



**Acting Deputy Secretary Brian D. Montgomery**

**House Appropriations Subcommittee for Transportation, and Housing and Urban Development, and Related Agencies**

**February 12, 2019**

Chairman Price, Ranking Member Diaz-Balart, and members of the subcommittee, thank you for welcoming me today to discuss the most recent lapse in appropriations and how HUD performed during this weeks-long interruption to our normal operations.

And to those new members of this subcommittee, I'd like to say, welcome. Secretary Carson and the rest of HUD's senior leadership team looks forward to working with you.

I am pleased to be joined today by our Chief Financial Officer, Irv Dennis. Irv came to HUD in January 2018 after considerable private sector experience. With 37 years of accounting and audit work under his belt, ultimately as a partner with the global firm Ernst & Young, Irv brings a vast well of knowledge to HUD as we seek to improve the agency's financial management and accounting practices – in short, to be better stewards of taxpayer dollars.

Today, I would like to offer you a brief summary of HUD's operations during the most recent government shutdown. I am proud to report to you that despite the furlough of close to 97 percent of our dedicated workforce, HUD continued to support activities that impact the health and safety of the individuals and families we serve.

Rental Assistance

We continued to make payments to 3,200 public housing authorities during the shutdown.

We continued to make contract payments to private owners participating in our Project-Based Rental Assistance program.

We continued to renew expiring Section 8 contracts during the shutdown. In cases where payments could not be made, our team worked with owners to find interim solutions, such as accessing property reserves, in order to ensure that residents were not impacted. We understood the vulnerability of those families *who were concerned that*, through no fault of their own, they would be at risk because of expired contracts.

And in contrast to the apocalyptic predictions you may have read in the media, there were no evictions of our residents in any of our rental programs as a result of the shutdown. Zero.

### Federal Housing Administration (FHA)

On the single-family side, we continued to make certain families could secure FHA-insured mortgages to purchase their homes, or to refinance their existing mortgages.

### Disaster Recovery

While our ability to review pending long-term disaster recovery action plans *was* suspended during the shutdown, we took the necessary steps to ensure that Puerto Rico could access the already obligated \$1.5 billion in Community Development Block Grant–Disaster Recovery funds for which an action plan had already been approved. We continued and are continuing to provide needed technical assistance to our grantees in the development and execution of their recovery programs. I can assure this subcommittee that this shutdown *did not* materially alter the long-term recovery of our grantees.

Specifically, in the case of Puerto Rico, we moved heaven and earth to make sure the financial systems were in place to allow the Commonwealth to draw upon their already-approved funds immediately. Just last week, Secretary Carson and I met with Governor Rosselló to convey that HUD's work during the shutdown allowed Puerto Rico to proceed with its initial draw as early as February 4, 2019. I am pleased to announce this occurred on February 8. Again, we did what needed doing.

Finally, we were in daily contact with your staff to make certain we were as transparent as we could be during this difficult period. And we accomplished all this with just three to five percent of our staff, using systems that are in desperate need of modernization.

HUD employees from multiple program offices, none of them being paid during this shutdown, moved mountains to make sure our critical and legally permissible activities continued to function, even if most of our agency could not. Irv's team in the Office of the Chief Financial Officer played a role that cannot be overstated, which is one of the many

reasons that I am pleased to appear with him today. We can all be immensely proud of their public service.

Again, thank you for the opportunity to tell this story before this subcommittee. Irv and I would be pleased to answer your questions.