

**WRITTEN TESTIMONY
DR. BEN CARSON
SECRETARY OF
HOUSING AND URBAN DEVELOPMENT
BEFORE THE
HOUSE FINANCIAL SERVICES COMMITTEE
THURSDAY, OCTOBER 12th, 2017**

INTRODUCTION

Chairman Hensarling, Ranking Member Waters, and members of this Committee, thank you for inviting me to discuss the work we do at the Department of Housing and Urban Development (HUD), and my plans for fulfilling our mission with fidelity to our Congressional mandate and the best interests of the American people.

First, please know that, right now, HUD is involved in the federal response to Hurricanes Harvey, Irma, and Maria that damaged and devastated areas of Texas, Florida, Georgia, Puerto Rico, and the U.S. Virgin Islands. On a daily basis, in our interagency leadership role as the Coordinating Department for the Housing Recovery Support Function, HUD's team is coordinating with our Federal, State, territorial, and local agency partners in the field, providing temporary and long-term housing solutions for survivors, and helping HUD-assisted clients and FHA-insured mortgage borrowers. In the long-term, HUD will play a key role in the recovery efforts in these disaster impacted regions as they rebuild. Helping the impacted communities in the aftermath of these storms is and will remain a priority for me and this Administration.

A PLAN FOR REFORM

While there remains robust debate about how to solve the complex problems that HUD tackles every day, we should all be able to agree that roofs over peoples' heads, strong families, and healthy communities help foster and develop the God-given potential of those Americans that HUD assists. To do so, we need an innovative approach that responds to today, not yesterday.

After all, America has changed greatly since HUD was established as part of Lyndon Johnson's "Great Society" programs over 50 years ago, and we must learn to evolve with the country.

While HUD has been around for 50 years, many Americans still struggle to find affordable housing. The Worst-Case Housing Needs 2017 Report indicates that alarmingly high numbers of Americans continue to pay more than half of their incomes toward rent and/or live in inadequate conditions. Chronic homelessness continues to plague tens of thousands of our countrymen, and many millions remain mired in poverty, rather than being guided on a path out of it.

History has made clear that spending more taxpayer dollars does not necessarily create better outcomes.

We must constantly evaluate our programs to ensure that we are delivering services effectively and efficiently to HUD's constituents, and responding to today's challenges with the best practices and technologies.

Since I arrived at HUD in March, it has been my mission to employ the wealth of institutional knowledge held by career staff to improve our services, reform our programs to reflect realities of modern society, and remain careful stewards of taxpayer dollars. My experiences and interactions with the talented employees of HUD have been extremely gratifying and inspiring.

With that in mind, it is encouraging that in the 2017 Federal Employee Viewpoint Survey, HUD had the highest Employee Engagement Score (69%) we have seen in the last three years. Hearing the voices of HUD team members on issues from workplace conditions to program efficiency continues to be vital to building a better agency.

After several months of hard work, our team has outlined a bold plan for institutional reform and improvement that will better serve all Americans—those who benefit from our programs, the taxpayers who fund us, and the hard-working employees who have dedicated their careers to helping those served by HUD.

It is called the FORWARD initiative.

FORWARD INITIATIVE

The policy elements of the FORWARD initiative each fall under what we have named “the three Rs:” Reimagine How HUD Works, Restore the American Dream, and Rethink American Communities.

Reimagining How HUD Works refers to our internal processes, working conditions, and training. We believe that an improved work environment will lead to a more effective workforce.

Of course, the goal of every improvement made at HUD is to provide better service to those in need. Our job is to Restore the American Dream, getting Americans back on their feet and permanently improving their lives.

This initiative is a strong companion to the work done by this Committee and the Congress in passing the Housing Opportunities Through Modernization Act last year. We are working to enhance our rental assistance programs to better support the needs of the families they serve. A goal of every anti-poverty program should be to help beneficiaries reach prosperity and self-sufficiency. Housing assistance must be geared toward this goal through alignment with job training and other forms of support where possible. This does not mean taking assistance away from those who need HUD—it means doing our job so well that fewer and fewer people require our assistance.

Additionally, we have an opportunity to finally eliminate veteran homelessness in America. This will continue to be a focus for our Department. They sacrificed for our country, and deserve all the support we can give.

We are also working to help more Americans achieve responsible homeownership, including revisiting the Federal Housing Administration's (FHA's) condominium rules to consider opening up assistance to more first-time homebuyers. FHA's role to support homeownership is important and must be executed responsibly for borrowers and taxpayers. As part of this, we are looking to modernize FHA's systems and programs to reduce risk and ensure that they will be available for future generations.

And finally, we need to Rethink American Communities and how we make them thrive.

Expanding community investment through public-private partnerships and engaging the most effective charities, philanthropies, and religious institutions produces better results than heavy-handed government interventions. Of course, HUD is committed to continuing to serve those families that might always need someone to lean on.

I am also making it a special priority to help more American families live in healthy homes free of lead hazards and other poisonous substances. As a doctor, I have seen firsthand the tragic consequences of childhood exposure to hazardous paints, pipes, and building materials. Ridding our homes of such dangers, and thereby preventing Americans young and old from suffering from acute and long-term illnesses, is a worthy cause and will have a positive impact on our country that will be felt far beyond the lives that we will directly save.

DISASTER RELIEF

While much of our FORWARD initiative consists of plans for the future, HUD is hard at work this very moment responding to the recent hurricanes, and planning for the long-term recovery of the areas impacted by them. I am particularly pleased that HUD's Deputy Secretary, Pamela Patenaude, is now in office. Deputy Secretary Patenaude has expertise from Hurricanes Katrina and Rita during a previous tour at HUD, and has already proven to be a tremendous asset in her role as the Chair of the Department's Disaster Management Group.

Even before a hurricane hits, HUD's local field staff are identifying vacant units in the potentially impacted areas and working with our stakeholders to prepare for the hurricane. Since these storms hit, many employees from around the nation volunteered to go to affected areas, becoming the face of the Department and providing first-hand assessments. Anthony Landecker is one such employee that I had an opportunity to meet during a recent trip to Beaumont, Texas. Anthony moved with his wife and two young children from Minnesota to help with the recovery efforts. We owe Anthony, and all those who have volunteered to respond to these disasters, our gratitude. To all the amazing employees at HUD working to respond to the devastation of Harvey, Irma, and Maria: thank you.

HUD is supporting FEMA to move displaced residents into temporary and interim habitable housing in each of the impacted areas. HUD has staff at shelters and disaster recovery centers to work with the survivors and local supportive service providers to identify housing solutions and needed services.

HUD also works with other federal agencies as well, such as HHS and USDA, to coordinate our disaster recovery efforts. FEMA also has been a close partner, inspecting thousands of damaged dwellings a day. FEMA's inspection data will allow HUD to estimate the unmet repair needs, and assists HUD in its long-term recovery efforts.

We are also working closely with communities to support those who were homeless prior to the storms, to help ensure their safety and address their continuing need for housing. Part of our strategy will be working to ensure that emergency shelters are meeting the needs of the most vulnerable.

In addition, we are providing FHA mortgage insurance to people who have lost their homes. Some will be eligible for 100 percent financing through HUD's Section 203(h) program. HUD has also granted a 90-day moratorium on foreclosures, and a 90-day forbearance on foreclosures of FHA-insured mortgages.

EXECUTIVE ORDERS AND OUR STEWARDSHIP

While pursuing its mission to provide safe, decent, and affordable housing for the American people, the HUD team is also cognizant of its vital duty to be good stewards of taxpayer dollars, and, like the medical dictum, to "first, do no harm."

President Donald Trump has directed federal agencies to take special care against burdening American families and their businesses with unnecessary and expensive regulations. In accordance with Executive Orders 13771, "Reducing Regulation and Controlling Regulatory Costs," and 13777, "Enforcing the Regulatory Reform Agenda," HUD is reviewing its existing regulations to assess their compliance costs and reduce regulatory burden.

As required by Executive Order 13777, HUD has established a Regulatory Reform Task Force charged with identifying agency regulations that should be repealed, replaced or modified. I am confident the efforts currently underway will help the agency streamline its services, reduce regulatory burdens and, ultimately, result in a more efficient and effective HUD.

HOUSING FINANCE REFORM

Let me close by reiterating the interest of our Administration, and my personal interest, in working with this Committee on housing finance reform. I've met with several of you about this topic over the past weeks and look forward to conversations with more members of this Committee in the future. We are now entering the 10th year of the government-sponsored enterprises, Fannie Mae and Freddie Mac, being placed into conservatorship, which is much too long for this issue to remain unresolved.

We must think comprehensively about reform, so that changes do not cause unintended consequences. HUD will be an active participant in this critical dialogue because of our fundamental housing mission, and because our FHA mortgage insurance program and our Ginnie Mae mortgage-backed security guaranty are large and vital components of the housing finance system.

Housing finance reform should be built on shared goals of ensuring a well-functioning housing finance system that provides access for creditworthy borrowers that are ready to own a home, expands the role of the private sector, and reduces overall taxpayer exposure. There are many details for this Committee to consider, but the nation would be well served if we could, working together, address this significant piece of unfinished business from the last housing crisis.

Thank you, again, for inviting me to testify today. I will be pleased to answer any questions you may have.