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House of Representatives

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Opening Statement
Rep. Jamie Raskin
Hearing on “Ten Years of TARP: Examining the Hardest Hit Fund”
May 22, 2018

Chairman Meadows, Chairman Palmer, thank you for calling today’s hearing, and I would like to thank our witnesses for being here today.

The Hardest Hit Fund program was designed to provide targeted aid to families in states decimated by the downturn of the housing markets. Funded by the federal government, but administered by state government, the Hardest Hit Fund has financed mortgage modification, unemployment assistance, transition assistance, mortgage reinstatement and blight elimination.

Since its creation in 2010, the Hardest Hit Fund has assisted over 350,000 families and removed 24,000 blighted properties in 18 states and the District of Columbia.

Although this program has helped many Americans avoid losing their homes, the work of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) has raised bipartisan concerns about how state agencies have administered the program. I still have a number of serious concerns that I look forward to addressing today.

I’m not sure why Maryland and other states hit hard during the financial crisis were not included under the Hardest Hit Fund. After all, we saw record numbers of people in my state in need of help refinancing, and under threat of foreclosure. Questions remain about the Treasury Department’s exclusion of states in need of assistance. In addition, why do we still have no analysis from Treasury about the success and possible expansion of the program – now seven years in?

While states in need like mine received zero dollars under this program, others received millions of dollars, meant to help Americans, that ended up going to fund the excessive and egregious waste that SIGTARP uncovered in their audits. Instead of directing taxpayer funds where they were designed to go, Hardest Hit Fund dollars went to catered barbeques, VISA gift cards, and employee bonuses, catered lunches with Treasury employees, cars, and employee trips to the zoo.

Thankfully, not all states broke the rules. The California Hardest Hit Fund program has the highest rate of homeowner approval with over 73,000 Americans that have been assisted.

That is a homeowner admission rate of 42% and their HHF program spends zero dollars on food and parties.

I look forward today to digging into the great work of Special Inspector General Goldsmith Romero and her team at SIGTARP – who uncovered the fact that federal dollars meant to assist those recovering from the greatest economic catastrophe since the Great Depression, were being wasted on a car allowance of \$11,000 for a Mercedes Benz for the CEO. A September 2016 SIGTARP audit report found that the Nevada Affordable Housing Assistance Corporation (NAHAC) misspent \$8.2 million dollars. In 2017, the Department of Treasury reported to SIGTARP that Nevada's HHF did not meet its 2017 utilization threshold and will have its allocation reduced by \$6.7 million. Nevada was the only state participating in the HHF program to have funds cut.

The Georgia Department of Community Affairs provided Hardest Hit Funds to only 9,061 homeowners and rejected two-thirds of applicants. The Georgia state agency has consistently ranked as one of the least effective state agencies disbursing Hardest Hit Funds to homeowners. The Georgia Department of Community Affairs has provided less than half of the available dollars, \$173.8 million out of \$370.1 million, to homeowners.

SIGTARP found that the Ohio Housing Finance Agency misspent \$204,522 received from the Hardest Hit Fund. The state agency spent \$127,932 on cars and over \$13,000 on events, including paid admission to a zoo.

SIGTARP also found that the Indiana Housing and Community Development Authority used HHF funds to demolish occupied homes rather than abandoned houses. SIGTARP's 2018 audit found over \$45,000 dollars on employee bonuses and \$34.4 million on its own salaries.

SIGTARP played a vital role in conducting efficient and effective oversight of the Hardest Hit Fund Program. Without SIGTARP we would not have been aware of \$3 million dollars in wasteful spending by certain state agencies empowered to administer this fund. We need to take the information learned from these forensic audits seriously and should work together to implement some of the modest standards suggested by SIGTARP. Eight years into the program, we still lack federal standards for contract competition for states and a uniformed procurement standards, and oversight over contract awards.

The Hardest Hit Fund program will wind down in the next two years and close by December 2020. While the program is in its final stages, continuing oversight of the program is essential. There are still plenty of people across these 18 states and the District of Columbia who can be helped. We need to make sure that this program does its job for Americans in need and that the state agencies administering this fund do so with transparency and integrity.

Thank you Mr. Chairman. I yield back.

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