary, assuming your confirmation.

Unquestionably, there are problems at HUD. It has been obvious to me that HUD is a designated high-risk agency.

The news today or tomorrow will be indeed good. But there is no question but that in addition to the fact that HUD, as an agency, may not be at high risk, that there are going to be HUD programs that continue and will continue to be at high risk. So while much progress has been made, much really remains yet to be done. And I am very mindful of that.

I believe that my predecessor in office, Mr. Cuomo, and others before him—Secretary Kemp, Secretary Cisneros—have all made steady progress. But more must be done. These management challenges must be met and I intend to meet them head-on.

It would be my greatest joy that at the conclusion of my term at HUD, that HUD would not be considered a high-risk agency, not only as an agency, but also in the programs that HUD administers. The institution must be indeed strong to carry out the very important mission that HUD has for the American people.

I believe that unless HUD is a strong agency, that the mission of HUD cannot be properly and effectively carried out. So it must have institutional strength. It must have the fortitude itself in order to credibly carry out the mission.

One of your statements mentioned that in past years, the discussion about perhaps HUD disappearing. Those questions, those issues are best answered, Senators, not with rhetoric, but with action. And I think that the best statement that one can make about

why HUD is an agency that must be supported is by the way in which HUD conducts its own business and its own affairs.

I have met with the GAO. I have met with the General Accounting Office. We have had an opportunity for a very lengthy briefing. It was very enlightening. I learned a great deal about their thoughts and their concerns. Certainly, there are some things about which GAO and also the HUD Inspector General, have agreed need improvement.

First, the FHA single-family mortgage insurance risk is something that continues to be of concern.

Second, the impact and continuing evolution of the HUD 20/20 management reforms.

And third, the failure to integrate financial and information systems, even after a long period of time trying. Let me just assure you that each of these three areas, if confirmed by you, will be areas that will have my highest priority. We will ensure that we delve into each of these problem areas to try to find some success, to try to find how we bring a better resolution to those.

Senators I believe that the core of compassionate conservatism is to manage the affairs of an agency like HUD in such a way that we can be there to help those in need. And I believe that to be my challenge and my task.

I agree that the worst housing need numbers are growing and the inventory of affordable housing is indeed shrinking. We have over the last 10 years spent some $10 billion on the homeless. But still, too many live on the streets.

The elderly housing problem, as has been pointed out by Senator Dodd, also Senator Graham of Florida spoke to me passionately about that and I think it is something that we must address.

I am well aware of those problems that are faced today by what I call and others have called our greatest generation, the people who took me in when I got here, the people who made it possible for a program like Peter Pan to exist, the people who not only won the cold war, but also set in motion the wonderful prosperity that we have enjoyed as they reach their senior years.

We must find a way that we can allow them to afford reasonable housing in a caring way, that can also give them the assistance that they would need in their elderly years. And while we have had record homeownership in recent years, there are some groups that continue to chronically be left behind. And it will be my priority to ensure that we find a way for African-American households and Hispanic households to also enjoy the fruits of the American dream that I have been so blessed to be able to enjoy.

President-elect Bush has spoken on some of these issues in what he has called the new prosperity initiative. His initiatives are very focused on expanding homeownership.

Congress enacted prior to the conclusion of the last Congress Section 8 voucher assistance for downpayments. This is something that I assure you will receive my attention and very timely implementation. It is a very positive initiative to assist folks to acquire and have their first home.

The American Dream Downpayment Fund, which will be a $1 billion fund of matching grants, is something that I know the President-elect is very interested in discussing with the Congress.

Also, investor-based tax credits and a $1.7 billion fund over 5 years to encourage construction and rehabilitation in distressed communities. The need is great across the country, as is obvious by your various invitations for me to visit your home States.

I do trust that as we do that, that you will look elsewhere when we talk about the HUD travel budget, which might be indeed significant if I am to keep up that schedule.

[Laughter.]

But, in any event, it is important for us to work together. I think that together with the Congress, much can be done. Working with this Committee—I look forward to working with you to tackle all of these difficult issues. There are others who are our partners in this task as well. There are mayors, our county executives, and other local officials and governors around the country. But also a very important group to me, and I know to the President-elect, which is our faith-based groups and our not-for-profits.

You know, Senators, when I worked hard to expand our after-school programs to every middle-school child in Orange County, we did not do so by explaining the bureaucracy.

What we did is we worked with our not-for-profit sectors. The Boys and Girls Clubs and the YMCA in Orange County now run our after-school programs, which are very successful and having wonderful results. And it is those kinds of partnerships that I think can really lead to great success in areas like we are discussing here today.

So I know that together we can and together we will meet these challenges of housing affordability, housing availability, and also community renewal, which are the core mission of HUD.

I do, Senator Gramm, quite agree with you that we have to mind our knitting, we have to be very tasked on our core mission so that we can reach that potential that ultimately is there for us and look at ways that we might be able to combine programs and to merge those things which it makes sense to do in a joint sort of effort.

I am in my life a testament to the promise of America and without question, it is my goal and my passion now to try to transfer that to those in America who have yet to taste the wonderful fruits of that prosperity. I can remember with great pride what my mother and father had as our family purchased their first home in America, with the help of the FHA which made that possible. And in fact, I know in my own life, as Kitty and I have enjoyed living in our home and raised our family there, what a difference and a transforming experience it can be for someone to own a home.

I think homeownership is at the root of good citizenship. And I do not have any question that if we can make more homeowners out of our American people, that we will be making better citizens, more committed community builders, as we go forward to try to meet all of the challenges.

Mr. Chairman, Senator Gramm, Members of the Committee, we unquestionably have much work to do. The Department of Housing and Urban Development must continue to evolve into a more efficient and more effective institution. At the same time, for low-income families and distressed communities across the country, the opportunity need is great.

Working as partners, I am confident that we can meet these challenges and if confirmed by you, I will work in a bipartisan manner working with Republicans and Democrats to advance our common goals.

It is my belief that our mission at HUD is not a Republican or a Democratic mission, but, rather, an American mission. And with your help, and with the grace of God, I believe that we can and will succeed.

Thank you, Senators.

Chairman SARBANES. Thank you, Mr. Martinez, for a very comprehensive statement. We will now take our rounds of questions.

I worked closely with Senator Mack, our former colleague from Florida—former only by a few days—in 1998, on wide-ranging public housing reform legislation, which was passed overwhelmingly on a bipartisan basis.

That law, which was supported by public housing authorities and low-income advocacy groups alike, provides for increased flexibility at the local level, new opportunities for public housing authorities to partner with private developments, and strong commitments to continue to serve extremely low-income families.

We are very committed to having the implementation of this law fully carried through. And I would like you to give us your view on working with the resident groups, the PHA's, and the Congress in order to accomplish this objective.

Mr. MARTINEZ. Senator, I am delighted to answer that.

I think it is very important to continue that trend. I am a great believer in partnering at the local level to reach solutions, and also partnering with the private sector.

In Orlando, as we speak, there is a Hope VI project going forward which has, of course, private developer partnership and which has been I think the building of great success.

Again, I believe that it is crucial that as we attempt to forge these partnerships, that we make HUD a customer-friendly place and that we allow the PHA's at the local level to somehow cut through some of the bureaucratic issues that delay some of these projects or bring their implementation, frankly, not in a timely fashion.

One of the problems that the Orlando projects has had is that the cost of money to a developer is a very significant issue. So working more like business in the business of government is part of what I think we need to do to make those programs successful.

But I am very committed to them. I look forward to working with you and with the other members of the Committee, as well as with our local PHA's, to see them to fruition in a successful way.

Chairman SARBANES. I appreciate your reference to the Hope VI program because that is extremely important in eliminating some of the most dilapidated public housing. And we are replacing it across the country with mixed-income housing, which I think most people agree is a vast improvement over the previous situation. You are going to have to fight for the money for those programs, though, as you well appreciate.

Mr. MARTINEZ. Yes, sir.

Chairman SARBANES. When there is a foreclosure, the property goes into the hands of HUD, which then undertakes to resell it. This is under the FHA.

After 3 years of increases, HUD's portfolio of single-family properties began to decline in 2000. However, it appears that the older properties in the inventory are very slow to move.

Now GAO has recommended that HUD use specific incentives or penalties to encourage contractors to reduce the number of properties that are in the inventory for longer than 6 months. What is your view of that GAO recommendation?

Mr. MARTINEZ. Senator, GAO was good enough to brief me thoroughly on that issue. It is quite clear that there needs to be more done to ensure that particularly the older stock is moved quickly.

What can occur clearly is that as the older homes continue to be in foreclosure and not back into homeownership, that that creates a deterioration in the areas where these houses are that impacts the neighborhood, that impacts the whole area.

So I think that is a real priority and a real important thing that we must do, is to supervise these contracts in a way that they can effectively move the stock particularly of the older houses out of this inventory. And I think also, frankly, as we may be viewing an economic cycle that is not as favorable as we have had, that perhaps more foreclosures could even be forecasted. And I think it is important that we be prepared to aggressively move forward to ease that stock of oversupply and to ensure that HUD does what it needs to do to monitor the contractors and to ensure that they are doing what the contract calls for them to do.

Chairman SARBANES. Now HUD has put in place recently a program by which it transfers to local governments or nonprofits significant portions of the FHA inventory at a discount. Some local groups have raised concerns that the discounts are not adequate to allow the home to be brought up to code and then sold at local market prices.

Will you work with groups like the Neighborhood Housing Services, the Enterprise Foundation, and the Local Initiatives Support Corporation, all of which have I think done really exemplary work in trying to address our housing needs?

Will you work with such organizations in order to try to address this problem of turning over properties to these nonprofits in order to upgrade and move the housing stock?

Mr. MARTINEZ. Certainly, Senator. And I think showing some flexibility in the administration of programs like that is necessary in order to have the kinds of results that I think we must have. But I certainly will address that issue and look forward to perhaps seeing some results that we can report back to you.

Chairman SARBANES. Well, thank you very much. My time's up.

I do want to note, Secretary Rubin, the Secretary of the Treasury, has taken on the chairmanship of the Local Initiatives Support Corporation, which we very much appreciate, and I think is some indication of the quality of that organization and the Enterprise Foundation, the Neighborhood Housing Service. There is some very good expertise that has been built up in the nonprofit sector with respect to housing.

Senator Gramm.

Senator GRAMM. Thank you, Mr. Chairman.

Mel, first of all, let me thank you for your excellent opening statement. I think it is clear that we are going to have a good working relationship with you.

I do think, with the economy getting softer, we are likely to have more property come into HUD ownership than we have had in the boom times of the last 4 or 5 years.

I come from a State where, in the 1980's, we had tens of thousands of people who simply walked off and left mortgages and houses, which then came into the ownership of the Federal Government. And looking back at that experience, it is clear that the best thing that we did was simply to go ahead and put that housing on the market and sell it and get it into private hands where it could be managed.

I think as you look at our experience during the 1980's, where literally in a city like Houston we came into the ownership of 30,000 or 40,000 housing units at any one time, that our efforts to try to manage those versus getting them into the hands of people who would invest their money, was not very successful. But that is something that we have to look at, and it seems to me that it is an area for you to go back and look at.

In discussions of your nomination and media coverage, there was only one issue raised, and I wanted to give you an opportunity to give us your response. And that was that you applied for a license from the FCC and were turned down.

I do not know that every time we are turned down, we are required to give a public accounting. I remember when I was a freshman in college, I had this great idea of writing Sophia Loren about going out with me. It was a brilliant idea, I thought.

[Laughter.]

And I thought it would be so novel, she might do it. But as it turned out, she rejected me. No one's ever asked me to justify why she did not think it was a good idea.

[Laughter.]

But give us sort of a summary of your application for the license and the rejection and any information you think we need to have on it.

Mr. MARTINEZ. Certainly. Thank you, Senator. I would certainly be happy to do that.

In the early 1980's, it was suggested that perhaps a new station would be coming to the Orlando area and that a group might be put together to apply for a license.

Bottom line—what happened is that there were eight competing applicants for this license. Out of the eight applicants, there could only be one winner. The FCC at that time had a competitive type of system that they would engage in where basically you would just look at each applicant in terms of the way in which they would fill what was called the public interest, the best public interest.

Our application did not make it and the rationale by which one had to be picked and seven others denied in our particular case had to do with the corporate structure that had been set up.

I had been willing to be an investor in this venture, but I was not willing to leave my law practice to become a full-time radio or

television station manager or employee. Full integration was awarded higher credit.

We set up an A and B type stock holder relationship in the corporation. I say we. The lawyer handling the matter did. I was just an investor as a B stockholder.

Ultimately, it was felt by the administrative law judge that a competing applicant had a better application because all of those investors were also going to be full-time managers of the station.

Our class A and B situation, it was found that while some of us in the B class did exercise some managerial type of interest in the matter, we were not going to be full time at the business of the corporation. We were never denied the license for any reason other than the fact that a competing applicant had what they perceived at the time under the rules at that time to have a better application.

Our application was found to be sufficiently good that, had they not had slightly more points, we could have easily been awarded the license.

Senator GRAMM. Well, thank you for clarifying that point. And Mr. Chairman, I don't have any further questions.

Chairman SARBANES. Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Let me return again to the issue I brought up in my opening statement, which is the exposure of children to lead poisoning.

A staggering 190,000 children in the country have been estimated to have elevated lead levels. And that is primarily due to the housing they live in. And for many families, low-income families, they have a choice between any housing at all and housing that harms the health of their children.

In major cities like St. Louis and Baltimore and Milwaukee and Chicago, over 20 percent of the children screened have elevated lead levels. All of this has produced a response by HUD over the last several years. Beginning in 1993, HUD's office of lead hazard control has awarded about $550 million in competitive grants to communities to abate lead. And so we have established an infrastructure around the country.

But the issue that we face today is will we continue and build on that record? And I hope today, Mr. Secretary, that you can commit to us that you will seek as a minimum, and I emphasize minimum, at least the $100 million that was appropriated last year for the office of lead hazard control in HUD. Could you do that, Mr. Secretary?

Mr. MARTINEZ. Certainly, Senator. I think that is an important issue. I know you feel passionately about it. I certainly can well understand that when we are talking about young lives, a 10-year timespan by which this scourge may be out of our housing stock, while a short time in bureaucratic years, is a lifetime to a child who might become prey to this sort of affliction. So I have to tell you it is something that I, when it comes to children, I feel deeply about and I think is something that will have my heart as well as my attention.

Senator REED. Thank you very much, Mr. Martinez.

Let me also pick up on a point that you raised which is a common concern of all of us here. And that is homeownership, particu-

larly among low-income communities, particularly among minorities in this country because, as your statement points out, there is a significant differential in homeownership in the majority community and homeownership in the minority community. One thought and proposal that I have advanced is a homeownership tax credit.

Essentially, it would give tax credits to financial institutions if they agree to provide zero interest second mortgages that would be payable in 25 years, presumably when the property is sold. This would allow a lessening of downpayments and would make homeownership much more affordable. I wonder if you would be very interested in pursuing this approach, as well as other approaches.

Mr. MARTINEZ. Yes, Senator. I think not only does it have my interest, but I think it also has the interest of the President-elect. And I think I will have his support and assistance as we seek to obtain that type of new initiative to increase homeownership. It is clear that the largest barrier to homeownership is the down payment. And so, if we can facilitate that in any way that we can, particularly in partnership with the private sector, I think that is something that we would be well advised to do.

Senator REED. Thank you. Another aspect of the housing dilemma we face is not just making existing homes and rental properties affordable. It is creating and building new homes and new rental properties.

Have you ever thought or given additional thought to a housing trust fund, some proposal in which we would reserve money and commit that money to actually stimulating the construction of new housing units?

Mr. MARTINEZ. No, Senator. That is not something that I have had any first-hand information on or work with. But I look forward to coming back to you on that issue and if we can work together and get more of your ideas on that, I am certain that it is something that we can look into and follow up on.

I think that anything we can do to not only look to the affordability of housing, but also to the availability of housing, it is part of what we must do. We must look at both ends of the spectrum, affordability and availability.

Senator REED. There has been discussion in these questions with respect to the FHA. Could you elaborate on your vision for the FHA, what you feel the challenges are and what you would like to see FHA become in the next several years?

Mr. MARTINEZ.There is two or three areas to talk on that. One is, certainly the GAO right now has under study what the appropriate level of surplus might be on the FHA fund, if there is a surplus. I think it is very important that we await that report before making any commitments. One of the questions that I have asked is whether a 2 percent reserve level is an adequate reserve level.

I frankly do not have a final judgment on that. But I think it is a good question to ask and I think that we need to work with those who would have some expertise in the area to counsel on what the proper level of reserves might be. So that is one area. We need to look at that.

In addition to that, I think that financial institution counseling at the front end of homeownership, teaching people how to be good homeowners, how to maintain their properties. But also, how to

manage their financial lives in a way that would allow them to meet their commitments.

I think that is something that can help on this foreclosure problem we were speaking of earlier because, frankly, we are looking at it at the front end, not only at the back end, and what to do with foreclosed properties. So those would be two areas in which I would hope the FHA can have a very active role and help with those two areas of concern.

Senator REED. Thank you very, very much, Mr. Martinez, and good luck.

Mr. MARTINEZ. Thank you, Senator.

Chairman SARBANES. Thank you, Senator Reed.

Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

I would suspect, Mel, that as a local official, you have had some experience in dealing with Federal regulations and rules that come down. And as I mentioned in my opening statement, this is an area that I would like to have you take some time to review. I would like to have you discuss with the Committee some of your thoughts about reducing too many mandates from Washington coming down on local officials. And also, I might have you comment a little bit on RESPA—the Real Estate Settlements Procedures Act.

I have had an opportunity to sit in on some closings on some homes in Colorado. I do not expect it is much different in Florida. The homebuyer has a stack of papers about like so (indicating) to go through. That is a stack of 6 inches of papers there.

Obviously, they have to sign many of those papers. But in the closing process, they do not obviously have an opportunity to read all those papers. I think they are overwhelmed by information.

And I often think in my own mind, if somehow, we could shorten that stack, of information that they have to review, they would have a better understanding of what their commitment is and perhaps this would help considerably. And I thought you might just in general talk a little bit about how you are going to approach these issues.

Mr. MARTINEZ. On the second issue, I think it is not just about the opportunity to be informed, but it is the opportunity to really know what it is you are signing and the important information that may be contained there, obviously, a closing on a home is the largest single financial transaction in the lives of most Americans.

We need to do whatever is necessary to ensure that, particularly people who are buying their first home, have a good sense of understanding of what it is they are doing, what it is that is truth in lending, if you will, but what it is that their financial obligation is and what it is that their true interest rates that are going to be charged.

So I think those issues are important. I think it is thinning out the regulatory morass that they have to have in front of them. But at the same time, being better informed. And perhaps, again, some counseling with some folks would be a good thing at that front end or that closing time of that significant financial decision.

With respect to the HUD bureaucracy from a local perspective, I think, obviously, all local officials and I know Senator Enzi would appreciate this, we hate unfunded mandates. You hate to be told

what to do and at the same time not have the funds with which to do it.

Sometimes the very cost of just the paperwork and the production of the request for a grant really discourages some local entities from even applying because, frankly, it just seems to be such a daunting task.

I was just intrigued when the director of our area of affordable housing in county government told me that we were in the market for someone who was a HUD expert so that that HUD expert could come into county government and be paid by us just so that we could communicate effectively with HUD, so that we could effectively access the agency.

Frankly, that is something that I have very little patience for. And I am not sure what answers I would have in terms of turning something like that around, but I think it is something that we have to address. It should not require a HUD expert to apply for a HUD grant. I do not think that we are any—although it has been challenged recently—any dumber in Florida than any place else.

[Laughter.]

But the fact is that we really should be able to thin out the bureaucracies for people to be able to more directly access HUD.

Senator ALLARD. I want to compliment you on the fact that you have already taken a first step that I think is important. You have had an opportunity to meet with the General Accounting Office, which is an organization that we have worked with closely. I wonder, have you thought any more about where you may go as you look to the management issues there at HUD?

We have looked at the fact that they are considered "High Risk" by the Inspector General, as well as GAO. Both have given somewhat unfavorable testimony. But they also say that since that testimony, there has been some effort to improve some of the programs at HUD. Maybe you can share with us some thoughts where you may turn for management advice.

Mr. MARTINEZ. Senator, no doubt that there have been successes at HUD. No question about that.

And the prior secretaries, including Secretary Cuomo, ought to be commended for those. But as I talk with GAO, really, much more needs to be done.

When we look at the 20/20 management reforms, one of the areas in which I believe we must try to seek guidance is whether or not all of those reforms are having the desired effect. The reduction in manpower at HUD, which was very significant and deep, may not be the best way for the future management of HUD to continue.

In other words, certainly no further cuts would be prudent. In addition, it may be that the manpower currently in place is not sufficient to properly manage things like the FHA contracts on foreclosed homes, so that we can effectively impact how HUD does business. There have to be people on hand to be able to do that.

So I know that there has been a current undergoing study by the National Association of Professional Administrators. I look forward to seeing what that study would reveal about where HUD currently is on management.

I do not look to go in to revamp HUD, but to come in and look at what has been working in the reforms on management and what needs to be redirected in a different arena, in a different area, to ensure that we get the result that I think all of us want.

Senator ALLARD. Thank you.

Thank you, Mr. Chairman.

Chairman SARBANES. Thank you, Senator Allard.

Senator Miller.

Senator MILLER. It was an excellent and comprehensive opening statement. You answered many of my questions. There is one area I would like to get a little bit more of your thinking on because I know you have had some experience in it and have given it some thought.

Right now, as you know, government at a lot of different levels is being forced to tackle the problem of managing growth. You have had to do that in Orange County. Atlanta, one of the fastest-growing cities in the Nation, is struggling with that right now with all kinds of competing demands, not just providing adequate and affordable housing, but also controlling property taxes, maintaining an efficient transportation system and preserving open spaces. And you can go on and on.

We have been told that in the next 50 years, the U.S. can expect to face the same problems that Atlanta is dealing with because the Nation's population will grow by 50 percent over the next 50 years. So this is something that is going to be with us for a long time.

My question is, as Secretary of HUD, what do you think the role of the agency should be in helping communities plan for managed growth? Are there any services that you believe HUD could and should provide to local and regional communities to help with this problem?

Mr. MARTINEZ. Senator, I do not think there is any question but that is part of the mission of HUD. I do not think it has been at the forefront of what HUD has done in the past. But I do believe that under my administration, assuming the Senate's confirmation, that I would have an opportunity to bring those talents that I have developed and the skills that I have acquired, and the experiences that I have had in the local level in managing growth to ensure that we can begin that dialogue on a national level. It is about not creating the failed cities of the year 2020 today. It is about finding ways in which we can grow in a way that allows for quality of life to be what we want it to be in a prosperous America.

I think Atlanta is a prime example of the problems of abundance, frankly. And Orange County is not too far behind.

Issues of air quality. I know that some of the things that Atlanta has had to do have been drastic and severe in terms of dealing with some of these very, very significant issues. But, Senator, I think the way in which I might be able to best lead in this area and where I would intend to go with the issue is to look for partnership and inter-agency relationships.

The problems that Atlanta has faced as it looks to manage its growth are really problems that go beyond the scope of HUD, but where HUD might play a lead role. They are really problems where we need to talk to Secretary-designee Thompson in the area of

transportation. Where we need to be talking—I am sorry. HHS. Because they are human problems. They are people problems.

We also need to look to the Department of Transportation. We need to look to EPA as we look at environmental concerns.

They are so prevalent in Florida, rich in wetlands and other very, very dear and areas worth preserving. So it really is a multidisciplinary issue. It is something that cannot just reside within the confines of HUD. But where HUD might play the lead role in seeking assistance from these other agencies in ways that we can get this debate, get this discussion about how we grow in America on a higher plane and really on the radar screen where it has not been on a national level.

Senator MILLER. That is good. Thank you.

Chairman SARBANES. Senator Enzi.

Senator ENZI. Thank you, Mr. Chairman.

I just want to comment that I have been really impressed with the depth of knowledge and the very positive manner in which the questions have been answered.

I thank Mr. Martinez for the opportunity to meet with him. I will have other questions at later dates on more specific things that he is doing. I do not have any questions at the moment. Thank you.

Chairman SARBANES. Thank you very much.

Senator Carper.

Before you came, we expressed our pleasure at the new Members who are coming onto the Committee. And of course you are one of them. We are very pleased to have you join this Committee.

We know you have had experience with these issues when you served in the House of Representatives and then of course experience with them as the Governor of the State of Delaware. We are really pleased that you are coming on to help us with our work.

Now others have made opening statements. You may want to do that as well and then proceed to your questioning.

Senator CARPER. Mr. Chairman, thank you. I am delighted to be here. I had the pleasure of serving on the Banking Committee in the House for 10 years and the Housing Subcommittee for 10 years. These are issues I care about. We welcome our designee and we wish you well and thank you for your stewardship in Florida and for your presence here today and your testimony.

I want to express my thanks to the Chairman for his encouragement, encouraging me to seek membership on this Committee. I am delighted to be here with my old governor colleague, Zell Miller, and to have a chance to get to know Senators Allard and Enzi better in the years to come.

COMMENTS OF SENATOR THOMAS R. CARPER

Senator CARPER. And I think I will go right to the questions.

Mr. MARTINEZ. Sure.

Senator CARPER. Let me start off by reflecting back. Senator Miller and I wore other hats as governors. We served in the National Governors Association.

One of the great things about the National Governors Association is that we established a clearinghouse for good ideas. It was called the Center for Best Practices.

And the idea was that 50 States, 50 laboratories for democracy. A lot of us have similar problems that we face. And what we did is we took our best practices and shared them with everybody else.

Sometimes you look at Federal agencies and we are pretty good at the business of writing rules and regulations. Maybe not quite so good at figuring out what is working and to be able to distribute and share that information in an effective, timely way with others around the country. Let me just ask your thoughts on how we might do that better and how you might pursue that as Secretary of HUD?

Mr. MARTINEZ. Senator, I come from a State where I think we have taken great pride, whether it be on issues of growth management or many other issues. Really, in fact, some really good government issues where I think Florida has led the way. I do believe that it is important that we share the knowledge and we share the opportunities for doing things in yet a little different way.

I have had the opportunity to chair the governor's task force on growth management in Florida. And in doing so, we have come up with some things there that are going to be reported in the next few days to the Florida legislature, which I think are innovative, which I think are cutting edge and which I think may be things that the whole Nation may wish to look at.

And so, I do believe in innovating. I believe in borrowing good ideas. And I think, frankly, that is the greater part of wisdom, is not in reinventing, but in borrowing from others who have done something particularly well. So I would look forward to that opportunity. And perhaps the Center for Better Practices is something that we should expand to Federal agencies as we try to serve the public interest in a different arena.

Senator CARPER. I had the pleasure of serving as the Chairman of the NGA and later, as Chairman of the Center for Best Practices. It is one I am going to come back to with you again in the future and would urge you to pursue it and would offer whatever help that I can.

Mr. MARTINEZ. I would look forward to working with you on that and your ideas on that would be really most welcome.

Senator CARPER. Thank you. Let me ask—Zell Miller already asked my question on the smart growth. So I am going to leave that one alone for now. But when I was in the House, we looked at public housing as a lifetime entitlement. We said, you know, we do not think that is what it was intended to be.

Just like welfare. It was not intended to be a lifetime entitlement. But for a lot of people, it became that. And the reason why welfare became a lifetime entitlement is because we set up, through the best of intentions, a system of incentives and disincentives where people are actually better off financially for staying on welfare than they were in getting off of it. I think we have done a similar kind of thing with public housing in many instances.

In the State of Delaware, we took advantage of an opportunity to experiment more broadly with housing and to take a page from what we have done in welfare reform in this country.

What we have done is limit it, time limit it, to generally 3 years, the amount of time people can spend in public housing in our

State. Not all of it, but a lot of our public housing, because that is managed by the State housing authority.

And we made it possible for folks, as they increased their earning power, their education, their earning power, and their income, to not see their rent payments go up. But, rather, instead of that incremental increase in rent to be paid to their housing authority, it would simply go into an escrow account and could be drawn from later on to provide for a security deposit on an apartment, a downpayment of closing costs on a house.

I just want to ask. This is something that we have been given the opportunity to sort of lead the way on. Let me just ask if you are familiar with initiatives of this kind, generally your acceptance of this kind of experimentation. What do you think of it?

Mr. MARTINEZ. Senator, first let me say that when I served as a local housing official in the Orlando Housing Authority, that one of the saddest things that I remember seeing, frankly, was a nice gentleman who was at one of our housing meetings with his grandchild. He shared with me how he had lived in public housing since he was his grandchild's age.

And I thought, how sad, that three generations of Americans had yet found not the way to move out of that situation and into a life that would bring them more joy and happiness and prosperity. And so, I have always been taken by the idea that public housing ought to be transitional. It ought to be there for those that need it. And frankly, Senator, there are some in our society who will always need to be in some sort of living condition that is other than as we would have it.

But at the same time, for those who have an opportunity to move out of this situation, it is something that we should encourage and we should work hard to help them to do.

I do not think it is something that we can do in a way that does not show the kind of compassion I think we must have for those who may not know how to get out of the situation.

But I would look forward to working with you. I am not familiar with the programs that you mentioned, but I would look forward to working with you. I am very, very receptive to those. I think it is part of, as I stated earlier before you came, about the fulfillment of the promise of America which has been so true in my life.

And quite frankly, I think we need to help others to reach that and getting folks off of welfare or getting them into housing that is not public housing, is part of that compassionate way in which we have to help folks in our society that heretofore have been denied the opportunity or foreclosed from the opportunity of having their own home.

Senator CARPER. Thank you. I look forward to working with you on that.

Mr. MARTINEZ. Thank you.

Senator CARPER. Let me ask one other question if I could, Mr. Chairman. We have a lot of financial institutions in our little State.

I tell people we raise more chickens per capita in Delaware. We have more corporations than any State in the country. We build more cars per capita in Delaware. We also have more banks per capita in our State.

Chairman SARBANES. But you do not have a lot of per capita, thought.

[Laughter.]

Senator CARPER. But we have a lot of chickens, cars, banks, and corporations.

[Laughter.]

Those financial institutions in our State have an obligation under the Community Reinvestment Act to invest in all segments of our community. Some of those banks are sort of traditional community banks and others are especially banks, credit card banks, wholesale banks, and so forth. But collectively, they have helped make it possible in our State to provide a homeownership rate which actually approaches 75 percent.

The national average I think is closer to 65 percent. And they have been a wonderful partner, particularly with the reduction of Federal dollars for housing, a wonderful partner of ours in our little State to make homeownership a reality. I would just be interested in hearing your views on the Community Reinvestment Act and what role you see it playing in rebuilding our communities and making housing—homeownership, rather—possible for all of us.

Mr. MARTINEZ. Senator, I think CRA have a very important role to play in community building and allowing all Americans to reach the dream of owning a home.

One of the things that I have done in the private sector is serve as the director of a bank. And it is in that role I know that at times it can be a headache for the private sector to fulfill the CRA requirements. But I also know it is the right thing to do and it is a good thing for communities.

I think access to credit and the opportunity for fair, frankly, credit, is one of the ways in which we should help Americans reach that dream of homeownership. It can come through some counseling. It can come through working with credible and serious financial institutions.

One of the issues I know this Committee has concerned itself with is predatory lending. I think it is an abhorrent practice. It is something that I, in my local government official role, fought feverishly to see end in ways which were different than this Committee would face, but which were also, nonetheless, preying on our most vulnerable. So I think CRA is important. I think CRA is something that I believe has made and can continue to make a difference in the lives of many Americans seeking their first home.

Senator CARPER. Mr. Martinez, thank you again for being with us today and for sharing your thoughts and your life with us if you are confirmed. We talked about in this short time three things that I am going to come back to you again if you are confirmed, and I think you will be.

One of those is how do we better ensure that HUD serves as a clearinghouse for what is working in our country to improve the lives and the quality of lives and improve opportunities for housing. The notion of public housing as a transitional entitlement, not as a lifetime entitlement.

And finally, CRA, how we can make sure that, while not imposing undue burdens on financial institutions, trying to meet the re-

sponsibilities under the law, how can we ensure that CRA continues to benefit people in all 50 States—your State and mine.

Mr. MARTINEZ. Thank you, Senator.

Senator CARPER. Thank you very much, Mr. Chairman.

Chairman SARBANES. Thank you, Senator Carper.

I have a few more questions, so we will begin a second round, I will say to my colleagues, if others have some questions that they yet want to ask.

Mr. Martinez, I was going to ask you about predatory lending, but you made a very strong and forthcoming statement in response to Senator Carper. So I will forego that, only to underscore how pressing a problem I think this is.

We have had a very serious problem in Baltimore on the flipping and the predatory lending. And a lot of things are underway in order to try to address it.

HUD is in a position to play, I think, a major role in doing this. Actually, HUD and the Treasury just issued a report. And we hope you will carry through—are you familiar with that report?

Mr. MARTINEZ. Senator, only that I have heard there is such a report and I know that you have great interest in this issue. But I have not had an opportunity to review the report.

Chairman SARBANES. Well, I commend it to you and I hope you will be able to carry through on some of its recommendations.

Mr. MARTINEZ. I certainly will do that.

Chairman SARBANES. This is an outrageous situation. People are being manipulated and exploited. And we need to bring it to a halt.

In my opening statement, I mentioned the importance of physical inspections, these real estate assessment centers which HUD has established in order to have an accurate picture of the condition of the public and privately-owned housing which receive Federal funds. What is your view of the physical inspection program?

Mr. MARTINEZ. Senator, I think it is a necessary management tool. I think it is a very important thing for those who live in the housing that is being inspected. I think that what we must do is to find a way that we can decentralize the administration of this program in such a way that would allow for regional variations in what is acceptable.

But I think that with some fine-tuning of the administration of it, that it is something that has my full support. I believe it is essential for the management of the public housing stock that we do that. And so, I intend to continue to move forward aggressively in that and fine-tune the system so that it works evenly and in a credible way throughout the country.

Chairman SARBANES. The GAO, I might note, is extremely supportive of maintaining the physical inspection program and thinks it is a very worthwhile and important initiative. And I am pleased to hear that you are of a similar mind.

With respect to affordable housing, most of our focus here has been on homeownership, and that is important because I share the view that you add a quality of responsibility and interest on the part of the homeowner. We want to boost those numbers.

However, the HUD worst-case housing needs study, as well as the national low-income housing coalition study called "Out Of Reach," indicates that the families facing the most serious housing

needs are people with incomes below 30 percent of median, people that need help finding affordable rental units.

I would like to draw you out a bit on your view of trying to provide additional affordable rental units on the premise that, as desirable as it is to move people into homeownership, it is not possible to do it, at least not over the immediate future, and we have to have rental alternatives for people. What is your view of that?

Mr. MARTINEZ. Senator, one of the things that I did as Orange County executive was to task an affordable housing task force early in my administration. One of the things that they brought back as a finding was that 43 percent of the renters in our community could not afford a market-rate rental. It is indeed something that I have had to live with first-hand.

I understand the problem. I understand the concern. I think that what we must do is encourage, whether it be through continued tax credits or other ways, the marketplace to continue to provide affordable housing units.

We obviously must continue to keep the Section 8 contracts that we have, encourage their continuation, and make sure that we, in all that we do, are trying to satisfy that need.

There is no question but that there is a continuing need for affordable housing. And I understand that it is not just about homeownership, but it is also about providing for those who cannot own a home, an affordable place to live.

Chairman SARBANES. Do you appreciate how serious a budget challenge the renewal of the Section 8's is in terms of both the vouchers and the project-based—I mean, you have the immediate problem of just renewing what we are providing, let alone expanding that. And that is a very large budget challenge and I think it is going to be a big part of the role you must play within the Administration as you interact with the OMB and others on important budget questions for the department.

Mr. MARTINEZ. Mr. Chairman, no question that that is so.

I yesterday had the opportunity to meet with your colleague from Maryland, Senator Mikulski. And she was very good to give me a very sobering bit of instruction on the budget process.

As of my meeting with her yesterday, that now has become my number one priority in the transition. And I assure you that the OMB group that is preparing the transition themselves will be hearing from me often, frequently, and forcefully. She even asked me to find out what 302(b) was. And I have already begun the education process into what 302(b) might be.

Chairman SARBANES. I think one of the sources of the HUD administrative difficulties—and I have to go back some time now—back beyond any of the secretaries that were mentioned here today who have been trying to improve HUD's administration—Kemp, Cisneros, Cuomo—is that HUD was being used as a patronage place and people were being put into responsible positions for political reasons without the real competence or the demonstrated expertise to handle the jobs they were being given.

I am interested to know sort of how much latitude you think you are going to have to fill these important positions within the department and what your attitude is in terms of the sort of people you need to get in there to help you run this agency?

Mr. MARTINEZ. I have been very, very fortunate that Vice President Cheney, who has chaired the transition for this Administration, has made it very clear to me that he considers the management at HUD a high and significant priority that can only be fulfilled if we surround the new Secretary with capable, competent people to carry out the mission.

I am very encouraged by the array of folks that would be interested and, frankly, I am also pursuing some folks who have not expressed an interest, but who we might be able to recruit. And I think in doing so, we will come up with a very strong team. But I cannot under-emphasize the importance I place in putting a good, strong management team to carry out this very difficult mission.

This Administration is very cognizant that HUD does pose some serious management challenges and I think they will assist me in surrounding myself with the kinds of people that are going to help me carry out that mission.

I also must tell you, one thing I am very interested in doing is to have a very diverse look to the management of HUD. I think it is important that this particular agency reflect the people that it seeks to serve.

Chairman SARBANES. Well, I am encouraged to hear that. I think Secretary Cuomo has made very substantial strides. Part of that was obviously contributed to by his ability to draw into HUD some really top-notch professionals from across the country who were recognized within the industry as just being outstanding performers. I think you are going to need that kind of help. And I really encourage you in your efforts to attract it to the department.

Senator Allard, do you have any further questions?

Senator ALLARD. Mr. Chairman, I do not have any more questions. I have a few that I would like to submit for him to respond to in writing. I just want to congratulate you on a very fine hearing. I think you have done a great job.

Chairman SARBANES. Thank you.

Senator Carper, do you have anything further?

Senator CARPER. One last quick one, if I could. The issue of low-income tax credits, which was I think being discussed in the last Congress, and it may have been dealt with and included in the final package.

Is that correct, Mr. Chairman?

Chairman SARBANES. It was included, yes.

Senator CARPER. I do not know how familiar you are with their use or utilization. But if you have any thoughts about how we might use low-income tax credits more creatively, I would be interested in those thoughts. And if that is not a fair question——

Mr. MARTINEZ. No, it is not an unfair question, Senator. But it is one that I would prefer to get back to you on. I am not really—at this point, I do not have any bright ideas that I can share with you on how I am going to make that work better. So I would prefer to work with you down the road. And I note that that is an area of interest to you.

I think it can be very important to the outcome that we are trying to obtain. But at this time, I really do not have any additional information I can share with you.

Senator CARPER. You realize that, as a result, I may not be able to support your nomination.

[Laughter.]

Mr. MARTINEZ. Well——

Senator CARPER. Just kidding. Just kidding.

Mr. MARTINEZ. Well, there is only four left. So——

[Laughter.]

Senator CARPER. You are way ahead. You are way ahead.

Mr. MARTINEZ. Senator Dodd just came back.

Senator CARPER. All right. Thank you.

Chairman SARBANES. Senator Enzi.

Senator ENZI. [Nods in the negative.]

Chairman SARBANES. Any further questions?

Senator DODD. Well, you probably answered them. And if you haven't, I will submit them.

I apologize for running back and forth. We have General Powell downstairs. We have just really completed the opening statements in that Committee. So it will go on to this afternoon. So consider yourself fortunate.

Mr. MARTINEZ. Yes, sir, I do.

[Laughter.]

Senator DODD. I will submit them with your permission, Mr. Chairman, if they haven't already been asked.

Chairman SARBANES. All right. As I indicated earlier to my colleagues, we hope that Members can submit any further questions they have in writing by the end of the day.

And Mr. Martinez, we hope you will respond to them as quickly as possible so that the Members will have the benefit of your answers as we try to move the nomination forward. Let me make this final observation for the record.

All of Mr. Martinez's papers have been submitted to the Committee that are required and they are available for review by Members. I know many members have already reviewed them.

Mr. Martinez, I want to get one thing on the record, though, before we bring the hearing to a close.

First of all, I take it you are aware of and have agreed to meet the conditions required by the Office of Government Ethics in order to bring you into compliance with ethical standards.

Is that correct?

Mr. MARTINEZ. That is correct, Senator. A memorandum has been signed by me.

Chairman SARBANES. Right. And I think that memorandum is on the record for Members of the Committee to inspect if they so choose. If there are no further comments, we very much appreciate this opportunity to interact with, I think it is safe to say, the Secretary-to-be, and we look forward to working with you in a positive and constructive fashion.

Mr. MARTINEZ. Well, Mr. Chairman, if I might just say a word of thanks to you and the way you have conducted the hearing. But also, in your courtesy in seeing me, and all the Members of the Committee.

I just want to thank all of you for giving me this tremendous opportunity and this high honor. And I am grateful to each of you.

Thank you.

Chairman SARBANES. Good luck to you.

The hearing is adjourned.

[Whereupon, at 12:10 p.m., the hearing was adjourned.]

[Prepared statements, biographical sketch of the nominee, response to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR PAUL SARBANES

I am pleased to be able to hold this hearing on the confirmation of Mr. Martinez. I met with Mr. Martinez in my office last week, and found him to be serious about and committed to the enterprise he is about to undertake. First and foremost, I was encouraged by his statement when first nominated, when he said:

"I will work hard to ensure that every American has every opportunity to have affordable housing."

Mr. Martinez, I look forward to working with you to achieve this goal.

I want to take a few opening moments this morning to review the substantial progress HUD has made over recent years, as well as to set out what I see as the challenges facing Mr. Martinez and the Department.

HUD has had a history of being a troubled agency. While many of its programs do a good job of providing decent homes to millions of poor and working families, it has proven to be a difficult Department to manage.

In 1994, in fact, HUD was put on the General Accounting Office (GAO) "high risk" list, the only agency to be so listed. However, as a result of concentrated efforts by Secretary Cuomo and his top staff, I understand that the GAO will announce this afternoon that HUD is now off the high risk list. They achieved this result by working tirelessly to correct the problems in financial, oversight, procurement systems, and the like. It is widely known that Secretary Cuomo has devoted significant time and effort to address these managerial issues.

This is by no means to say all of HUD's problems have been solved. But it does mean that Mr. Martinez will take over a Department with a management system in place that is moving HUD in the right direction. I believe his primary job, and I hope he will agree, is to sustain this progress.

Let me emphasize a couple of these reforms. First, I believe it is extremely important to continue the physical inspections of public and assisted housing.

We need to continue to support the Federal Housing Administration (FHA), which has played an important role in helping us reach historically high levels of homeownership, including record levels among black and Hispanic families. FHA has offered millions of Americans their opportunity to take part in the American dream of homeownership. To keep that dream alive, Mr. Martinez needs to continue HUD's efforts to identify and sanction lenders and appraisers who consistently make bad loans. Last Congress, I introduced legislation to codify this program, which is called "Credit Watch." I hope to have Mr. Martinez' help in passing that legislation this year.

We need to continue the work HUD has only just started, with the Treasury Department, to fight predatory lending, by enforcing the fair housing laws and other statutes, and by working with the Congress to develop new tools to fight these abusive practices.

To sustain the broad progress noted by the GAO, Mr. Martinez will have to hire capable Assistant Secretaries and other staff who have demonstrated competence in their fields. I know that Vice-President elect Cheney committed to Mr. Martinez that he would have the flexibility to hire such qualified staff. I urge Mr. Martinez to do so.

I want to conclude by noting that one of Mr. Cuomo's significant accomplishments is the success he had in making housing an important issue inside the Clinton Administration, a success that was made concrete by increasing budget resources for HUD over the past several years.

Mr. Martinez will face the challenge of convincing his colleagues at OMB of the importance of sustaining the budget success achieved under Secretary Cuomo. Much of what we seek to accomplish, whether it is better education, more effective job-training, getting people from welfare to work, or other efforts to empower people, rests upon the premiss that people have an affordable place to live in a safe and stable neighborhood.

I want to inform my colleagues that it is my intention to work with Senator Gramm to ensure that this nomination is approved by the full Senate as quickly as possible after we receive the formal papers from the President on January 20.

PREPARED STATEMENT OF SENATOR PHIL GRAMM

Senator Phil Gramm made the following statement today at the hearing of the Senate Committee on Banking, Housing and Urban Affairs on the nomination of Mel Martinez to be Secretary of the Department of Housing and Urban Development: I want to thank Senator Sarbanes for holding this timely hearing. It is my intent to have a vote on this nomination early next week.

I also want to thank Senator Sarbanes for his input in the Committee's legislative activities in the last Congress. I think people got it down in the media coverage of events in the last Congress that we were somehow in partisan conflict, but the reality is we had a very active and successful legislative agenda in the last 2 years. We passed perhaps the most important banking bill in 60 years, and the final passage of that bill was virtually unanimous. Every major action we took was, in the end, a bipartisan action.

I think the lesson of that is that we need to make an effort to be more bipartisan to begin with since we always end up there anyway. I want to pledge my commitment to that effort. I want to say to the new Members of the Committee that I look forward to working with you. As Chairman, I will be looking for good ideas, and I do not care if they come from Democrats or Republicans.

Mr. Martinez, I want to welcome you. I cannot think of an agency that would be more difficult to run than HUD. On the other hand, I do believe that there is a bipartisan consensus that we want to get the taxpayers' money's worth for the effort that we have undertaken to provide quality housing and to provide an environment in which the maximum number of people can go on to build and buy their own homes.

I would ask you to learn what the agency does, to make an effort to make every program within its jurisdiction work, whether you agree with them or not. Once you have tried to make them work and have learned whether they work, then I would urge you to come back to this Committee and ask us for the legislative changes to maximize your ability to get your job done.

We are open to changes at HUD. The department administers many different programs instituted at many different times under many different circumstances. Consolidating and rationalizing those programs could be a very productive thing to do. I am excited about your appointment. I think you bring a practical experience at the local level, which is very much needed. Your compelling life story is a clear message to anyone that if you work hard, you can succeed in America. This is a country where routinely ordinary people do extraordinary things. Your life is a clear example of how America works.

I want to pledge my support for your nomination. I look forward to working with you, and I hope you feel free to come and work with this Committee in partnership to seek any changes you need to do your job.

PREPARED STATEMENT OF SENATOR MICHAEL B. ENZI

Thank you, Mr. Chairman, for conducting this hearing today to consideration the nomination of Mel Martinez as the next U.S. Department of Housing and Urban Development Secretary. Mr. Martinez's commitment to housing and community development has created a network of people, not only in Orange County, but nationwide that is excited and knowledgeable about these public policy issues. This excitement and knowledge has encouraged community leaders nationwide to find solutions to their housing and community development needs.

Homeownership is often portrayed as an integral part of the "American dream." Raising the home ownership rate is the goal and desire of most community leaders and social activists in this country. As an economic indicator, the housing market component impacts many sectors of the economy. For example, wages and tax revenues are generated by the creation of jobs from housing construction. Homeownership can improve the economy by making citizens self-sufficient and more stable. Homeownership rates have increased nationally over the past couple of years. Industry sources predict the market to continue to grow, though slowed somewhat by decreased demand. Increases in housing sales coupled with the high rate of homeownership point to a healthy outlook for the United States housing industry.

In my home State of Wyoming, 70 percent of the population in 1998 owned homes, ranking Wyoming 22nd among the 50 States. Nevertheless, rural States need better assistance in establishing homeownership opportunities for their constituents. Some States have begun these reforms on their own admission. Because Wyoming does not have one single State housing agency, Wyomingites have mobilized their initiatives in order to ensure greater homeownership in my State. For example, HUD, the Wyoming Community Development Association, Habitat for Humanity, Housing Partners Incorporated, Fannie Mae, and the Bureau of Indian Affairs have come together to create an Indian Housing Coordinating Committee in order to facilitate better access to affordable housing for the Arapaho and Shoshone tribes on the Wind River Reservation. Mr. Martinez's confirmation as HUD Secretary would ensure these consumers, organizations, and manufacturers alike would enjoy reforms

that call for an increase of safe and affordable housing nationwide, especially for the more rural areas of our country like Wyoming.

In closing, I support the confirmation of Mel Martinez as Secretary of the U.S. Department of Housing and Urban Development. Thank you, Mr. Martinez, for taking time out of your busy schedule to meet with us and I definitely look forward to further discussing housing and community development issues with you and your staff in the months to come.

PREPARED STATEMENT OF SENATOR ZELL MILLER

Mr. Chairman, It is an honor to be a Member of this Committee and to be a part of this morning's important confirmation hearing for Mel Martinez to be Secretary of Housing and Urban Development. This is my first hearing with the Banking Committee, and I am pleased that the work we are undertaking today pertains to such important issues for our country—affordable housing and the development of our urban centers.

As a Senator representing the State of Georgia these issues have great impact on areas such as Atlanta, Augusta, Macon and other metropolitan areas across my State. But they also affect rural populations, traditionally the most economically challenged in Georgia. Housing is not limited to the big cities. For example, in the suburbs of Georgia throughout the last decade we saw a decline in the number of units affordable to low-income families. Furthermore, today over one-third of households facing "worse-case" needs are in the suburbs.

Economic development initiatives are still needed greatly in Atlanta and other cities around the country. We must continue to fight urban poverty and the many social ills it brings to this Nation. I believe as the nominee approaches this job, he must do so with the outlook of not serving just one sector of America, but all of America—urban and rural. I look forward to hearing your testimony, Mr. Secretary-designate, and also to your responses to the Committee's questions.

Thank you Mr. Chairman.

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Thank you, Chairman Sarbanes. It is a great honor to be joining this Committee and serving with you, with Chairman-to-be Gramm, and all the Members. Given my private sector background, I am truly pleased about the assignment.

As a new Senator, I will want to take some time before jumping into some issues, but our responsibilities overseeing the Nation's financial services industry, monetary policy and the housing sector are subjects I feel are home turf. I hope that through time I can make a real contribution. Today's hearing deals with one aspect of the Committee's jurisdiction that is a very important priority for the country, my State, and me.

Like many other parts of the country, New Jersey suffers from a real shortage of decent, affordable housing in many communities. In fact, New Jersey's rental costs are among the very highest in the Nation. We also have some of the poorest and most concentrated senior communities in the country. These communities desperately need support for economic and community development. HUD can and should play an important role in addressing these problems. I look forward to working cooperatively with the Department to support their mission and help find solutions for my constituents and others with similar needs.

Secretary-designate Martinez and I have had a good first conversation about these concerns. I know he has personal experience in efforts to support affordable housing, and I am very pleased that the President-elect chose someone who does.

Obviously, the job of HUD Secretary is a huge challenge in many ways. The programs are complex. And the needs are diverse. The bureaucracy can be cumbersome. The problems are numerous.

But perhaps the greatest challenge facing a HUD Secretary is the difficulty of sustaining housing as a national priority and, in particular, fighting for adequate funding. In many ways, HUD is at the mercy of the Office of Management and Budget, and Congress's budget priorities. You will need to be aggressive, creative and persistent to ensure that housing gets its fair share.

The fact is, while the issue gets little media attention, more than 5.4 million Americans either must pay more than 50 percent of their income for housing or live in severely inadequate conditions. And this number is increasing, as the real estate market outpaces the wages of working families. Today in many large cities, average

blue-collar workers cannot come close to affording an average two-bedroom apartment. That is not right. And, as a Nation, we ought to do something about it.

The Federal Government is now looking at projected surpluses that may exceed $5 trillion over the next 10 years. In my view, some of that surplus should be used to help those families who today cannot afford a decent place to live. Surely that is a higher priority than providing large tax breaks to the very wealthy.

So, Mr. Martinez, you have a heavy responsibility. And I want to emphasize that I want to support you in your efforts. I hope you will fight hard for the people who will be relying on you. And if there ever is any way I can be of help in pursuing some of our shared objectives, I hope you will ask.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF SENATOR CHARLES E. SCHUMER

It is a pleasure for me to be here today, I want to congratulate HUD Secretary-designate Martinez on his nomination and thank him for being here today to answer questions from Committee Members.

You come highly praised by political, industry and advocacy community leaders and your record of public service is a stellar one. Having also had the privilege of meeting with you to exchange views on the state of our Nations' housing and community development efforts, I am convinced of your commitment to improving and expanding housing opportunities for American families. For those reasons I am proud to extend my support for your confirmation.

As you know, America has enjoyed a great deal of prosperity over the course of the past 8 years. More people than ever are investing, unemployment figures are at all time lows, and more families than ever—67 percent of all American households—own their homes. But there is a flip side to prosperity—and no where in America is the paradox of the strong economy more severe than in my State, New York, and particularly in New York City.

Every day there, it becomes harder and harder for middle-class people to buy a home or rent a decent, affordable apartment—and the problem of predatory lending threatens to undermine the progress we have made toward developing underserved, lower-income and minority communities.

Historically, our Nation has prided itself on its ability to provide decent, affordable housing for all its citizens. But the issue of affordable housing has been wrongfully moved to the back-burner of the national public policy debate, and HUD, which received increased funding during the Clinton Administration, still remains a woefully underfunded agency that struggles to meet its difficult and extremely important mission.

Mr. Martinez, I truly hope you appreciate the severity of the housing crisis that plague cities and towns throughout New York and across America. It is my hope that you will commit yourself and HUD to the aggressive pursuit of solving the problems faced by millions of families in our great Nation. In this time of enormous prosperity, we must make every effort to ensure that all families have access to decent, affordable housing.

In doing so, we reaffirm our commitment to the things that mean the most to us as Americans—strong families, quality education, a vibrant, robust economy and safe, livable communities.

Thank you Mr. Chairman.

PREPARED STATEMENT OF SENATOR JIM BUNNING

Mr. Chairman, I would like to thank Mel Martinez for testifying today and I would like to thank you for holding this hearing in such an expeditious fashion.

I strongly support the nomination of Mel Martinez to become the next Secretary of Housing and Urban Development. I believe he is yet another outstanding selection for President-elect Bush's cabinet. I hope that the Committee will quickly report his nomination to the Senate floor.

Mr. Martinez has overcome many personal hardships to come to this point. In 1962, at the age of 15, Mr. Martinez was forced to leave his family and flee the tyranny of Castro's Cuba. He was able to survive because of the generosity of this great Nation and the people of central Florida. Four years later, he was reunited with his family and began to work to achieve his version of the American dream.

He graduated from Florida State University College of Law, and then went on to build a successful law practice. He then decided to give back to the community that

had given so much to him by becoming involved in public service and many charitable causes.

Managing the Department of Housing and Urban Development is a daunting task, but I believe that Mr. Martinez is up to that task. I believe he will promote home ownership and help more and more Americans achieve the American dream. I also hope he will be able to streamline HUD and make it more responsive to its clients, while cleaning out some of the political cronyism we have seen there.

I once again applaud you, Mr. Chairman, for holding this hearing. I believe Mr. Martinez is highly qualified to run HUD. I strongly believe his background, his experience and his management skills will make him an outstanding HUD secretary.

Thank you Mr. Chairman.

PREPARED STATEMENT OF SENATOR JOHN ENSIGN

Mr. Martinez, please allow me to offer my congratulations on your nomination to the position of Secretary of Housing and Urban Development. Like my colleagues, I expect a quick confirmation process and I look forward to working with you and President Bush. I do not have any questions for you, but I do have a couple of Nevada-specific topics I would like to mention for your consideration.

The results of the 2000 Census indicate that Nevada was the fastest growing State in the United States these past 10 years. While this is no surprise to anyone, Nevada will again likely outpace the other 49 States in growth over the next 10 years. Because of this rapid growth, Nevada is at a disadvantage when it comes to the distribution of Federal formula funds that are based on population and/or poverty statistics. While in the next fiscal year Nevada will realize and increase in Federal formula funds due to the new 2000 Census figures, one of my priorities is to ensure that the population data used by Federal agencies is updated annually so that Federal formula funds follow population trends. This is very important to Nevada and my constituents. I hope to work with you to ensure that Nevada and other fast growing States receive their fair share of formula funds administered by HUD, particularly those funds from the CDBG and HOME programs.

I anticipate that in the coming year the Southern Nevada Enterprise Community will seek to upgrade its status from that of an Enterprise Community to an Enterprise Zone or a Renewal Community. The upgrade is a high priority for the City of North Las Vegas, the City of Las Vegas, and Clark County. I am very supportive of the Southern Nevada Enterprise Community and the progress that has been made since 1994. There is much more that can be accomplished in southern Nevada through the tax incentives offered through the Enterprise Zone and Renewal Community Initiatives. I am pleased that you will have broad discretion to set the criteria for the Renewal Communities and hope you will consider my input on the Renewal Communities as you develop the criteria.

Again, Mr. Martinez, congratulations on achieving such a high honor. I look forward to meeting with you soon and extend the invitation to visit my home State of Nevada in the near future. A visit would be heartily welcomed by my constituents in Nevada.

PREPARED STATEMENT OF MEL MARTINEZ

SECRETARY-DESIGNATE OF THE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

JANUARY 17, 2001

Mr. Chairman, Senator Gramm, and distinguished Members of the Committee, thank you for the opportunity to appear before you today. And thank you Senators Graham and Nelson, for your kind introductions.

Let me begin by expressing my profound gratitude to President-elect Bush for his friendship and his confidence in asking me to be a part of his Administration. I am humbled and honored to be nominated by President-elect Bush as Secretary of Housing and Urban Development.

With your indulgence, Mr. Chairman, I would like to introduce my wife Kitty and our three children, Lauren, John, and Andrew. It is with their love and support that, if confirmed, I will find the strength to undertake this important responsibility.

Mr. Chairman, I come before this Committee with a strong set of beliefs that were shaped by my life of living the American dream. I arrived in this country as a teenage refugee from Cuba with nothing but faith in God and myself, and the conviction that America, like nowhere else in the world, was a place where hard work and a life of principle would be rewarded.

I spent my first days in America in a government refugee camp, and I have seen and experienced hardship firsthand. But I also know how desperately those living in hardship just want the chance, the opportunity, to build a better life. And I know the compassion and charity of the American people—people like Walter and Eileen Young and June and the late Jim Berkmeyer, who volunteered through their churches to provide places for me to call home for 4 years until my family was reunited here in freedom.

Throughout my life, I have witnessed the greatness of America, and the genuine goodness of the American people. In my public life, I strive for inclusion and the elevation of ideals over politics. As a new member of the Orlando Housing Authority, I pushed for the rights of public housing tenants to be part of Authority board meetings, more than a decade before the implementation of a similar Federal requirement. As Authority Chairman, I pushed for 5, long years for the construction of new affordable housing facilities financed by Authority investments for elderly and single mother low-income households.

For the last 2 years, I have been the elected Chief Executive of Orange County, FL, one of the fastest growing large metropolitan areas in the country. As Chairman, I was confronted with overcrowded schools, crime and drug abuse, a growing senior citizen population, traffic congestion, mass transit challenges, and the need to make additional commitments to preserving environmental lands. And what we pledged we would do, we were able to accomplish, even in the short 2 years that I served. Sometimes it was not the most politically expedient thing to do, sometimes the vested special interests did not like what we did, but in the end, for our community, it was the right thing to do.

From each position, I bring an important perspective as a consumer of HUD programs, both in public housing administration as well as dealing with community development and housing block grant programs at the local level. So I take this next step in my life with the experience of managing a county government staff of over 6,000, and representing 860,000 of my fellow Floridians, but most importantly, with what I hope is a strength of character defined by my past and demonstrated by my deeds.

With the Senate's approval, I will take up housing and community development challenges in America. Over the last few weeks I have met with many Members of this Committee, and I look forward to meeting with many more of you in the weeks to come.

I have also met with the United States Comptroller General, and spent several hours with him and his staff discussing the issues surrounding the Department of Housing and Urban Development. I have been nominated to lead an agency that has been chronically designated as high risk. And while there have been some areas of improvement, during my stewardship of this office, significant program areas of high risk remain to be addressed.

My first priority will be for HUD to continue to put its own house in order, so we have the institutional fortitude to provide the housing and community renewal opportunities needed by so many families and so many neighborhoods. The Department of Housing and Urban Development must be healthy itself, if we are to deal with the challenges before us. While former HUD Secretaries Kemp, Cisneros, and Cuomo have built a foundation for strength, there are a great many areas of institutional weakness that must be addressed. GAO and the HUD Office of Inspector General have identified similar program and management areas needing the most improvement, including: the Federal Housing Administration's single family mortgage insurance risk; the impact and continuing evolution of HUD's 2020 management reform effort; and the failure to integrate financial and information systems. With Senate confirmation, I will make addressing each of these issues a high priority as Secretary of Housing and Urban Development.

But HUD's management challenges do not mean that we will shrink from the housing and community renewal challenges integral to HUD's core mission. Part of putting compassionate conservatism into action means using resources efficiently, so there is the means to treat with compassion those in need.

There are a great many families and communities in need of opportunity. HUD has found that the number of Americans with worst case housing needs is growing. And at the same time, HUD's inventory of affordable housing is shrinking. Despite spending over $10 billion on homelessness over the last 10 years, too many still live life on the streets. America is also growing older as the sons and daughters of the

greatest generation age into retirement years. Our grandparents and our parents helped build this country's greatness and deserve the peace of mind to know that they will be taken care of, and can live in safe and decent homes and neighborhoods. And despite record high levels of homeownership, African-American and Hispanic American homeownership rates remain below 50 percent. That is not acceptable, and it is something I intend to address. Unless we make sure that everyone is participating in this great economic expansion and until we ensure that barriers to homeownership are torn down for everyone, until then, our job is not done.

In recognition of these challenges, during his campaign, President-elect Bush proposed "the New Prosperity Initiative," to expand homeownership opportunities to low-income families and renew distressed areas in communities across the country. Just a month ago, with this Committee's help, Congress enacted one of President-elect Bush's proposals, allowing low-income families and individuals with disabilities to use Section 8 rental vouchers toward homeownership. I pledge to you the timely implementation of these important initiatives.

The President-elect also proposed the creation of more than 1 million Individual Development Accounts by providing tax credits to financial institutions that match the savings of low-income earners, who can withdraw the matched funds tax free to finance a home, a business or education. Obtaining downpayment and closing costs, in most cases, is the primary barrier low-income families face when trying to buy a home. To address this problem, President-elect Bush has pledged to establish the "American Dream Down Payment Fund" to provide $1 billion of matching grants to lenders over 5 years to help as many as 650,000 unassisted low-income families become homeowners. To increase the supply of affordable housing and rid communities of vacant properties, the President-elect has proposed $1.7 billion over the next 5 years in investor-based tax credits to encourage the construction and rehabilitation of single family homes in distressed communities. If confirmed, I look forward to working with this Committee on many aspects of these initiatives.

Finally, the issues relating to how we grow and develop as communities must be part of our discussions during the next few years. If confirmed, I intend to initiate a national dialogue on the challenges of growth and its impact on quality of life issues. These are issues of importance and deserve careful study and consideration.

In every community, from inner city Chicago, to the West's Silicon Valley corridors, from the Orlando suburbs, to the rural Iowa community, the opportunity need is great. It is over the next several weeks that, if confirmed, I will explore how to meet this opportunity need, to see where we should be going with housing and community renewal policy. A key part of this process will be continuing discussions with Members of this Committee, to learn from your experience, to better understand what the issues are that we will be confronting together as partners. We will be partners, and I look forward to a very close relationship with Congress and this Committee.

In addition, as a former local government official, I expect to work closely with our partners at the grassroots level, from mayors, local officials and governors, to non-profit and faith-based organizations, housing advocate and industry groups. Together, we can meet the challenges of housing affordability, availability, and community renewal so that all people can truly achieve the American Dream.

I am a living testament to the promise of America. It is our responsibility to help fulfill the promise of America for people from all walks of life, throughout this great country. I came to America with a suitcase and the hope of a better life. I know the value of homeownership because I have witnessed its great power throughout my entire life.

I can still remember the pride my dad and mom had when they bought their first home in America with the help of FHA. It seems like yesterday that Kitty and I bought our first home, the home where we have raised our children and where we lived life as part of a community.

Owning your own home is the American Dream, and I intend to fight for those who do not yet own a home, so they can live the American Dream and experience the transformation that can happen in a life through homeownership.

Mr. Chairman, Senator Gramm, Members of this Committee, we have much work to do. The Department of Housing and Urban Development must continue to evolve into a more efficient and more effective institution. At the same time, for low-income families and distressed communities across the country, the opportunity need is great. Working as partners, I am confident that we can meet these challenges together. If confirmed, I will work in a bipartisan manner, working with Republicans and Democrats to advance our common goals. It is my belief that our mission at HUD is not a Republican or Democrat mission, but rather an American mission and with your help we can and we will succeed.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Martinez (Last) Melquiades (First) Rafael (Other)

Position to which nominated: Secretary of HUD

Date of nomination: expected on 1/20/2001

Date of birth: 23 (Day) 10 (Month) 46 (Year) Place of birth: Cuba (Sagua La Grande, Villa Clara)

Martial Status: Married Full name of spouse: Kathryn Tindal Martinez

Name and ages of children: Lauren Elizabeth Martinez - 23
John Melquiades Martinez - 19
Andrew Tindal Martinez - 7

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Bishop Moore High School	1962-64	H.S.	6/64
Orlando Junior College	1964-67	A.A.	3/67
Florida State University	1967-69	B.A.	6/69
Florida State University	1970-73	J.D.	4/73

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Optimist Club Scholarship - 1966

Notre Dame Alumni Award for Community Service - 1997

Bishop Moore High School Hall of Fame - 2000

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Florida Bar		Admitted 1973
Florida Bar - Board Certified Civil Trial Lawyer		1983
National Board of Trial Advocacy - Certified Civil Trial Lawyer		1981
Admitted to Supreme Court of Florida		1973
Admitted to Supreme Court of the United States		1978
Admitted to United States District Court, Southern & Middle Districts		1974
Martindale - Hubbell Rating = Av		

— LIST CONTINUED ON ATTACHED SHEET —

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

- State of Florida, Department of State, Administrative Assistant Tallahassee, FL 5/69 - 9/70
- Ajax Construction, Apartment Manager, Tallahassee, FL 1971 - 73
- Billings, Frederick, Wooten & Honeywell, P.A. (aka Wooten, Honeywell, Kest & Martinez, P.A.), Attorney, Orlando, FL 4/73 - 4/86
- Mel R. Martinez, P.A. (aka Connor & Martinez, P.A.), Attorney, Orlando, FL 4/86 - 12/88
- Martinez, Dalton & Provencher (aka Martinez & Dalton and Martinez, Dalton, Dellecker, Wilson & King), Attorney, Orlando, FL 1/89 - 11/9
- Orange County Government, County Chairman, Orlando, FL 11/98 - Present

Memberships (continued):

Member, American Bar Association, 1973-present
Chairman, Naturalization Committee, Orange County Bar Association, 1974-76
Member, Association of Trial Lawyers of America, 1974-1998
Member, Academy of Florida Trial Lawyers, 1974-1998, President 1988-89
Member, Cuban American Bar Association, 1976-present
Vice President, Catholic Social Services, Diocese of Orlando, 1981-89
Board Member, Orlando Housing Authority, 1982-86, Chairman 1984-86
Board of Governors, Young Lawyers Section, Florida Bar, 1983
President, Florida State University, College of Law Alumni, 1983-84
Chairman, City of Orlando Affordable Housing Task Force, 1984
Chairman, Judicial Poll Committee, Orange County Bar Association, 1986-87
Member, Kiwanis of Downtown Orlando, 1986-88
Board of Trustees, Cuban American National Foundation, 1986-96
Lecturer, Litigation Skills, Florida State University, College of Law, 1988 and 1989
Member, American Board of Trail Advocates, 1988-present
Board of Directors, Orlando Chamber of Commerce, 1989-92
Member, Nominating Board, City of Orlando, 1989-92
Board of Education, Bishop Moore High School, 1991-98, President, 1993-94
Vice President, Delaney Park Little League, 1991-93
Commissioner, Orlando Utilities Commission, 1992-97, President 1994-97
Board of Directors, United American Bank, 1993-98
Advisory Committee, Hispanics Business Initiative Fund, 1995
Board of Trustees, United Arts, 1995-96
Board of Trustees, Minority/Women Business Enterprise Alliance Inc, 1995-00
Corporate Council, Economic Development Commission, 1996
Chairman, Orange County Public Schools Finance Committee, 1996
Honorary Member, ATO Fraternity, 1997-present
Board of Visitors, Florida State University, 1998-00
President, Legatus, Orlando Chapter, 1997
Community Service Award/Notre Dame Alumni, 1997

Government experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

State Of Florida Growth Management Study Commission, Chair

Orlando Housing Authority, 1982 - 86, Board Member and Chair

Orlando Utilities Commission, 1992 - 97, Commissioner and President

Greater Orlando Aviation Authority, 1998 - 2000, Board Member and Chair

Orlando/Orange County Expressway Authority, 1998 - 2000, Board Member

Central Florida Regional Transportation Authority, 1998 - 2000, Board Member

Metropolitan Planning Organization (Metroplan), 1998 - 2000, Board Member

Orange County Charter Review Commission, Attorney 1988 & 1992

Published Writings:

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Several lecture outlines for seminars on a variety of legal topics relating to civil litigation, insurance.

Society of Automotive Engineers International Congress and Exposition, "Legal Ramifications of Drinking and Driving"

Contributed to chapter in book regarding legal issues on economic damages.

Political Affiliations and activities:

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

CoChair, State of Florida, Bush - Cheney Campaign

CoChair, Orange County, Florida, Dole Campaign

Chair, Orlando, Florida, Mayor Hood Campaign

Finance Committee, Jeb Bush for Governor

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

Republican Party of Fla. Federal Campaign Account	6/9/2000	$ 500.00
Bush for President	11/16/1999	$1000.00
Connie Mack for Senate	1994	$1000.00
Bill McCollum for Congress - cannot recall specific date or amount		
Glenda Hood for Mayor	1994	$ 500.00
Connor/Martinez for Governor/Lt.Governor	1994	$1000.00
Florida Lawyer's Action Group Trust	-3/14/1997 -4/22/1997	$ 700.00 $ 119.00
Jeb Bush for Governor	1994	$ 500.00
John Adams for County Judge	12/28/1995	$ 50.00

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   YES

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   NO

3. Has anybody made you a commitment to a job after you leave government?

   NO

4. Do you expect to serve the full term for which you have been appointed?

   YES

Qualifications: State fully your qualifications to serve in the position to which you been named.

As Chairman and Board Member of the Orlando Housing Authority, I had the opportunity to learn the workings of a local housing agency and how it interacts with the Department of Housing and Urban Development. The needs of affordable housing are well known to me in my capacity in local government. Community Development Block Grants and the help they can be at the local level are also part of what I have had the opportunity to experience.

As the Chief Executive of Orange County, I was responsible for managing over 6,000 employees and a budget of over $2 billion dollars. Likewise, in my term as President of the Orlando Utilities Commission, I administered a $1.5 billion dollar budget. Managing both of these entities successfully has prepared me to manage a large agency such as the Department of Housing and Urban Development. Most of all a strong sense of ethics and respect for the stewardship of the people's money will guide me in making difficult choices.

My experience as an attorney for over twenty-five years gave me a broad look at many areas of business and government. As a director of a bank I learned much about financing and what makes business successful. I have been involved in a variety of governmental positions that have prepared me for this challenge.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated .

I ama participant in the 457 deferred compensation program with the Board of County Commissioners. This benefit will cease upon my resignation as Chairman of the Orange County Board of County Commissioners.
I expect to receive final distribution from my former law firm, Dellecker Wilson & King, by January 16th, 2001, in the amount of $48, 826.00 My relationship with the law firm will then be terminated.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

No conflicts of interest are known. If a potential conflict is presented, I will divest or recuse myself of the situation to be in full compliance with my new position.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None known. If a potential conflict is presented, I will resuse myself of the situation to be in full compliance with my new position.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

- Testified before Senate Judiciary Committee regarding the matter of Elian Gonzalez at the request of Senator Orrin Hatch and Senator Connie Mack on March 1, 2000
- Visited Members of Congress in approximately 1993 to 1995 regarding issues relating to U.S. relations with Cuba and the Cuban Democracy Ac

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Any potential conflict will be resolved by divesting of necessary assets, removing myself from the situation of affiliation. I do not know of any potential conflicts, however, it will be my top concern not to put myself in those situations.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

Martinez, Dalton, Dellecker, Wilson & King - defendant in a legal malpractice action. I was not a defendant in the action. Matter settled 1996.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

NONE

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM MEL MARTINEZ

Q.1. As you know from your experience in Florida, we will face a huge challenge in meeting the affordable housing needs of our elderly population. The Census Bureau estimates that there will be a 55 percent increase in the number of elderly people (65 and older) to 58 million people by the year 2020. As of 1998, there were already over eight people waiting for every available unit of elderly housing. What ideas do you have as to how the Federal Government can help meet this growing need?

A.1. As I stated in my opening remarks "America is also growing older as the sons and daughters of the greatest generation age into retirement years. Our grandparents and our parents helped build this country's greatness and deserve the peace of mind to know that they will be taken care of, and can live in safe and decent homes and neighborhoods." I believe we as a country must collectively ask ourselves how will we meet the housing needs of America's aging population. To this end, I commend the previous Congress, and in particular this Committee for creating the "Commission on Affordable Housing and Health Care Facility Needs of Senior Citizens in the 21st Century". As you know, the Seniors Commission was formed recognizing the growing numbers of Americans over 65 years of age, and the need to develop comprehensive aging-in-place strategies that link affordable shelter with compassionate services through public-private partnerships. I believe we already have one exemplary public-private partnership at HUD and that is the Section 202 Supportive Housing Program for the Elderly. Also, I commend you and the previous Congress for making reforms to this program to allow the conversion of certain units to assisted living units. However, as we look to the future more has to be done and our country must be prepared. I look forward to working closely with the Congress and the Congressional Seniors Commission to work on these issues together.

Q.2. The single-family FHA program has been one of the most important contributors to the increase in the homeownership rate, particularly among the first time and minority homebuyers. That is part of the reason, along with the strong economy, that we have reached historic levels of homeownership.

FHA has a strong, bipartisan base of support. In 1998, the Congress raised the FHA loan limits, again, with strong bipartisan support, in order to make the program more useful in high cost areas. From time to time, efforts are made to undermine FHA by means-testing it, thereby making it unavailable to middle class Americans, or by creating extra paperwork or other burdens to put FHA at a disadvantage.

- Will you maintain the FHA program as a viable and cost-effective choice for American homebuyers?
- Will you resist efforts to narrow the program, raise barriers to its use, or reduce its availability to a wide range of American homebuyers?

A.2. Senator, I agree with you that FHA has been one of the most effective Federal programs that has helped millions of American families achieve the American Dream of Homeownership. The

mortgage finance industry is the engine that generates capital to build and own homes and apartments and is the primary vehicle for translating the products and services of HUD to consumers in the homeownership marketplace. I pledge to continue HUD's partnership with the mortgage finance industry.

Q.3. You have clearly made a name for yourself nationally by your effort in Orange County to stop urban sprawl and controlled growth. With the Nation's population expected to grow 50 percent in the next 50 years, America's communities face the challenges of planning for and managing growth.

(a) Do you see a role for HUD in helping communities plan for and manage growth?

(b) There have been concerns raised that the kind of strong growth limits you have enforced could have a negative impact on affordable housing. How do you respond to these concerns?

(c) Do you support Federal efforts to provide resources to encourage regional planning to address needs such as housing affordability and transportation, such as is provided in the HUD Regional Connections Initiative?

Q.3a. Do you see a role for HUD in helping communities plan for and manage growth?

A.3a. Managing growth and development is primarily a local issue, and the Federal Government should have no role in making land use and growth management decisions. However, we have seen that many localities have been unprepared for growth and are grappling with ways to meet the demands created by growth, such as traffic congestion, loss of open space, and overcrowded schools. And having been unprepared for growth, some localities adopt measures that can unduly restrict the production of needed housing or permit only expensive housing. HUD could play a useful role in providing localities with technical assistance and technical grants to increase their planning capabilities so they won't find themselves surprised by growth and unprepared for it; but there should be no mandates to follow any Federal planning prescriptions. HUD could also be a clearinghouse for making better known the "best practices" that communities have created for planning for growth. It is from the local level that the ideas will come, but HUD can play a role in assisting communities build a capacity for planning and consensus building.

Q.3b. There have been concerns raised that the kind of strong growth limits you have enforced could have a negative impact on affordable housing. How do you respond to these concerns?

A.3b. I share these concerns that restricting growth can have an impact on the cost of housing, and we need more affordable housing built. But communities are also rightly concerned about protecting the qualities of their neighborhoods that attracted them there in the first place. There are good reasons for managing growth in order to maintain good schools with reasonable class sizes, preserve some open spaces, and protect sensitive natural environments. What each community must determine is how to find a balanced approach that protects the quality of life without stopping new housing construction. Managing growth does not mean

stopping growth. In Orange County, there was no housing moratorium. We responded on a case-by-case basis to respond to a school crisis situation.

While many suburban areas are having a difficult time dealing with rapid growth, there are great opportunities to provide new affordable housing in older areas of our towns and cities that have unused capacity of roads, parks, and schools. Producing new housing in older neighborhoods is one approach that could help meet the demand for affordable housing.

Q.3c. Do you support Federal efforts to provide resources to encourage regional planning to address needs such as housing affordability and transportation, such as is provided in the HUD Regional Connections Initiative?

A.3c. As our metropolitan areas grow, some of the challenges of growth and development can best be addressed from a regional perspective. Yet local governments are most responsive to citizen needs, and the power to regulate land use through zoning and other measures should remain with local governments. That being said, the Federal Government can be a valuable partner in providing expertise and resources to encourage partnerships between city and suburban governments to address issues such as roads, mass transit, and the need for affordable housing throughout a metropolitan area.

Q.4. A spatial mismatch has developed between the location of most entry-level jobs and the location of most affordable housing where new job entrants are likely to live. Specifically, while two-thirds of all new jobs are located in the suburbs, three-quarters of welfare recipients live in the central cities and rural areas. Several Federal agencies are developing strategies to bridge this gap. For example, the Department of Transportation administers the Job Access and Reverse Commute program, which provides grants to transit providers to support increased public transportation services for those leaving welfare or those facing reverse commuters (i.e. commutes from central city to suburban locations). Grant recipients under this program work cooperatively with human services agencies, employers, and State and local governments to improve access to top jobs for low-income families.

- As Secretary of HUD, would you be supportive of this and similar programs designed to address the spatial mismatch between the location of affordable housing and the increasingly suburban growth.

A.4. I certainly recognize the spatial mismatch problem that is confronting many welfare recipients and former recipients as they strive to establish themselves in the ranks of the American workforce. I believe that HUD, like other Federal Government agencies, should work to remove barriers that prevent these citizens from finding and holding jobs. Congress indicated its concern when it approved incremental vouchers for a welfare-to-work voucher program. I plan to look closely at how those vouchers have been utilized and how effective that program has been. I will also look at other possible initiatives.

Q.5. What will your top priorities be as Secretary of the Department of Housing and Urban Development?

A.5. One of my highest priorities will be a thorough review of HUD's current management structure to ensure that resources and staff are connected to mission and outcomes.

Based on discussions with Members of this Committee and GAO, I believe there are some areas where HUD 2020 has strengthened the Department, and at the same time there are areas where HUD 2020 has perhaps not been as successful.

I will also focus on the upcoming budget. I will work to ensure that HUD's current budget and its programs are properly managed so that vulnerable populations—seniors and persons with disabilities, homeless, and low-income families—can be adequately served with existing resources.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR DODD FROM MEL MARTINEZ

Q.1. Do you plan to continue physical inspections? Do you have any thoughts on how to improve the inspection process?

A.1. Based on my GAO briefing, I believe HUD's oversight of public housing has consistently progressed under former Secretaries Kemp, Cisneros, and Cuomo. A key element of HUD 2020 was to centralize assessment of all HUD housing into a single, state-of-the-art organization with the creation of the new Real Estate Assessment Center. I believe on the surface this is a proper initiative for HUD to take—HUD should have a system for inspecting its investments. As I understand it, the Public Housing Assessment System (PHAS) was required by the public housing reform legislation, which this Committee should be commended for. However, I do understand that the new system is producing subjective and sometimes arbitrary results. I have been briefed on these problems and I will direct early attention to evaluate PHAS effectiveness and consider extending PHAS compliance waivers if appropriate.

Q.2a. A significant part of the ongoing effort to reform public housing is embodied in the HOPE VI program, which has helped finance the demolition of some of the most dilapidated public housing and its replacement with mixed-income housing. Are you familiar with this program? What is your view of the program?

A.2a. I believe the concept behind the HOPE VI program is sound, however, I do understand that the concern with the program has been the perceived excessive per unit cost. HOPE VI funds are used for demolition of existing units, site remediation, and construction of new public housing units. As a result, when the total cost for a HOPE VI project are divided by the number of new units which resulted, the total development costs (TDC's) what it would cost to purchase a single-family home in these areas. *The Baltimore Sun* ran a series of articles criticizing the per unit costs of a HOPE VI development in Baltimore. As a result, Members of Congress expressed concerns with the HOPE VI program from a cost standpoint.

In order to address the cost issue, the public housing reform act amended the statutory definition of "development cost" to exclude the costs associated with demolition of or remediation of environ-

mental hazards associated with public housing units that will not be replaced at the project site. The program expires at the end of this fiscal year. I expect that the Administration will engage in constructive discussions with the Congress on the experience of the program to date.

Q.2b. Over the past several years, HUD and the Congress have worked together to fund an increase in the number of new housing vouchers. Will you continue to advocate for increased budgets for HUD within the new Bush Administration in order to meet the great need for affordable housing?

Q.2c. Will you work to ensure full funding for the public housing program, which serves extremely low-income families, and high percentages of children and the elderly?

A.2b&c. With regard to funding increases for housing vouchers and full funding for the public housing program, I have not studied the full magnitude of the HUD budget, and look forward to those deliberations.

Q.3. Can you share your thoughts about how housing policies might be developed to improve the way we work with senior citizens?

A.3. As I stated in my opening remarks "America is also growing older as the sons and daughters of the greatest generation age into retirement years. Our grandparents and our parents helped build this country's greatness and deserve the peace of mind to know that they will be taken care of, and can live in safe and decent homes and neighborhoods." I believe we as a country must collectively ask ourselves how will we meet the housing needs of America's aging population. To this end, I commend the previous Congress, and in particular this Committee for creating the "Commission on Affordable Housing and Health Care Facility Needs of Senior Citizens in the 21st Century". As you know, the Seniors Commission was formed recognizing the growing numbers of Americans over 65 years of age, and the need to develop comprehensive aging-in-place strategies that link affordable shelter with compassionate services through public-private partnerships. I believe we already have one exemplary public-private partnership at HUD and that is the Section 202 Supportive Housing Program for the Elderly. Also, I commend you and the previous Congress for making reforms to this program to allow the conversion of certain units to assisted living units. However, as we look to the future more has to be done and our country must be prepared. I look forward to working closely with the Congress and the Seniors Commission to work on these issues together.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR BENNETT FROM MEL MARTINEZ

Q.1. Mr. Secretary, I know I speak for everyone in the desire to see home ownership expand to 70 percent of all Americans and particularly to increase homeownership for minorities. How can FHA work in tandem with the private sector to achieve this goal, and are you willing to explore such public-private partnerships to help us achieve this goal?

A.1. FHA has been one of the most effective Federal programs and has helped millions of American families achieve the American Dream of Homeownership. The mortgage finance industry is the engine that generates capital to build and own homes and apartments and is the primary vehicle for translating the products and services of HUD to consumers in the homeownership marketplace. I expect to continue HUD's partnership with the mortgage finance industry.

Q.2. Mr. Secretary, what is the best way to draw on the expertise of the private sector and leverage your objective at HUD to achieve the greatest effectiveness?

A.2. I understand that on the multifamily side, FHA has experience with risk sharing arrangements. I also understand that FHA has been working with our private sector finance partners to develop single-family risk sharing arrangements. If confirmed, I will see that these discussions continue with the private sector to develop single-family risk sharing approaches that benefit the American consumer and provide financial stability to the FHA fund.

Q.3. Mr. Secretary, in light of the current environment are you going to evaluate the impact of an economic downturn on the FHA funds, both single-family and multifamily? A recent article indicates that the single-family fund may have some problems due to a premium cut that was just implemented. We must make sure the FHA fund remains strong.

A.3. I agree with you that the FHA fund must remain strong. It must remain strong to benefit prospective American homebuyers. As I said in my opening statement, I will wait to review the pending GAO study, which will report on FHA's capital adequacy under various economic conditions. I understand this report is due to be released next month.

Q.4. Mr. Secretary, Ginnie Mae is one of the most successful parts of the Department. Have you given thought to ways in which Ginnie Mae could expand what it purchases to increase homeownership opportunities?

A.4. I agree that Ginnie Mae is an important part of the housing mosaic, which brings needed capital back into the government-assisted mortgage markets. I have not given any specific thought into ways to expand Ginnie Mae, but if it is beneficial to the American homebuyer and if it meets a need that is not being met by our private sector partners, it is an approach I am willing to examine.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM MEL MARTINEZ

Q.1. Mr. Martinez, one of the most challenging aspects of the job of a cabinet level secretary is setting priorities for the agency. I have a strong concern regarding the level of attention that the Department of Housing and Urban Development pays to our Nation's rural areas. It is very important to me to know that you will pay significant attention and dedicate resources to the problems and concerns regarding the lack of housing and development in rural America. What are your views regarding this situation? Will the

Department, under your leadership, undertake efforts to sufficiently include rural America in its mission?

A.1. If confirmed, housing and community development in rural areas as coordinated with the Department of Agriculture's Rural Housing Service will be a key component of HUD's mission under my stewardship. According to HUD's Worst Case Housing Needs report released in March 2000, 32 percent of very low-income non-metropolitan renters suffered from worst case housing needs, and 54 percent of extremely low-income non-metropolitan renters suffered similar needs. At the same time, between 1991 and 1997, the number of housing units in non-metropolitan areas affordable to extremely low-income renters declined by 5 percent. Although not under HUD's jurisdiction, affordability contracts with Rural Housing Service housing developments are beginning to expire and presents the Department of Agriculture (DOA) with a problem similar to HUD's recent Section 8 "opt-out" challenge. I expect to work with DOA on this issue to offer any assistance the Department may appropriately provide.

Q.2. Last year, I sponsored legislation to modernize the requirements under the National Manufactured Housing Construction and Safety Standards Act of 1974 because I believe that manufactured housing presents one of the most viable means to address our Nation's affordable housing issues. This bill has been signed into law. In as much, as the Secretary of Housing and Urban Development, the ball would now be in your court. It is my hope that you would dedicate the necessary time and resources to moving forward with implementation of the new law. Please advise me regarding your views concerning this matter.

A.2. If confirmed, one of earliest priorities as Secretary will be the implementation of provisions included in the recently enacted "American Homeownership and Economic Opportunity Act." Included in the law are provisions designed to modernize the requirements under the National Manufactured Housing Construction and Safety Standards Act of 1974. As you well know, manufactured housing contributes more than $30 billion annually to our Nation's economy and produces nearly one in four single-family homes sold each year. I understand that this particular legislation was under consideration for nearly 8 years. The Committee should be commended for its role in moving forward with this important initiative, which was strongly supported by the industry as well as the major consumer groups including AARP. I expect to move forward with implementation of these provisions as soon as is possible.

Q.3. Due in large part to a thriving economy, the national home ownership rate, reached an all-time peak of 67.1 percent in the first quarter of 2000. However, the recent growth in home ownership still leaves many age groups below their peak home ownership rates of the late 1970's and early 1980's. One cause is the diminishment of housing affordability over the last 25 years. A large part of the blame for such lack of affordability must be placed on burdensome regulations and their unnecessary costs, which end up being paid by home buyers.

During the 106th Congress, legislation was passed, and ultimately signed into law, which began to address the problem of reg-

ulatory barriers to housing affordability, but there is more work to be done. One provision, that ultimately was not included in the final housing bill, would have required a housing impact analysis before the implementation of any new Federal regulation to determine whether the regulation would have a significant negative impact on the cost and availability of housing. If a proposed rule would have such an impact, then an opportunity would be given to other groups to offer an alternative that would achieve the stated objective of the regulation, with less of an adverse impact on housing affordability.

Would you support and encourage the development and implementation of such an analysis to help assure that housing is affordable to all? What are your specific views on the issue of affordable housing? How will you work to assure that burdensome regulations do not hinder the ability for Americans to afford safe, decent housing?

A.3. As a former county official, I am aware of the burdens that multiple layers of regulations can place on housing affordability. If confirmed, it is an issue I will carefully consider, to ensure that we do not stifle affordable homeownership, but at the same time we are providing necessary protections to the consumer. I look forward to working with Congress on the issue of a housing impact analysis requirement to encourage affordable housing and provide more Americans with the opportunity to afford decent, safe housing.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM MEL MARTINEZ

Q.1. Will you continue to support implementation of HUD's new lead-safe housing regulation, promulgated on September 15, 2000, which creates steps for removing lead-based paint hazards from federally owned and assisted housing?

A.1. According to Department statistics, more than 800,000 children younger than 6 years old living in the United States have lead levels in their blood above the level of concern set by the Centers for Disease Control and Prevention. Many of these children are in families of low-income and are living in old homes with heavy concentrations of lead-based paint. As a father of three, the issue of lead-safe housing is of particular importance to me. If confirmed, I intend to carefully review the new regulations to ensure they are the most effective means to provide lead-safe housing, and at present have no plans to reverse the rule's implementation.

Q.2. What should be the goals of Freddie Mac and Fannie Mae, and are we measuring there progress effectively?

A.2. As you know, HUD recently published affordable housing goals for Fannie Mae and Freddie Mac. I have not reviewed this regulation and as such I have no opinion as to what the proper goals should be or whether HUD is measuring their progress effectively at this time. However, I assure you I will place a high priority on HUD's oversight of the housing-related GSE's.

Q.3. As you note in your statement, despite spending over $10 billion on homelessness over the last 10 years, too many still live life on the streets. Is homelessness growing because the homelessness system is ineffective? Actually, it appears that through HUD's Con-

tinuum of Care process, much progress has been made and the vast majority of people who become homeless exit the system relatively quickly and do not return. On the other hand, mainstream programs that can prevent and end homelessness like welfare, health care, mental health care, substance abuse treatment, veterans assistance, appear to be failing and shifting the cost and responsibility for helping the most vulnerable people to the homeless assistance system.

If such cost shifting is going on, how could you as HUD Secretary help reverse this cost-shifting and help refocus mainstream programs on preventing homelessness from occurring in the first place?

A.3. The most important role HUD should play on the issue of homelessness is one of bricks and mortar, by providing permanent housing solutions to those without homes. If confirmed, I expect to work closely with the Department of Health and Human Services and other agencies on the social service side of the homeless challenge, including mechanisms to prevent homelessness in the first place.

Q.4. What plans do you plan to undertake as Secretary to establish a Federal housing policy for people with disabilities with extremely low incomes, especially people who rely on Supplemental Security Income (SSI) as their sole source of monthly income?

A.4. According to statistics compiled by the Consortium for Citizens with Disabilities (CCD) and the Technical Assistance Collaborative Inc., individuals with disabilities receiving SSI benefits must pay, on a national average, 98 percent of their SSI income in order to be able to rent a modest one-bedroom apartment at HUD's Fair Market Rent. In addition, the CCD Task Force has estimated that at least 1.8 million non-elderly adult SSI recipients may have worst case housing needs. Clearly, there is great need for affordable housing for individuals with disabilities across the country. If confirmed, I intend to work closely with housing for individuals with disabilities advocacy groups and Congress to develop a comprehensive strategy for housing individuals with disabilities with compassion, and in recognition of their oftentimes unique housing needs.

Q.5. Section 8 vouchers, while very important, cannot be the sole response to the housing crisis facing people with disabilities. Expanded housing production targeted to people with disabilities is also needed to 10 create housing with accessible features; 20 limit reliance on private landlords who frequently discriminated against people with disabilities; and 30 create a permanent supply of nonprofit owned rental housing available to people with disabilities.

At the present time, very little housing is being developed for people with disabilities. For example, Section 811 Supportive Housing for Persons with Disabilities program funded only 1,600 units of housing last year—less than half the number during the last year of the previous Bush Administration. People with disabilities have also not faired well with respect to other Federal housing production programs. An unpublished HUD report (authored by Abt Associates) documents that people with disabilities rarely benefit from the HOME, Community Development Block Grant or Federal Low Income Housing Tax Credit financed projects. Further, on the

demand side, this need for production is expected to increase as States move forward in transitioning individuals from institutions into the community consistent with the *LC* v. *Olmstead* decision of the Supreme Court.

What efforts will HUD take under your leadership to increase Federal support for production of permanent housing very low-income people with disabilities?

A.5. If confirmed, I expect to fully support HUD's Section 811 supportive Housing for Persons with Disabilities as well as work closely with housing for individuals with disabilities advocacy groups and Congress to develop a comprehensive strategy for housing individuals with disabilities with compassion, and in recognition of their oftentimes unique housing needs.

Q.6. What efforts will you take as HUD Secretary to ensure that HUD "mainstream" programs such as HOME and CDBG are better focused on extremely low-income people with severe disabilities to ensure that all programs are made truly "affordable" to people with incomes below 20 percent of median? What guidance can HUD give to agencies responsible for compiling local consolidated plans to ensure that the disability community is more actively involved in the process of directing HUD resources at the local level?

A.6. As a former county official, I have first hand experience with HUD programs like CDBG and the HOME program, as well as dealing with the local consolidated plan process. If confirmed, I expect to work with community-based advocacy groups on ways housing and community development block grant funds can more effectively provide opportunities for individuals with disabilities. In addition, I expect to work to ensure that the disability community has a voice in the local planning process so that underserved populations have affordable housing opportunities.

Q.7. HUD is responsible for ensuring compliance in its programs with the Fair Housing Act Amendments of 1988 and Section 504 of the Rehabilitation Act of 1973—including the removal of all barriers and impediments which impact people with disabilities accessing affordable housing programs. In the past, HUD has been slow to ensure that people with disabilities are not being discriminated against when public housing agencies and private owners of HUD assisted housing seek to restrict occupancy to households age 62 and older. What measures do you feel are needed at HUD to promote leadership in ensuring full compliance and enforcement of the accessibility provisions of the Fair Housing Act Amendments of 1998. Do you support training and technical assistance for the disability community regarding the reasonable accommodation and reasonable modifications provisions of the Fair Housing Act and Section 504 of the Rehabilitation Act?

A.7. As Secretary of HUD, if confirmed, I will work to ensure compliance with the Fair Housing Act. Training and education programs for community-based groups, including non-profit organizations, could be an important mechanism for reducing housing discrimination for individuals with disabilities, and it is a tool I will carefully consider.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR DEBBIE STABENOW FROM MEL MARTINEZ

Q.1. I wanted to ask you about the housing challenge that we are facing with our seniors. With the upcoming retirement of the baby boom, there will be tremendous needs for a diverse housing stock for many of our seniors who are on fixed incomes. Regrettably, the programs designed to help seniors with affordable housing have declined 48 percent in real terms over the last 6 years. Will this program and others that help seniors be a priority for you as you advocate for HUD's priorities in Congress?

A.1. As I stated in my opening remarks "America is also growing older as the sons and daughters of the greatest generation age into retirement years. Our grandparents and our parents helped build this country's greatness and deserve the peace of mind to know that they will be taken care of, and can live in safe and decent homes and neighborhoods." I believe we as a country must collectively ask ourselves how will we meet the housing needs of America's aging population. To this end, I commend the previous Congress, and in particular this Committee for creating the "Commission on Affordable Housing and Health Care Facility Needs of Senior Citizens in the 21st Century". As you know, the Seniors Commission was formed recognizing the growing numbers of Americans over 65 years of age, and the need to develop comprehensive aging-in-place strategies that link affordable shelter with compassionate services through public-private partnerships. I believe we already have one exemplary public-private partnership at HUD and that is the Section 202 Supportive Housing Program for the Elderly. Also, I commend you and the previous Congress for making reforms to this program to allow the conversion of certain units to assisted living units. However, as we look to the future more has to be done and our country must be prepared. I look forward to working closely with the Congress and the Congressional Seniors Commission to work on these issues together.

Q.2. I am sure you are familiar with the Enterprise Zones program at HUD. I was pleased that Detroit was selected as an Enterprise Zone in the first round in 1994. Unfortunately, in the latest round, the City of Flint was not selected as an Enterprise Zone, even though they put together a solid proposal. It had to settle for an Enterprise Community designation. Many of our Enterprise Zones have made great progress in economic revitalization. But many more communities want the same chance. Cities like Flint desperately need major assistance. As you may know, Buick City recently closed in Flint costing the city 3,000 jobs. Would you be willing to consider supporting a new round of Enterprise Zones that give cities like Flint hope for the future.

A.2. The Community Renewal Tax Relief Act of 2000 enacted last year creates a Round III competition for the Empowerment Zone initiative. Round III includes the designation of 9 new Empowerment Zones, and 40 new "Renewal Communities." Renewal Communities provide pro-growth tax benefits and regulatory relief including zero capital gains rate on sales of assets held for more than 5 years, increases expensing for small businesses, a 15 percent employment wage credit for each worker and commercial revitaliza-

tion reductions for taxpayers who rehabilitate or revitalize buildings in the designated area. Congress has stipulated that the rule governing the competitions must be issued by April 15, 2001.

Q.3. There are 750,000 homeless people in the United States on any given night. The most recent research shows that as many as 3.5 million Americans may spend some time homeless each year. Unfortunately, the main program that provides funding for homelessness prevention, is down 13 percent in real terms over the last 6 years. Shouldn't we be doing more to fight this problem?

A.3. As I stated in my opening remarks, despite spending over $10 billion on homelessness over the last 10 years, too many still live life on the streets. The most important role HUD should play on the issue of homelessness is one of bricks and mortar, by providing permanent housing solutions to those without homes. If confirmed, I expect to work closely with the Department of Health and Human Services and other agencies on the social service side of the homeless challenge, including mechanisms to prevent homelessness in the first place.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR JON S. CORZINE FROM MEL MARTINEZ

Q.1. What role do you believe Fannie Mae and Freddie Mac should play in the promotion of homeownership?

A.1. Fannie Mae and Freddie Mac play an important role in public/private partnerships that will help expand homeownership. Secretaries Kemp and Cisneros set the standard for this type of partnership. For example, Fannie Mae's commitment to invest a trillion dollars in expanding mortgage lending to low- and moderate-income borrowers was one piece of HUD's *national* effort to raise homeownership in these populations. Fannie Mae and Freddie Mac also helped support the policies underpinning the creation of Enterprise Zones.

I believe the GSE's can work with HUD in the following areas to enhance HUD's mission, including:

- *Homeownership Vouchers and Tax Credits.* Fannie Mae and Freddie Mac could provide mortgage financing for homes covered by the voucher and tax credit initiatives included in the President-elect's campaign platform.
- *National Summit on Minority Homeownership.* The national homeownership rate is 67 percent, but the minority homeownership rate is under 50 percent. Fannie Mae and Freddie Mac can help convene a national session to construct a policy agenda with policymakers, lenders, and local groups across the political spectrum.
- *Regulatory Relief.* The new housing bill creates a clearinghouse function at HUD and authorizes a grant program to fund local partnerships to dismantle local regulatory barriers. Fannie Mae can collaborate with HUD in setting up the clearinghouse and providing it with examples from the partnerships it has established across the country.

Q.2. As you know, debt held by Government Sponsored Enterprises (GSE's) has grown substantially in recent years. Are you concerned

about this? Do you believe that the existing mechanisms for overseeing GSE's are sufficient or should they be strengthened?

A.2. I have not studied the GSE debt issue, and have no specific opinion at this time. I believe, the important question is whether the GSE's are achieving the mission Congress has established for them in a safe and sound manner.

As the mission regulator for Fannie Mae and Freddie Mac, HUD has responsibility for ensuring that the two companies meet the affordable housing goals and other statutory requirements established by Congress. The Office of Federal Housing Enterprise Oversight (OFHEO), an independent agency within HUD, is responsible for overseeing the companies' safety and soundness.

I understand that OFHEO runs a rigorous examination program focused solely on these two companies, with several times more examiners than in other Federal bank examination programs. In every year that OFHEO has reported its exam results to Congress, Fannie Mae and Freddie Mac have very received the highest possible marks for safety and soundness. I also understand that this view of the companies' safety and soundness is shared by other regulators, including Federal Reserve Chairman Alan Greenspan, who testified in July 2000 that these companies are "well-run institutions" with "very good risk management procedures."

It is also important for any company to be transparent and subject to market discipline. In October, the two companies announced with House Capital Markets Subcommittee Chairman Richard Baker a set of voluntary initiatives to enhance market discipline and capital. Chairman Baker noted that with these commitments, the two companies "exceed any standard for any domestic or international financial model anywhere."

Q.3. HUD has established a program to evaluate the physical condition of public housing, and I believe it important the housing authorities be held accountable for the quality of the housing they provide. At the same time, I have heard from housing authorities in New Jersey who are concerned about the way the existing assessment program is being implemented, and believe that it is producing subjective and sometimes arbitrary results. Would you be willing to take a close look at this program and consider whether its implementation needs improvement?

A.3. Based on my GAO briefing, I believe HUD's oversight of public housing has consistently progressed under former Secretaries Kemp, Cisneros, and Cuomo. A key element of HUD 2020 was to centralize assessment of all HUD housing into a single, state-of-the-art organization with the creation of the new Real Estate Assessment Center. I believe on the surface this is a proper initiative for HUD to take—HUD should have a system for inspecting its investment. As I understand it, the Public Housing Assessment System (PHAS) was required by the public housing reform legislation, which this Committee should be commended for. However, I do understand that the new system is producing subjective and sometimes arbitrary results. I have been briefed on these problems and I will direct early attention to evaluate PHAS effectiveness and consider extending PHAS compliance waivers if appropriate.

Q.4. Public housing residents throughout New Jersey have benefited from the Public Housing Drug Elimination Program, which provides funds for improved security, along with a variety of community-based prevention and treatment initiatives. The program has enjoyed broad, bipartisan support in the Congress. Do you support this program? Would you be willing to consult with me before proposing any significant changes to the program?

A.4. HUD's Public Housing Drug Elimination Program (PHDEP) supports a wide variety of efforts by public and Indian housing authorities to reduce or eliminate drug-related crime in public housing developments. Based on this core purpose, I certainly support the program. Knowing the interest of your predecessor, former Senator Lautenburg, I would certainly be happy to consult with you before proposing any changes to the program.

Q.5. Do you have any new proposals for addressing the problem of homelessness?

A.5. I am very aware of past Congressional efforts to legislatively combine the existing HUD McKinney/Vento Homeless Assistance programs into a block grant. In fact, last year's VA/HUD Appropriations report language directed that the authorizing committees pursue this goal. I pledge to work with the Congress and build on the successes of the Continuum of Care initiative and provide a legislative regime, which assures decentralized local decision making with maximum input from local non-profit homeless providers.

Q.6. It has been reported that you have opposed an ordinance that would prohibit discrimination against Orange County workers on the basis of their sexual orientation. Is this report accurate and, if so, would you please explain your opposition to the ordinance. Can you assure the Committee that, as HUD Secretary, you would oppose any discrimination against any HUD employee or any other individual on the basis of their race, gender, ethnic background, national origin or sexual orientation?

A.6. I did not oppose an ordinance prohibiting discrimination against Orange County workers on the basis of their sexual orientation. Orange County has very strong anti-discrimination policies in the areas of hiring, promotion and other job opportunities. Additionally, Orange County established a professional standards office with responsibility for investigating any complaints regarding discrimination or other allegations of unfair treatment of employees and citizens. The office reported directly to the County Administrator's office and worked closely with the Federal EEO offices to insure timely resolution of any complaints of discrimination. If confirmed, as Secretary I will enforce Federal regulations regarding anti-discrimination against any HUD employee of any other individual on the basis of race, gender, ethnic background, national origin or sexual orientation.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR MIKE CRAPO FROM MEL MARTINEZ

Q.1. As HUD Secretary, you will be in charge of the Office of Lead Hazard Control. In recent years, Congress has appropriated millions of dollars to this office to address issues relating to health problems stemming from exposure to lead-based paint older U.S.

homes. Approximately $100 million has been appropriated for this office this fiscal year. Questions have arisen about whether the current programs in place to address this health problem have been effective in serving their intended population, particularly children facing the risk of lead-based paint exposure. In your capacity as the Secretary of HUD, what are your plans to ensure the Office of Lead Hazard Control is more successful in dealing with this health problem, especially in low- and moderate-income housing nationwide? Do you see community-based, public-private partnerships that focus efforts on reducing exposure risks as an important part of any solution?

A.1. According to Department statistics, more than 800,000 children younger than 6 years old living in the United States have lead levels in their blood above the level of concern set by the Centers for Disease Control and Prevention. Many of these children are in families of low-income and are living in old homes with heavy concentrations of lead-based paint. As a former county official, if confirmed as Secretary, I would want to explore moving to a more community-based approach that would use education, training and lead reduction measures to address this serious problem. In this way, we can empower community leaders and local organizations to more effectively educate people about the dangers posed by lead-based paint and train local groups in using appropriate reduction and mitigation measures.

Q.2. In your written testimony and during your opening remarks, you noted that ". . . despite record high levels of home ownership, African-American and Hispanic American home ownership rates remain below 50 percent." You expressed your commitment to work to address this situation so that ". . . barriers to home ownership are torn down for everyone. . . ." I appreciated this statement because in Southern Idaho, Hispanic home loan borrowers are rejected at twice the rate of other borrowers, 33 percent versus 17 percent. Many factors contribute to this current situation, but I am interested in working together to improve it. Can you please share some of your thoughts on how we can work to achieve this shared goal?

A.2. Expanding opportunities for homeownership to populations that are underserved will be among my highest priorities at HUD if confirmed. One possible way of reaching these populations is to provide greater access to FHA, through reductions in up-front mortgage insurance premiums and other mechanisms. Late last year, HUD issued regulations that reduce up-front insurance premiums by one-third, eliminate annual premiums after a homeowner has built 22 percent equity in the home, and pay premium refunds to current FHA borrowers. I will closely monitor the impact of these changes. In early February, the General Accounting Office is reporting to Senator Wayne Allard on an analysis of the FHA Mutual Mortgage Insurance (MMI) Fund under various economic conditions. Based on that analysis as well as review of HUD's fiscal year 2000 Actuarial Review of the MMI Fund released in the last few days, I intend to explore ways to expand homeownership opportunities to underserved populations through FHA.

Q.3. You are no doubt aware that Idaho has a significant rural population. With this in mind, I am extremely interested in working with you to identify new and innovative ways to address home ownership challenges facing rural Americans. What are your plans to examine this situation and make sure that the housing needs of our rural population are addressed?

A.3. Housing and community development in rural areas will be a key component of HUD's mission under my Administration if confirmed. According to HUD's Worst Case Housing Needs report released in March 2000, 32 percent of very low-income nonmetropolitan renters suffered from worst case housing needs, and 54 percent of extremely low-income nonmetropolitan renters suffered similar needs. At the same time, between 1991 and 1997, the number of housing units in nonmetropolitan areas affordable to extremely low-income renters declined by 5 percent. And although not under HUD's jurisdiction, affordability contracts with Rural Housing Service housing developments are beginning to expire, and presents the Department of Agriculture (DOA) with a problem similar to HUD's recent Section 8 "opt-out" challenge. I expect to work with DOA on this issue to offer any assistance the Department may appropriately provide. In addition, on the issue of homeownership for rural Americans, one area I am particularly interested in exploring is a greater focus on homeownership counseling for families with FHA mortgage insurance. Education and counseling could be an important tool to expand homeownership opportunities in rural areas.

UNITED STATES SENATE
WASHINGTON, D. C. 20510

CONNIE MACK
FLORIDA

January 16, 2001

The Honorable Paul S. Sarbanes
Chairman
Committee on Banking, Housing, and Urban Affairs
534 Dirksen Building
United States Senate
Washington, DC 20510

Dear Chairman Sarbanes:

As a former member of this committee, it is an honor and privilege to introduce my friend Mel Martinez, Secretary-designee of the United States Department of Housing and Urban Development.

As a fellow Floridian, I have had the opportunity to know and personally work with Chairman Martinez in his various roles in local county government since the early days of my Senate career. I have found him to be an exceptional individual who has the intelligence, integrity and compassion to guide this agency and serve its constituents.

The Secretary-designee through his life experiences understands the courage, drive and determination it takes to achieve the American dream. As you and I know, very difficult problems can be overcome when individuals work together. Mel Martinez understands what is takes to bring people together with a deep concern for those who are less fortunate and striving for a better future. With his personal perspective and insight, I am sure you could not find a better person to improve the lives of those that look to us for assistance.

Therefore, with complete confidence, I strongly recommend Mel Martinez and urge your favorable consideration of him for Secretary of Housing and Urban Development.

Sincerely,

Connie Mack

Connie Mack

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January 12, 2000

The Honorable Paul S. Sarbanes
Senate Committee on Banking
United States Senate
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Sarbanes:

It gives me great pleasure to offer our enthusiastic endorsement of Mr. Mel Martinez for the position of Secretary of the Department of Housing and Urban Development. As President of the Appraisal Institute and on behalf of our 18,000 members, I am confident that Mr. Martinez brings the requisite experience and vision to successfully advance the vital goals of the Department.

Because of the impact sound housing policy and programs has on so many segments of our society and economy, the Appraisal Institute is proud of its long history of involvement with HUD appraisal issues. Working in both the single family and multifamily program areas, members of the Appraisal Institute consistently deliver impartial analysis and estimates of market value on real property throughout the country.

The Appraisal Institute supports the nomination of Mr. Martinez because he is well respected in the real estate industry, proving himself as an effective leader in the real estate community in the State of Florida. Mr. Martinez has worked extensively with many of the members of the Appraisal Institute. They report that he is well versed on the issues surrounding the nation's housing policies and is effective in managing the multitude of issues involved. For these reasons, I ask that you consider this letter of recommendation as a show of support for the nomination of Mel Martinez as Secretary of HUD.

I wish you well in your deliberations and I look forward to working with Mr. Martinez in the coming days. Should you have any questions or need further assistance, please contact Don Kelly, Vice President of Public Affairs in the Appraisal Institute Washington office at 202-298-5583 or by email at dkelly@appraisalinstitute.org.

Sincerely,

Brian A. Glanville

Brian A. Glanville, MAI
President

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December 21, 2000

FOR IMMEDIATE RELEASE

APPRAISAL INSTITUTE WELCOMES BUSH APPOINTMENT OF MEL MARTINEZ TO HUD SECRETARY POST

CHICAGO – Members of the Chicago-based Appraisal Institute welcomed President-Elect George W. Bush's appointment of Mel Martinez as secretary of the Department of Housing and Urban Development (HUD). President-Elect Bush announced his appointment of Mr. Martinez to his cabinet during a press conference held Wednesday, December 20, 2000 in Washington, D.C.

"We are absolutely delighted by Mr. Martinez' appointment as HUD Secretary," said Woodward S. Hanson, MAI, president of the 18,000-strong Appraisal Institute. "We eager to work with him in pursing policies and programs which will ensure safe and affordable housing for all Americans."

The Cuban-born Martinez, 54, has served on the Orlando, Orange County Housing Authority for several years, and currently chairs Florida Governor Jeb Bush's Growth Management Study Commission. He is noted for his willingness to take a stand to limit growth in areas where schools are overcrowded.

Appraisal Institute Welcomes Martinez
Add 1-1-1-1-1-1

"Having practiced throughout Florida, I know Mr. Martinez' reputation is of the highest regard among the real estate community," noted Mr. Hanson. "We wish him the best as he takes his experience and skills to Washington."

Today and throughout its 65-year history, the Appraisal Institute is the leading organization for professional real estate appraisers. Through its extensive educational programs, the Appraisal Institute's more than 18,000 members are skilled in the up-to-date methods of real estate valuation for commercial and/or residential properties. Reflecting their unbiased and objective approach to real property appraisal and analysis, members of the Appraisal Institute adhere to a strictly enforced Code of Professional Ethics and Standards of Professional Practice. The Appraisal Institute confers the MAI and SRA designations.

COUNCIL OF LARGE PUBLIC HOUSING AUTHORITIES
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General Counsel's Office

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January 12, 2001

Honorable Paul Sarbanes
Chairman
Senate Committee on Banking,
Housing and Urban Affairs
534 Dirksen Senate Building
Washington, D.C. 20510

Honorable Phil Gramm
Ranking Minority and Incoming
Chairman
Senate Committee on Banking,
Housing and Urban Affairs
370 Russell Senate Building
Washington, D.C. 20510

Dear Mr. Chairman:

The Council of Large Public Housing Authorities (CLPHA) is a national non-profit organization dedicated to the preservation and improvement of public housing for the benefit of low-income families, elderly and disabled residents. CLPHA represents approximately sixty of the nation's largest housing authorities that collectively own and operate over 40% of the national public housing stock and administer over 20% of the tenant-based Section 8 housing assistance program.

We welcome the nomination of Mel Martinez as Secretary of the Department of Housing and Urban Development (HUD). Mr. Martinez's personal history of hard work and determination in realizing the American Dream should make him especially sensitive to the issues facing struggling, low-income Americans who depend on HUD for housing assistance. Moreover, his experiences as Chairman of the Board of Commissioners of a public housing authority and as a County Executive give him familiarity with the operation of HUD programs on the local level.

In the coming year, CLPHA anticipates further implementation of the Quality Housing and Work Responsibility Act (QHWRA) in a manner that gives localities the regulatory flexibility to maximize affordable housing opportunities in their communities. In particular, we hope to continue working with HUD on necessary improvements to the Public Housing Assessment System (PHAS) begun under the last Administration. We are optimistic that the new Administration will realize the importance of HUD programs, specifically public housing and, in a time of budget surpluses, will seek increased funding for this essential shelter effort for the poor.

CLPHA look forward to working with the new Secretary to improve the Department's implementation of the public housing program and to provide increased housing opportunities for all Americans. We urge your committee and the full Senate to give Mr. Martinez every consideration.

Sincerely,

Gordon Cavanaugh
General Counsel

CONSUMER MORTGAGE COALITION

January 15, 2001

The Honorable Phil Gramm
Chairman
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

The Consumer Mortgage Coalition, a trade association of national mortgage lenders and servicers, is writing to advise you of our strong support for Secretary-Designate Mel Martinez to become the next Secretary of the Department of Housing and Urban Development.

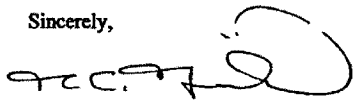
The members of the Consumer Mortgage Coalition include –

- Cendant Mortgage
- Chase Manhattan Mortgage
- CitiMortgage
- First American Real Estate Services
- GE Capital Mortgage
- GMAC/Residential Funding
- PNC Mortgage
- Principal Residential Funding
- Wells Fargo Home Mortgage

We are committed to working with Secretary-Designate Martinez and you during the 107th Congress in an effort to ensure that America's homebuyers are competitively served by a dynamic mortgage market place.

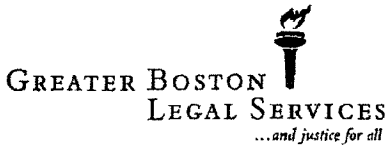
With best regards.

Sincerely,



Anne C. Canfield
Executive Director

801 Pennsylvania Avenue, NW, Suite 625 Washington, DC 20004
PHONE: (202) 544-3550 FAX: (202) 543-1438



Senator John F. Kerry
United States Senate
Senate Banking Committee
534 Dirkson Building
Washington D.C. 20510 (By Fax: 202-224-2080)

January 8, 2001

Re: Nomination of Mel Martinez

Dear Senator Kerry:

I write to strongly support the nomination of Mel Martinez for Secretary of the Department of Housing and Urban Development. I have known Mr. Martinez since 1982 and consider to him to be a bright, caring and effective person. I first met him when I was a staff attorney with Greater Orlando Legal Services, in Florida. We both served on the Orlando Mayor's Housing Task Force, which was created in response to an organizing and media campaign lead by a group of African- American homeowners and renters that I represented. The task force consisted of myself, one of my clients, the head of the NAACP and 10 business people. Mr. Martinez, the former law partner of the Mayor, was one of the business reps.

Mr. Martinez listened to my clients, and met with them informally in their neighborhood. He was moved by their plight and the fairness and equity of their positions. In the end he proposed a number of policy changes that directly benefitted my clients. The real estate industry and many downtown developers were against most of them. One proposal in particular dedicated over 30% of Tax Increment Financing to be used for low income housing. Hundreds of units were built or fixed up with this funding source. Without Mr. Martinez, my clients and I would never have convinced the majority of the task force to adopt measures like this.

Mr. Martinez respected and listed to my poor clients. It was real and my clients knew it. He rolled up his sleeves and met with them on their turf. He was later appointed to Chair the Orlando Housing Authority. Over the opposition of his staff he began to hold board meetings in the housing developments so that residents could attend. He listened and made changes to an organization that was not trusted by the residents.

In sum, I believe that Mr. Martinez is a superior choice for HUD. Please support him.

Yours truly,

Jay Rose, Managing Attorney

cc: Senator Sarbanes

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Habitat for Humanity® International

THE WASHINGTON OFFICE
Thomas L. Jones, Managing Director

Building houses in partnership with God's people in need

January 5, 2001

The Honorable Paul S. Sarbanes, Chairman
Senate Banking, Housing and Urban Affairs Committee
United States Senate
534 Dirksen Senate Office Building
Washington D.C. 20510

Dear Mr. Chairman,

On behalf of Habitat for Humanity International, I commend to you the nomination of the Honorable Mel Martinez to be the Secretary of the Department of Housing and Urban Development. We are convinced that Mr. Martinez will give leadership toward ever expanding opportunities for homeownership by low income persons. We believe he will facilitate ever greater partnerships of the public, private, non-profit, and faith-based sectors working together to meet the huge needs for adequate housing in our country.

Personally, I have known and been associated with Mr. Martinez in various capacities for many years. He is a man of deep humility, strong faith, huge integrity and immense leadership skills. We urge his confirmation and pledge our support to work with him across all boundaries and all lines toward our goal of providing a decent place to live for every person.

Please call upon us if we can be helpful in any way.

Very sincerely yours,

Tom Jones

TJ/lc

Cc: Senator Christopher Dodd
Senator John Kerry
Senator Tim Johnson
Senator Jack Reed
Senator Charles Schumer
Senator Evan Bayh
Senator John Edwards
Senator Barbara Mikulski
Millard Fuller
David Williams

Bcc: Congressman Alan Mollohan
Steven Harris
Amy Randel
Joseph Ventrone
Robert Woodson
Sean Cassidy
John Weicher

1010 Vermont Ave. (at K St.) N.W. Suite 900 Washington, DC 20005 USA (202) 628-9171 fax (202) 628-9169

INTERNATIONAL HEADQUARTERS: 121 Habitat Street Americus, GA 31709-3498 USA (912) 924-6935 fax (912) 924-6541

NAHMA National Affordable Housing Management Association
526 King Street, Suite 533 • Alexandria, Virginia 22314 • 703-683-8630 FAX 703-683-8634 www.nahma.org

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David Hquee
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Kay McIlmoil
First Union

Jack Oliver
MetroCorp

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Solari Enterprises, Inc.

Karen Steinbaum
SK Management Company, LLC

Ronald Weaver
Management Systems, Inc.

January 12, 2001

Hon. Paul Sarbanes
Chairman, Committee on Banking,
Housing and Urban Affairs
United States Senate
Washington, DC 20510

Hon. Phil Gramm
Ranking Member, Committee
on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Sarbanes and Senator Gramm:

The National Affordable Housing Management Association (NAHMA) is pleased to support the nomination of the Honorable Mel Martinez of Florida to serve as Secretary of Housing and Urban Development (HUD).

The nominee brings impressive personal credentials, a strong record of public service, and experience in the housing and community development issues that represent the jurisdiction of HUD. In addition, we are convinced that he is aware of the critical need for affordable housing this nation faces and that he will make affordable housing a priority. NAHMA members in Florida who have worked with Mr. Martinez have found him to be a strong leader who is thoughtful, fair and decisive.

HUD faces numerous challenges in the years ahead. NAHMA believes that Mel Martinez will bring to HUD the energy and, more important, the talent to meet those challenges.

Sincerely,

Phil Carroll

Phil Carroll
President

NAHRO National Association of Housing and Redevelopment Officials
building communities together
630 Eye Street, Northwest, Washington, D.C. 20001-3736 (202) 289-3500
Toll Free (877) 866-2476
Fax (202) 289-8181

January 16, 2001

The Honorable Paul Sarbanes
Chairman
Senate Committee on Banking, Housing and Urban Affairs
SD-534 Dirksen Senate Office Building
Washington, D.C. 20510-6075

Dear Senator Sarbanes:

The National Association of Housing and Redevelopment Officials (NAHRO) would like to join the organizations and individuals in supporting the nomination of Mel Martinez for Secretary of Housing and Urban Development (HUD).

Mr. Martinez brings a wealth of local experience to the position that will provide the sensitivity to community needs that at times has been lacking from the Department. His experience in working with a diverse group of people and in developing coalitions to solve problems in a collaborative fashion will serve him well as Secretary.

NAHRO believes that he will serve the country well in the position of Secretary and would encourage the Committee and the Senate to approve his nomination.

Sincerely,

Richard Y. Nelson, Jr.
Executive Director

Karen Thoreson, PHM, President; **Kurt Creager,** Senior Vice President; **Lisa A. Baker,** Vice President-Community Revitalization & Development; **Tara Baife Clifford,** Vice President-International; **Norleen Norden,** Vice President-Professional Development; **Charles B. Redd,** Vice President-Commissioners; **Steve Renahan,** Vice President-Housing; **Gerald "Jerry" E. Schock,** PHM, Vice President-Member Services; **Richard Y. Nelson, Jr.,** Executive Director

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Walter J. Wrzek, Jr., Vice President

January 16, 2001

The Honorable Paul Sarbanes
Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D. C. 20510

Dear Mr. Chairman:

On behalf of the more than 760,000 members of the NATIONAL ASSOCIATION OF REALTORS®, let me first congratulate you upon your election as Chairman of the Senate Banking Committee. The NATIONAL ASSOCIATION OF REALTORS® welcomes this opportunity to comment on the nomination of Mel Martinez as Secretary of Housing and Urban Development and we look forward to working with you throughout the year on a range of issues affecting the real estate industry.

With this letter the NATIONAL ASSOCIATION OF REALTORS® is pleased to support the nomination of Mel Martinez as Secretary of the U. S. Department of Housing and Urban Development. Mr. Martinez is currently Orange County, Florida Chairman and a strong proponent of homeownership which has enabled him to gain a deep interest in housing issues and an understanding of the solutions and remedies necessary to fashion programs and policies benefiting the housing community.

As Chairman of Florida's Growth Management Study Commission and the Orlando Housing Authority, Mr. Martinez successfully advocated difficult policies and initiatives promoting affordable homeownership and rental opportunities for all Americans. The NATIONAL ASSOCIATION OF REALTORS® believes his local government experience has prepared him well to fully grasp the nuances of HUD and the role the federal housing budget and policy play in the lives of local residents and communities.

The NATIONAL ASSOCIATION OF REALTORS® is confident Mr. Martinez will bring the same energy and commitment to the broad spectrum of housing issues that he will confront as HUD Secretary, and that he will not hesitate to utilize the expertise and knowledge of our members to forge a strong and viable partnership to address the critical issues that await workable solutions.

REALTORS® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.

The NATIONAL ASSOCIATION OF REALTORS® believes Mr. Martinez is an excellent choice to serve with President George W. Bush and the 107th Congress in developing and implementing housing and community development policies and we welcome and endorse his selection as the next Secretary of the Department of Housing and Urban Development.

Sincerely,

Richard Mendenhall
President

Public Housing Authorities Directors Association
511 Capitol Court, NE, Washington, DC 20002-4937
phone: 202-546-5445 fax: 202-546-2280 www.phada.org

January 11, 2000

Honorable Paul Sarbanes
Chairman
U.S. Senate Committee
on Banking, Housing and Urban Affairs
534 Dirksen Senate Building
Washington, DC 20510

Dear Mr. Chairman:

As you know, PHADA represents the professional administrators of approximately 1,850 housing authorities from all over the United States. I am writing concerning the upcoming confirmation hearings for HUD Secretary-Designate Mel Martinez.

The incoming Secretary will face significant programmatic and budgetary challenges immediately upon assuming office. From PHADA's perspective, Mel Martinez appears to be well-equipped and experienced to address those challenges. His personal realization of the American Dream demonstrates he understands the difficulties facing society's less fortunate, the primary constituency served by HUD programs. From a professional standpoint, PHADA notes he has an understanding of public housing, having served on a local housing authority board in the 1980s. Further, Mr. Martinez's background in law and as a local government executive undoubtedly have prepared him for the duties associated with the Secretary's position.

PHADA looks forward to working with the new Secretary to improve the Department's operations and the services it provides to millions of low and moderate income Americans. Our members are happy to support Mr. Martinez and respectfully request that your committee and the full Senate confirm him at the earliest possible date. Thank you for your consideration of PHADA's views.

Sincerely,

James R. Tabron

James R. Tabron
President

cc: Honorable Phil Gramm, Ranking Republican & Incoming Chairman

January 16, 2001

The Honorable Paul Sarbanes
Chairman
Committee on Banking, Housing and Urban Affairs
524 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Senator Sarbanes:

I am writing today to express support for President-elect Bush's designee to serve as Secretary of the Department of Housing and Urban Development. I have spoken with members of the transition team concerning Mr. Martinez's views on housing in general and Native American issues in particular and am confident that he will make a good Secretary.

As you know, Native Americans face more challenges in housing and economic development than almost any other community in the United States. The National American Indian Housing Council and our sister organization, the Coalition for Indian Housing and Development, believe that any HUD Secretary must respect the unique government-to-government relationship between tribes and the United States and be willing to work collaboratively with tribal leaders on a range of issues, including homeownership, economic development and capacity building. We look forward to meeting Mr. Martinez personally and working with him on these and other matters.

Again, thank you for your continued support for tribal housing and economic development matters. I would be happy to answer any questions you might have.

Sincerely,

Christopher D. Boesen
Executive Director

January 17, 2001

The Honorable Paul Sarbanes
Chair
Committee on Banking Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Sarbanes:

On behalf of the American Land Title Association (ALTA*) I am conveying our endorsement of Secretary-Designate Mel Martinez's confirmation as Secretary of the Department of Housing and Urban Development.

Secretary-Designate Martinez is familiar with housing issues and has proven to be accessible to constituents. His experience in Florida as Chairman of Governor Jeb Bush's Growth Management Study Commission and as Chairman of the Orlando Housing Authority makes him an excellent choice to lead the Department of Housing and Urban Development. The nation's title agents and underwriters look forward to working with Secretary Martinez.

Sincerely,

Ann vom Eigen

Ann vom Eigen
Legislative and Regulatory Counsel

*The American Land Title Associaton (ALTA) represents title insurance companies and their agencie nationwide on a variety of industry and legislative issues. Members of the Association search and insurance land titles and perform real estate closings.

American Federation of Government Employees
Local 476
Affiliated with AFL-CIO

451 7th Street, SW, Suite 3139
Washington, DC 20410

Eddie Eitches
President & Regional Vice President

Phone: 202-708-3077
Fax: 202-708-7638

PRESS RELEASE

After the hearings conducted by the Senate Banking, Housing and Urban Affairs Committee, Eddie Eitches, the President of AFGE Local 476, representing approximately 2,300 HUD employees, issued a statement supporting the confirmation of Mel Martinez as the next Secretary of the United States Department of Housing and Urban Development. President Eitches stated the following:

Secretary-Designate Martinez impressed me in emphasizing his strong commitment to HUD's present programs. Far from being a caretaker, he plans to play an active role, expanding, for example, home ownership initiatives and proposing ways to increase the supply of affordable rental housing. As a county executive, he has seen the benefits of such programs as Hope VI, which replaces decrepit public housing with mixed income units. To increase availability of such programs to more localities, he hopes to simply application procedures. He emphasized that the HUD mission is bipartisan and pursuant to the ideals of compassionate conservatism, HUD should grow, using its "resources efficiently, so there is the means to treat with compassion those in need."

Secretary-Designate Martinez opposed the reduction in positions at HUD that took place at Congressional direction a few years ago, stating that the decision was not prudent. He said that there may, in fact, be a need to add jobs. HUD transition chief Robert Woodson, Jr., stated that the Martinez administration is committed to partnership with HUD unions to enable HUD to become more customer friendly, better fulfill its mission, and empower its employees. The major challenge for Secretary Designate Martinez will not be in mobilizing HUD employees behind him, but convince the new OMB and the Congressional appropriations committees of the critical work that HUD does in order for Martinez to achieve his worthy goals.

January 12, 2001

The Honorable Paul Sarbanes
Chairman, Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Phil Gramm
Ranking Member, Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20515

Dear Chairman Sarbanes and Senator Gramm:

I am writing on behalf of the 210,000 members and 1,200 affiliates of the National Alliance for the Mentally Ill (NAMI) to express support for the nomination of Mel Martinez of Florida as Secretary of Housing and Urban Development (HUD).

As the nation's largest organization representing people with severe mental illnesses and their families, NAMI places the highest priority on increasing access to decent, safe and affordable housing for adults living with severe mental illness. According to recent surveys, in most major American cities, 40 percent of the homeless population is adults with severe mental illness, many of whom cycle between the streets, shelters, psychiatric hospitals and jails. As a national advocacy orgnaization, NAMI feels strongly that federal policies should be oriented toward developing permanent housing and supportive services to end this costly and tragic cycle. Likewise, NAMI also strongly advocates for changes in federal policies to address the growing housing crisis facing adults with severe disabilities, particularly those who rely solely public disability benefit programs for their monthly income.

NAMI is pleased to support the nomination of Secretary Designate Martinez. He is a distinguished public servant who is well qualified to bring new leadersip to HUD. As Executive of Orange County, Florida, he played an important role in securing funding for a program to provide housing and treatment services for homeless offenders with severe mental illnesses in the county's correctional system. He understands the importance of housing as a cornerstone to independence and dignity for people with severe disabilities and will bring these values to his service at HUD.

NAMI urges the Senate Banking Committee to support his nomination.

Sincerely,

Andrew Sperling
Deputy Director for Public Policy

January 16, 2001

Chairman Paul Sarbanes
Ranking Member Phil Gramm
Senate Banking, Housing and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, DC 20515

Dear Senators Sarbanes and Gramm:

The membership of the Manufactured Housing Institute (MHI) endorses Mel Martinez as candidate for the position of Secretary of the Department of Housing and Urban Development. Mr. Martinez has earned a reputation as a fair and open-minded leader and consensus builder during his tenure with the state of Florida. Our members have watched him manage enormous growth issues and make difficult decisions, whether popular or not. These are the qualities that will lead Martinez to administer the department well and to help all Americans achieve the dream of homeownership.

MHI represents all segments of the manufactured housing industry, including builders, suppliers, retailers, community developers, owners, managers, insurers and financial service providers. Manufactured homes are built to a uniform and preemptive Federal code that is overseen by the Department of Housing and Urban Development.

At an average price of $43,600, manufactured housing is the largest source of non-subsidized, affordable housing available in America. The industry contributes more than $34 billion annually to our nation's economy and produces nearly one in four single-family homes sold each year. Manufactured homes are a popular choice for a wide and growing cross section of Americans, including first-time homebuyers, single parents, young families, and senior citizens.

Again, the Manufactured Housing Institute (MHI) supports Mel Martinez as candidate for the position of Secretary of the Department of Housing and Urban Development, and we urge you to look favorably in considering him during the confirmation hearing process.

Sincerely,

Chris Stinebert

Chris Stinebert
President

Manufactured Housing Association for Regulatory Reform

1331 Pennsylvania Avenue, NW • Suite 508 • Washington, DC 20004 • 202-783-4087 • Fax 202-783-4075

January 12, 2001

Hon. Phil Gramm
Chairman
Senate Banking, Housing and
Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, D.C. 20510

And

Hon. Paul S. Sarbanes
Ranking Member
Senate Banking, Housing and
Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Nomination of Mel Martinez

Dear Senators Gramm and Sarbanes:

I am writing on behalf of the Manufactured Housing Association for Regulatory Reform ("MHARR") to strongly endorse the confirmation of Mel Martinez to serve as Secretary of the Department of Housing and Urban Development.

The Manufactured Housing Association for Regulatory Reform is a national trade association representing the views and interests of producers of Federally-regulated manufactured housing. Formerly known as "mobile homes," manufactured housing is an entirely domestic industry that provides affordable homeownership for millions of Americans. At present, nearly 30% of the single-family homes produced in the United States are manufactured homes.

The businesses that comprise the manufactured housing industry are primarily small businesses, many of which are family-owned. MHARR, in particular, is proud to represent mostly small and mid-sized manufacturers. As our name implies, these producers of affordable housing seek a regulatory environment that is both fair and equitable; one that protects the interests of consumers without unnecessarily burdensome regulatory mandates.

Because the production of manufactured housing is Federally-regulated through the Department of Housing and Urban Development (and because many manufactured home loans are supported by HUD guarantee programs) MHARR has worked with HUD and its employees -- both appointed and civil service -- since the Association's inception 16 years ago. Moreover, I have personally dealt with the Department during my over 30-year career as a housing industry representative. As a result of this experience, MHARR is quite familiar with HUD and its regulatory functions.

We are also familiar with Mr. Martinez and his career record in the state of Florida. Indeed, Florida is one of the nation's leading manufactured housing states and many MHARR members produce and sell homes in Florida. As a result, we have received a considerable amount of input from our members regarding Mr. Martinez. Without exception, this input has been positive, lauding both his leadership qualities, his commitment to openness and objectivity in government and his ability to work with groups and individuals with diverse interests.

Given the broad range of regulatory and financial programs that HUD administers and the diverse nature of the individuals, businesses and governmental entities that participate in these programs, HUD needs strong and responsive leadership. We know that Mr. Martinez can bring both of these qualities to the Department.

Given our knowledge of both HUD and Mr. Martinez, we feel that Mr. Martinez is an excellent choice to serve as HUD's next Secretary.

We look forward to Mr. Martinez' confirmation, and will be happy to provide you with any additional information that may be helpful to you.

Sincerely,

Danny D. Ghorbani,
President

HOME IMPROVEMENT LENDERS ASSOCIATION

1625 MASSACHUSETTS AVENUE, NW
SUITE 601
WASHINGTON, DC 20036-2244
TEL 202.939.1770, FAX 202.265.4435

Peter H. Bell
EXECUTIVE DIRECTOR

Glenn D. Petherick
DIRECTOR OF COMMUNICATIONS

January 16, 2001

Hon. Paul Sarbanes
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

Dear Senator Sarbanes:

The Home Improvement Lenders Association (HILA) is a national trade organization of lenders and related service providers who specialize in making home improvement loans and home equity loans that are often used to fund home improvements. Our members are active across the country and include major financial institutions, community banks, insurance companies, mortgage bankers and brokers. The association serves as a policy advocate and educational resource for financial service companies that are engaged in this highly specialized area of residential lending.

Historically, the FHA Title I Home Improvement Loan Program has been an important tool for moderate-income homeowners or recent purchasers who have not yet accumulated significant equity in their homes. This credit enhancement tool assures the availability of funding for deserving homeowners who would otherwise find it difficult to obtain, and therefore might be forced to forego needed improvements to their properties.

HILA looks forward to working with HUD Secretary-designate Mel Martinez on strengthening the Title I program as well as a variety of other housing issues. We support this nomination and urge the Banking Committee to confirm Mr. Martinez' nomination as Secretary of Housing & Urban Development as expeditiously as possible.

Sincerely,

Peter H. Bell
Executive Director

Formerly the Title One Home Improvement Lenders Association

National Reverse Mortgage Lenders Association
1625 Massachusetts Avenue, NW
Suite 601
Washington, DC 20036-2244
Tel. 202.939.1760
Fax. 202.265.4435
http://www.reversemortgage.org

January 16, 2001

Hon. Paul Sarbanes
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

Dear Senator Sarbanes:

The National Reverse Mortgage Lenders Association (NRMLA) is a national trade organization of lenders and related service providers who specialize in making reverse mortgages. A reverse mortgage is a unique loan that enables homeowners over 62 years of age to convert part of the equity in their homes into cash without having to sell the home, give up title, or take on a new monthly mortgage payment. The money received from a reverse mortgage is commonly used to fund home repairs and improvements, medical expenses, in-home care, education of children and grandchildren, or supplement retirement income.

Our members are active across the country and include national banks, community banks, specialized lending companies, insurance companies, mortgage bankers and brokers. The association serves as a policy advocate and educational resource for companies that are engaged in this highly specialized area of lending.

Historically, the FHA Home Equity Conversion Mortgage (HECM) has been the predominant reverse mortgage product selected by America's seniors. The FHA insurance assures seniors that their money will always be available to them no matter what happens in the economy or to the lender that originates their reverse mortgage. The insurance also assures lenders that the funds advanced will be repaid.

NRMLA looks forward to working with HUD Secretary-designate Mel Martinez on strengthening the Home Equity Conversion Mortgage program as well as a variety of other housing issues. We support this nomination and urge the Banking Committee to confirm Mr. Martinez' nomination as Secretary of Housing & Urban Development as expeditiously as possible.

Sincerely,

Peter H. Bell
President

The way to a better lifestyle.℠ N R M L A

National Housing & Rehabilitation Association

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January 16, 2001

Hon. Paul Sarbanes
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

Dear Senator Sarbanes:

The National Housing & Rehabilitation Association (NH&RA) is comprised of professionals engaged in the delivery and financing of affordable housing. Our diverse membership includes developers, nonprofit housing corporations, equity investors, bond underwriters, banks, community development corporations, accounting and law firms, state housing finance agencies and local housing officials.

Affordable housing developed, owned and operated by our members is typically built with a combination of private funds and federal, state and local assistance. A variety of multifamily housing programs operated by HUD and the federal Low-Income Housing Tax Credit have been major resources for the work that has been done by our members.

NH&RA serves as a policy advocate, educational resource and networking forum for companies, agencies and individuals who are actively engaged in this highly focused activity. Our nation's system for providing affordable housing relies on the ongoing cooperation between the private, public and nonprofit sectors with each having a thorough understanding of the others' needs and objectives. NH&RA's activities focus on building the necessary mutual understanding.

A major focus of our members' current activities is the revitalization of affordable housing built under earlier HUD housing assistance programs, as well as the redevelopment of public housing. We look forward to calling upon Secretary-designate Martinez' experience as chairman of a local housing authority and to working with him to promote affordable housing.

We support this nomination and urge the Banking Committee to confirm Mr. Martinez' nomination as Secretary of Housing & Urban Development as expeditiously as possible.

Sincerely,

Peter H. Bell
Executive Director