

**Questions for Dr. Benjamin Carson, Secretary-Designate, U.S. Department of Housing and Urban Development from Ranking Member Brown:**

**Foreclosure Crisis and Steering**

We've seen what happens when borrowers don't have access to stable mortgage credit like the 30-year fixed-rate. Over 60% of subprime mortgages that were securitized in 2006 were originated to borrowers that would have qualified for lower-cost, prime loans. Wells Fargo and Countrywide, among others, settled suits that they participated in a pattern of discrimination in mortgage lending including steering. This lending discrimination and the resulting foreclosures had a devastating impact with Hispanic and African-American families losing over 40% and 31% of their wealth between 2007 and 2010.

**How will you ensure that HUD fulfills its mission and FHA insured loans remain available to borrowers in all communities?**

*As Secretary, if confirmed, I will work to recruit a strong housing finance practitioner, who believes in the mission of FHA, as FHA Commissioner. We work hard to balance mission and risk to preserve and sustain FHA now and into the future. We will also use existing authorities to increase the certainty of loan eligibility in an effort to attract back many of the lenders who are no longer offering FHA products.*

**Federal Housing Administration (FHA)**

FHA requires servicers to conduct specific loss mitigation efforts prior to foreclosure.

**Will you commit to enforcing those requirements and protecting a homeowner's right to recourse if a lender does not comply with FHA's loss mitigation regulations?**

*I will ensure that all required loss mitigation efforts are made by servicers prior to foreclosure.*

**DASP**

HUD has used bulk sales of non-performing loans through FHA's distressed asset sales program, or DASP, with mixed reviews. DASP was recently revised to better protect borrowers seeking relief but more could be done to help borrowers and include community organizations and non-profits in these sales. **How will you improve access to these sales for non-profits and community-based organizations?**

*There has to be balance. I do not believe buyers of properties with seriously delinquent mortgages should push people out onto the streets. While at the same time I also believe we have a duty to find best execution in these sales for the fund and ultimately the tax payer. If confirmed, I will make this program a priority and work with FHA staff to ensure this balanced policy approach.*

**Enforcement staffing**

During the hearing, you were asked about the Fair Housing Act. In response, you noted that LBJ had said no one can possibly question the Fair Housing Act, and that you agree with him.

One of HUD's most important responsibilities is helping to enforce the Fair Housing Act. But HUD's Office of Fair Housing and Equal Opportunity remains severely understaffed.

In 2008, the bipartisan National Commission on Fair Housing and Equal Opportunity, led by former HUD Secretaries Jack Kemp and Henry Cisneros, concluded that "HUD has chronically understaffed its fair housing enforcement" and "[b]ecause enforcement of the Fair Housing Act is only one component of its activities, there are often conflicts in resource utilization, including staffing, travel funds, contract funds, and educational activities." Nearly ten years later, staffing for the Office of Fair Housing and Equal Opportunity remains inadequate for accomplishing its mandate and objectives.

**What concrete steps would you take to address this staffing shortfall?** *I was surprised to hear that staffing in the last 8 years was lower than when President Bush was in office. I will look at this and see what improvements we can make to get people hired.*

### **Bad Actors**

Several large financial institutions have lengthy enforcement records before U.S. federal agencies, including the Justice Department, HUD, and FHA, not to mention state agencies and foreign regulators. Many of these banks are the same ones that American taxpayers bailed out during the financial crisis. For instance, large banks have been fined for falsely certifying loans as eligible for FHA mortgage insurance and failing to disclose thousands of faulty loans to HUD, resulting in a significant cost to taxpayers and steering prime borrowers into subprime loans and falsifying income information on mortgage applications.

**In your view, should HUD and FHA do business with companies that repeatedly violate the law? How bad would a company's record of legal violations have to be before HUD cut off business with them?** *As Secretary, if confirmed, I will ensure that companies who repeatedly violate the law will be dealt with under the laws and regulations which govern enforcement.*

One institution that has had several alleged violations of HUD or FHA rules was, for a period, run by the nominee to be the Secretary of the Treasury. **How will you ensure that HUD has a fair process for evaluating that institution's dealings with HUD, FHA, and the Department of Justice are impartial and not influenced in an improper manner?** *As I said before all Americans will be treated fairly and the same.*

### **Fair Housing - LGBTQ**

In response to a question on the housing rights of lesbian, gay, bisexual, transgender, and queer (LGBTQ) individuals, you stated that you, "believe that all Americans...should be protected by the law."

You then went on to say that you have said that you believe that, "no one gets extra rights. Extra rights means, you get to redefine everything for everybody else."

**Are there any instances you can think of where protecting equal access to housing opportunities for LGBTQ people would mean providing them “extra” rights?**

*I can not.*

**Do you believe HUD currently provides “extra rights” to LGBTQ people that need to be withdrawn?**

*I do not.*

### **Programs that Work Across Silos**

You mentioned that you are interested in working across program silos to strengthen people and communities. During the Obama Administration, HUD has implemented several initiatives that do just that, including Promise Zones, Sustainable Communities, and Choice Neighborhoods. These initiatives involve collaboration within HUD and between HUD and other federal agencies. In addition, these federal partnerships have catalyzed local community collaborations that bring together local government agencies, schools, the non-profit and charitable sector, private businesses, anchor institutions such as hospitals and universities, and citizens to improve their communities and create access to housing and economic opportunity.

**Are you familiar with each of these initiatives? Do you support continuing them? If not, how would you change them?**

*I am familiar with these initiatives. As I mentioned in committee, I support the goals of these programs. I'm not sure the mechanisms to achieve these goals are properly coordinated, however. For instance, I'm a fan of the concepts of “promise zones”. No funding is necessarily associated with this designation, but agencies are encouraged to give great deference to this designation status. When the Mayor of Camden attempted to project base section 8 vouchers to encourage the development of affordable housing and improve the “promise zone”, the Office of Fair Housing rejected that request because of the concentrated poverty in the area. And while I truly agree with improving “place”, I'm concerned that Choice Neighborhoods has become too complicated. Still, the idea of cutting across silos is a key policy choice for me. These are the very issues I plan to focus on during my listening tour. What is working? What is not work? Why or why not?*

### **Infrastructure and Housing**

The President-Elect’s promised \$1 trillion investment in infrastructure is one of the pillars of the President’s Plan for Urban Renewal. This is an area where I’ve said I’d like to work together with the new Administration.

Our public housing stock faces an estimated backlog of \$26 billion in repairs. I was pleased that in our meeting you said that you are supportive of investing in our public housing infrastructure. Can you elaborate on this?

**Will you work with the President to ensure that there is a real infrastructure package to address the needs of our urban and rural communities, and that it includes funding for preserving and creating affordable housing?**

*I will absolutely commit to advocating for the inclusion of housing in the President Elect's infrastructure package.*

### **Reintegrating People with Criminal Records**

You indicated that you think that HUD should be working with the Department of Justice to address, "inequities there that are keeping us from developing talent that can contribute to the strength of our nation." **Can you elaborate on that?**

*Certainly. This is just one example, but an important one. When accused of a crime an offender's charge sheet usually includes a wide variety of crimes. Many charges may or may not be true. The offender pleads down to and is convicted of a single charge, yet the litany of charges will stay on the offender's record. They may not have been convicted of those other crimes, yet there on the record they stay. Background checks reveal these charges. Potential future employers see those charges and may not hire this person because of them. I think we can do better than this.*

**Does that mean that you think that we should do more to help formerly-incarcerated people reintegrate successfully back into society?**

*Yes, absolutely.*

I've been working on this issue here, particularly on "Ban the Box" initiatives to help people find jobs that will give them dignity and help prevent recidivism.

HUD and DOJ recently partnered on the Juvenile Reentry Assistance Program (JRAP) which provided grants to PHAs and nonprofit legal aid organizations to help young people up to age 24 who reside or could reside in public housing who've paid their debt to society rehabilitate and reintegrate back into their communities and become productive members of the community.

**If so, what role do you think HUD can play in helping people who have been involved with the criminal justice system and have paid their debt to society successfully reintegrate and contribute to society?**

*This is an area of particular interest and concern to me. I'd like to know more about "Ban the Box" and be looking for new ways which HUD can actually be involved in the process. Whether there is a direct role or we begin to address indirectly using the Secretary's platform as a means to bring these issues into the public discourse, I will do so.*

**If confirmed, will you work with me on this issue?**

*I look forward to it.*

## **Mentorship Programs**

In response to a questions from Senator Crapo, you testified that you are interested in promoting mentorship programs. As you put it, “[w]e have a lot of very successful people who can mentor young people...and show them the way.”

I agree with you that mentors can be of great help to young people who are seeking a positive path forward. I’ve often said that the country is losing future doctors, engineers, teachers, and entrepreneurs because of an opportunity gap.

I have worked with President Obama on his My Brother’s Keeper (MBK) initiative, which works to connect male students of color with community leaders through mentoring relationships and educational events. The MBK initiative encourages communities to implement a coherent cradle-to-college-and-career strategy for improving the life outcomes of all young people to ensure that they can reach their full potential, regardless of who they are, where they come from, or the circumstances into which they are born. I’ve helped launch local My Brother’s Keeper initiatives in Cleveland, Akron, the Mahoning Valley, Toledo, Lorain and Mansfield, Ohio.

### **Are you familiar with the MBK mentoring program?**

*I am familiar with the goals of the program, but not with the results or progress the initiative is making. As Secretary, if confirmed, I would very much like to visit one of the local chapters with you to see the impact they are having and understand the program better.*

### **What role do you believe HUD can play in encouraging mentorship programs such as this?**

*I believe the faith community and the not for profit community as a whole can help greatly. This is exactly what I tried to do with the Carson’s Scholars and our Reading Room initiative.*

## **Preserving Access to Opportunity**

In recent years, many cities have seen a wave of population growth and investment that have led to greater economic activity, tighter rental housing markets, and rising rental housing costs. As a result, many lower-income families and businesses who endured challenging decades in their communities are finding themselves priced out of their long-time neighborhoods just when additional economic opportunities are opening up. Loss of housing in urban neighborhoods can push residents away from access to jobs, transit, and local support networks such as hospitals and child care. In many of these neighborhoods, federally-assisted housing may be coming to the end of long-term affordability contracts or at risk of loss due to physical deterioration. HUD estimates that we are losing 10,000 units of public housing every year due to physical obsolescence. By 2025, nearly 2.2

million units of HUD-assisted and Low Income Housing Tax Credit-supported housing will reach the end of their affordability periods.<sup>1</sup>

**Do you believe that HUD and communities should help preserve housing and economic opportunities for lower-income families in neighborhoods experiencing economic growth and rising rental costs?**

*I do.*

**If so, what role do you think HUD and HUD's programs should play in preserving these opportunities?**

*First, I believe in the project owner's right to decide whether or not to continue in the program. That said, I believe HUD should work to foster conditions where the project owner "wants" to continue with us. If we are paying rent, we should pay timely. Our REAC inspection process should be consistent. Our regulations should be black and white. Congress has a role here, too. CR's create uncertainty. Timely budgets can help. I said and I will continue to say that I am a fan of the Low Income Housing Tax Credit program. It is an example of what the public and private sector can do together. I also view project based section 8 contracts as a type of community asset. If these contracts are being abated due to the poor conditions of the property, we should facilitate the transfer of the asset to another, more deserving property.*

### **Housing for People with Disabilities**

Very-low income people with disabilities have great difficulty in finding and paying for suitable affordable housing with access to appropriate features and services. Over 1 million very low-income, non-elderly persons with disabilities pay over half of their incomes for housing, and approximately 2 million more people - including those with developmental disabilities - are living in more restrictive, institutional environments than they would choose or are living with an aging caregiver. Rent on a modest 1 bedroom apartment at HUD's estimated national fair market rent would consume all of the income of a person relying upon Supplemental Security Income (SSI).

**What do you view as HUD's role in meeting the housing needs of low-income people with disabilities?**

*HUD has both a production/rental subsidy role and an enforcement role. Beyond paying the rent for persons with disabilities, HUD has a responsibility to ensure accessible units are available under the law.*

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<sup>1</sup> See "AMERICA'S RENTAL HOUSING: Expanding Options for Diverse and Growing Demand, Key Facts," p. 4, Harvard Joint Center for Housing Studies, December 9, 2015, available at <http://jchs.harvard.edu/americas-rental-housing> .

## **Housing for Senior Citizens**

Across America, seniors are struggling to pay for their housing costs. We know that very low income seniors who pay more than half of their incomes for housing also spend much less than their peers on health care, food, transportation and retirement savings. We also know that affordable housing can be a tremendous, cost-saving platform for the provision of services to seniors – services that help seniors remain healthy, address health challenges, and age in place.

Yet, only one-third of seniors eligible for HUD rental assistance programs get to use them, resulting in the housing cost burdens and associated lower spending on health, food, and transportation. These shut-out seniors also miss out on the health benefits that come with access to a service coordinator in their apartment buildings, from living in appropriately accessible homes that HUD-assisted housing provides, and living in a community that guards against social isolation.

What is more, recent studies from both the Bipartisan Policy Center and Harvard's Joint Center for Housing Studies have documented a coming wave of housing needs for America's senior citizens. These needs will include: additional affordable rental housing, housing and community adaptations necessary to help seniors age in place; integrating health and supportive services into housing; and improving technologies such as telemedicine. To meet these challenges, the Bipartisan Policy Center has recommended a combination of continued investment in affordable rental housing, home modification programs, and coordination between health care and housing providers to improve health outcomes and lower costs.

### **If confirmed, what will you do to meet the housing challenges of an aging America?**

*As you know, HUD's 232 program has been a great partner in helping to create and preserve senior housing. I will ensure that office continues to have the resources it needs to continue its mission. The 202 program is also an important tool here. But on our national listening tour I hope to find innovative examples of other ways we can support our seniors.*

### **Will you take actions to increase the supply of affordable, accessible rental housing for lower-income seniors?**

*I will.*

### **Will you take actions to help seniors modify their homes in order to help them age in place?**

*First, yes I will. This is an eligible use of some of our CPD. I do believe aging in place is far better solution for our seniors. On a macro level keeping our seniors in their homes versus an institutional setting paid by Medicaid is a vastly cheaper option. Unfortunately HUD does not get credit for savings. I think that is short sighted. I will work with our OMB on that question and I hope you will work with CBO on that same question.*

**How would you foster collaboration with health care providers to meet the needs of America's seniors?**

*I am very interested in the work being done across the nation looking at the intersection of health and housing. I believe that encouraging "light services" in our senior buildings is a great way to do that. I look forward to focusing on this question if I am confirmed.*

**Do you support service coordination as a strategy for improving outcomes for seniors?**

*I absolutely do. One of the first issues I will look at is why HUD's office of multifamily housing takes a dim view of projects with any type of services. Why does the handbook prohibit projects with central kitchens? I think that by encouraging "light services" in conjunction with this housing, we can keep seniors in their current homes and not force them into institutional settings when they don't have the ADL impairments that would necessitate such an option.*

**Housing Opportunities for Persons With AIDS (HOPWA)**

According to the Centers for Disease Control (CDC), there are an estimated 50,000 new HIV infections each year. At the same time, there are more than 1.2 million people living with HIV/AIDS in the United States, and one out of eight is unaware of their status.

For people living with HIV/AIDS, housing *is* healthcare. Housing has been proven to be an evidenced based structural intervention in HIV prevention. For people struggling with the disabling effects of HIV/AIDS, housing is an essential cornerstone of health and stability. It is estimated that as many as half of all people living with HIV/AIDS will need housing assistance at some point during their illness. Since 1994, the Housing Opportunities for Persons With AIDS (HOPWA) program – partnered with other state, local and federal resources -- has provided critical housing assistance to people coping with the debilitating and impoverishing impacts of HIV/AIDS. During 2016, \$310.5 m. was awarded in HOPWA formula funds to grantees within 139 eligible areas. These grantees represent 41 states and Puerto Rico. These formula funds can be used for a wide range of housing, social services, program planning, and development costs including, but not limited to: the acquisition, rehabilitation, or new construction of housing units; costs for facility operations; rental assistance; and, short-term payments to prevent homelessness.

HOPWA has proven highly cost –effective, leveraging \$3.42 from other sources for every \$1 invested.

**As a medical doctor, what is your understanding of the critical connection of housing and health in creating better health outcomes for people with HIV/AIDS and of the research documenting the critical role social determinants of health – including housing – play in access to care and adherence?**

*I think the research is clear or getting clearer, stable, safe housing is critical for better health outcomes for all Americans. As Secretary, if confirmed, healthy housing will be a focus of my tenure.*

**What do you see as HUD's role in this connection between housing and health in administering programs like the Housing Opportunities for Persons With AIDS (HOPWA) program, homelessness assistance grants and other HUD programs relied on by people with HIV/AIDS and other chronic illnesses?**

*I think our Nation has made ending HIV/AIDS epidemic a national priority. Vast resources have been dedicated to finding a medical treatment for this terrible disease. I think what HUD can do and should do is help foster stable housing through HOPWA, our homeless grants and other housing programs for all Americans and ensure those with HIV/AIDS and other chronic illnesses can access this housing, free from discrimination.*

**How do you see HOPWA as linked to HUD's overall portfolio and as an important component of the strategy to end the HIV/AIDS epidemic?**

*As I said above, I think our Nation has made ending HIV/AIDS epidemic a national priority and great progress has been made. HOPWA has given hope to many Americans and has been an important program of HUD. Again, I think what HUD can do and should do is help foster stable housing for all Americans and ensure those with HIV/AIDS can access this housing, free from discrimination.*

### **Ending Homelessness**

In 2010, *Opening Doors, The Federal Strategic Plan to Prevent and End Homelessness*, set out goals to end homelessness for veterans, the chronically homeless, families, children, and youth and all other homelessness. Through a combination of bipartisan federal investments in appropriate housing solutions - particularly permanent supportive housing for the chronically homeless and HUD-VASH vouchers for veterans - and improved practices at the federal and local levels, we have made real progress toward these goals. Since 2010, such investments have helped reduce chronic homelessness by 27 percent and veterans' homelessness by 47 percent.

Yet, more remains to be done. According to HUD's 2015 Annual Homeless Assessment Report to Congress, approximately 549,928 people were homeless on a given night in January 2016. Nearly 195,000 of the homeless on this night were in families including at least one child.

**Are you familiar with Opening Doors?**

*I am.*

**Do you intend to continue to build on the progress we've made thus far?**

*I intend to build on progress made since President Bush reconstituted the United States Inter Agency Council on Homelessness early in his Administration that Opening Doors builds on. No one can argue with the goal of ending homelessness.*

**If so, will you call for additional federal investments to end homelessness for veterans, the chronically homeless, and children and families?**

*If confirmed I will call for continued investment to end homelessness for veterans, the chronically homeless and children and families.*

**Listening to Assisted Families and Advocates**

**Have you met and do you plan to meet with assisted families and organizations that advocate on behalf of HUD program participants and low-income families on your listening tour?**

*I have and will most certainly continue to meet with our important HUD partners. I will also work to recruit and Assistant Secretary to for CPD who has a strong passion for and understanding of these issues.*

**Do you support dialogue between HUD staff and organized tenant groups to assist HUD in its oversight of housing programs?**

*I always believe dialogue is important way to understand each others perspective.*

**HUD Staffing**

According to HUD's FY 2017 Congressional Justifications, the Department "confronts two major challenges: 1) HUD has experienced the greatest percentage decline of permanent career employees across the Government from 2005 through 2014 and 2) HUD possesses the highest percentage of any agency of career permanent employees eligible to retire by 2019. This retirement wave can cause a loss of leadership and institutional knowledge at all levels." Such a loss could also cause a failure to ensure that the Department is upholding its duties to taxpayers by ensuring the quality of federally-assisted housing, enforcing program rules, and overseeing FHA lending programs, for example.

In your testimony, you indicated that you would want to solicit the opinions of HUD staff, many of whom have worked there for many years, and work with staff on a regular basis. President-Elect Trump has said that he would freeze federal employment and shrink the government through attrition. With HUD facing a potential wave of retirements, this could mean a rapid decline in the number of experienced professionals in the Department.

**Have you examined the potential impact of a federal hiring freeze on HUD’s ability to carry out its mission and ensure the public trust?**

*HUD has faced many issues over the last 8 years that have challenged the agency’s “human capital”. As Secretary, if confirmed, I look forward to meeting with our career leadership to get a better sense of what a hiring freeze might mean. But I can tell you that I have heard from HUD staff and understand morale plays an important role too. When political leadership either doesn’t care about or value its career professionals, those employees realize that quickly. Many leave. I will come into the agency with a deep regard for HUD’s career professionals. I look forward to their ideas. I look forward to getting to know them. I look forward to being on “their” team.*

**Shortage of Affordable Units/Housing Costs**

Dr. Carson, you have emphasized in your testimony the personal development component of HUD’s mission. I believe many people share your goal of helping all Americans reach their potential.

But today’s affordable housing shortage is not just a problem of human development, but also of housing development. The market alone is not producing sufficient housing that is affordable to working families and those on fixed incomes.

Housing is generally considered affordable if it consumes no more than 30 percent of income.

A person with a full-time job would need to earn an hourly wage of \$20.30 in order to afford a modest, two-bedroom rental at HUD’s national average fair market rent.<sup>2</sup> This “housing wage” is far above the minimum wage, income available to persons with disabilities who rely upon Supplemental Security Income, or even the median wage earned by renters. While housing costs vary across the country, in no state, metropolitan area, or county, can a full-time worker earning the federal minimum wage afford a modest two-bedroom rental home.<sup>3</sup> Studies have demonstrated that people performing essential work – like child care teachers, bus drivers, and retail workers – are often unable to afford rent in the communities they serve.

Half of all renters - over 21 million households - paid more than 30 percent of their incomes towards housing in 2014, and a quarter – over 11 million - paid more than half their incomes for rent. Among extremely low income (ELI) renter households (those with incomes at or below 30 percent of area median income (AMI)), 75 percent pay more than half their incomes on rent. The National Low Income Housing Coalition documents a shortage of 7.2 million affordable and available rental units for the nation’s ELI renter households.<sup>4</sup>

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<sup>2</sup> See “Out of Reach 2016,” Introduction, p. 1, National Low Income Housing Coalition, available at <http://nlihc.org/oor>.

<sup>3</sup> See “Out of Reach 2016”.

<sup>4</sup> See “The Gap,” National Low Income housing Coalition, March 2016, <http://nlihc.org/research/gap-report>

Addressing the wages paid to workers is an important part of the housing affordability challenge. But so, too, is the supply of affordable rental housing.

**As HUD Secretary, what steps will you take to address the shortfall in affordable and available rental housing in our communities?**

*Lack of affordable housing has many causes. Lack of subsidy is one. Lack of clear and consistent guidance is another. Regulatory and compliance risk is yet another. Too often when I talk about HUD with mayors and elected officials of both parties I hear fear and skepticism in their voices when we talk about the department as a partner. We need to change that. When it comes to deep affordability, though, removing all regulatory barriers won't get you there. It comes down to subsidy. Subsidy levels haven't changed appreciably under Democratic or Republican administrations. Subsidy levels haven't changed appreciably under Democratic or Republican Congresses. I think we can all agree that we will all make sure housing is a key consideration in every appropriations bill. I foresee years of statements from Chairs and Ranking Members of our Appropriations Committees, however, highlighting bright spots in their budgets, but both equally lamenting the fact that they could not do more. If confirmed I will be a vocal advocate internally for funding, but prioritization will continue to occur in this Administration as it did in the last. I believe in HUD's mission. I could have pursued other agencies, but I chose to come to HUD. I chose to come to HUD because I think I can make a difference. If confirmed, I hope to have an opportunity to challenge existing norms and take a fresh look at HUD's programs. If we can lay aside our political differences and come together as Housers, I believe we can find better paths than we see before us. I may be fresh to the fight in Washington, DC, but I am not fresh to the struggle to improve communities and better lives. I will recruit a bi partisan list of practitioners, not ideologues, to serve as Assistant Secretaries. I will surround myself with people who have a passion for improving the agency, not breaking down its programs. I will work with the career staff to examine what has been tried, why it worked or did not work, and if it did not, why not. I hope we can do this together. I hope we can work as partners to reexamine and reimagine these programs.*