

**NOMINATIONS OF KEVIN ALLEN HASSETT AND
PAMELA HUGHES PATENAUDE**

HEARING
BEFORE THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

ON

NOMINATIONS OF:

KEVIN ALLEN HASSETT, OF MASSACHUSETTS, TO BE CHAIRMAN, COUNCIL OF
ECONOMIC ADVISERS

PAMELA HUGHES PATENAUDE, OF NEW HAMPSHIRE, TO BE DEPUTY
SECRETARY, U.S. HOUSING AND URBAN DEVELOPMENT

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JUNE 6, 2017
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**NOMINATIONS OF KEVIN ALLEN HASSETT, OF
MASSACHUSETTS, TO BE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS AND PAMELA HUGHES PATENAUDE, OF NEW HAMPSHIRE, TO BE DEPUTY SECRETARY, U.S. HOUSING AND URBAN DEVELOPMENT**

TUESDAY, JUNE 6, 2017

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

The Committee met at 10:05 a.m., in room SD-538, Dirksen Senate Office Building, Hon. Mike Crapo, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN MIKE CRAPO

Chairman CRAPO. This hearing will come to order.

This morning, we will consider the nominations of Mr. Kevin Hassett to be Chairman of the Council of Economic Advisers and the Honorable Pamela Patenaude to be the Deputy Secretary for the United States Department of Housing and Urban Development.

We will begin today's hearing with an opening statement by me and then by Senator Brown. And then I will turn to Senator Portman, who will introduce Mr. Hassett, and to Senator Shaheen, when she arrives, who will introduce Ms. Patenaude.

I see friends and family behind you as well, and I also see my good friend Bob Dole—at least I did just a minute ago—and we welcome him here.

Each of these nominees stands to impact the standard of living for Americans across the country and will play an important role in spurring economic opportunity.

Mr. Hassett has had a distinguished career in economics that includes positions in academia, Government, and policy. He is a widely consulted expert on economic policy and has contributed countless scholarly papers, commentary, and testimony. His nomination has received bipartisan support from notable economists, including past CEA Chairmen.

Mr. Hassett's particular understanding of tax policy and the way it affects citizens and businesses will be an invaluable asset to the Administration. He has extensive experience with economic modeling and will be able to provide sound economic analysis for pro-growth policies. Key to economic growth is not only robust financial markets, but also economic policies that will best enable all Ameri-

cans to unlock their potential. I look forward to hearing from Mr. Hassett on how economic analysis can play a role in achieving this goal.

Ms. Patenaude is a seasoned veteran in housing and community development who has held leadership roles at the local and Federal level. Twelve years ago, Ms. Patenaude received unanimous support from this Committee and was confirmed by the Senate with a voice vote to become Assistant Secretary for Community Planning and Development at HUD. In this role, Ms. Patenaude oversaw all of the Department's community development operations.

As a former leader in a local housing agency, she has on-the-ground experience and developed an important understanding of the impact HUD's policies have on local partners. Ms. Patenaude's nomination has been met with bipartisan support as well from industry leaders, affordable housing advocates and public housing agencies alike.

This speaks to Ms. Patenaude's distinguished reputation and her commitment to addressing important housing issues.

I look forward to working with Ms. Patenaude on opportunities to improve the efficiency of HUD programs, reduce regulatory burdens on local housing authorities, leverage more private capital, empower local decision making, encourage self-sufficiency, and address comprehensive housing finance reform.

At this time, I ask unanimous consent to enter into the record two letters endorsing Mr. Hassett, one of which is signed by 44 economists from both sides of the aisle, including several top economists from the Obama administration. Without objection, so ordered.

I also ask unanimous consent to enter into the record more than 30 letters showing bipartisan support for Ms. Patenaude, including a letter signed by former Majority Leaders Bob Dole and George Mitchell. Without objection, so ordered.

Congratulations to both of you on your nominations to these very important offices, and thank you for your willingness to serve.

Senator Brown.

STATEMENT OF SENATOR SHERROD BROWN

Senator BROWN. Thank you, Mr. Chairman. Mr. Hassett, Ms. Patenaude, welcome. Senator Shaheen and my friend and colleague from Ohio, Senator Portman, nice to see you two.

Thanks for holding this hearing. I look forward to hearing the views of the two witnesses on important areas of the Committee's jurisdiction: the economy, housing, community development.

Ms. Patenaude comes to us with a long resume of involvement with housing and community development programs, HUD management, and housing advocacy. More recently, she has headed the Terwilliger Foundation for Housing America's Families. In a report entitled "The Silent Housing Crisis", the foundation reported that having access to safe and affordable housing has long been recognized as a part of America's critical compact with its citizens. I look forward to hearing her views, particularly since her past advocacy seems at odds with the approach that HUD has taken in its budget proposal.

Mr. Hassett is a respected economist. He has done important work related to the policies that drove manufacturing out of Ohio communities and others like it across the country. I hope that his work at the Council of Economic Advisers will focus on policies to create jobs and improve education and workforce development and actually rebuild infrastructure. That is what is needed to strengthen the economy. Instead, we have seen the Administration threaten Wall Street reform, attempt to take away health insurance from 23 million people—I appreciate my colleague from Ohio speaking out on the Medicaid cuts—target working Americans with steep budget cuts and increased debt, all to further the interests of the wealthiest Americans.

The Administration's HUD budget proposal is a stark illustration of this agenda. Eleven million renters, as Ms. Patenaude and I discussed in my office—and she is so very aware of this—pay over half their income in rent, meaning one thing goes bad in their lives, and they are evicted. They lose—their children have to go to a different school. Everything turns upside down. Eleven million renters—I want you always to remember that number, 11 million renters—pay half their incomes in rent. Five hundred thousand people are homeless. The President's budget would cut \$7 billion, 15 percent, from the HUD budget. The budget would eliminate programs like Community Development Block Grants and HOME, cut funding for public housing repairs by 70 percent. We all know the condition of public housing, and to cut their funding for repairs by 70 percent, to eliminate funding for an estimated 250,000 housing vouchers next year, it reduces funding for lead hazard control and healthy housing grants, to protect children from lead poisoning, from asthma, and other health problems. Senator Portman knows, in cities in my State, in housing built before Senator Portman and I were born, the lead content, the lead exposure in those homes are overwhelming. In some cases, according to the Health Department, 99 percent of those homes have toxic levels of lead.

Five months ago in this room, Dr. Carson scoffed at the notion that he would support a 10-percent cut in the HUD budget. He said he understood from his experience as a pediatric neurosurgeon how it was far less costly to avoid lead poisoning than to treat it. I was one of five or six Democrats that voted for his confirmation on the floor of the Senate. I did that because of his personal and his public promises on lead. Yet this budget, which apparently he is defending—and that is one of the things we want to hear from you, Ms. Patenaude—undermines all of this.

The broken promises do not end there. The President promised in the campaign trail in Toledo and across the country to revitalize our inner cities and rebuild infrastructure. I had hoped we would be able to work with the Administration to strengthen our Nation while providing good jobs in Ohio. Instead, the President proposes to cut more existing infrastructure programs than the \$200 billion he is willing to invest. The HUD budget will only add to the struggles of our inner cities.

I look forward to hearing from our two witnesses how we tackle the many challenges that face this country from the crisis of housing affordability for our families and seniors to the stagnant wages and employment prospects of far too many of our fellow Americans.

Thank you, Mr. Chairman.
 Chairman CRAPO. Thank you, Senator Brown.
 Now we will turn to Senator Portman to introduce Mr. Hassett.

**STATEMENT OF ROB PORTMAN, A U.S. SENATOR FROM THE
 STATE OF OHIO**

Senator PORTMAN. Thank you, Mr. Chairman, for letting me do this, and I thank my colleague from Ohio and my friend who just spoke, the Ranking Member.

It is a pleasure to introduce Kevin Hassett. He, as you know, is being nominated to serve as Chairman of the Council of Economic Advisers. I am delighted to see that he has brought his own team of advisers with him today: his sons Jamie and John, and his wife, Kristie. Who is the Chair, by the way, of that Council?

Mrs. HASSETT. That would be me.

[Laughter.]

Senator PORTMAN. That would be Kristie. Kristie is the Chair.

We have known each other a long time. Kevin Hassett and I served together in the first Bush administration, the Administration of George H.W. Bush. He was in the Treasury Department. I was Director of the White House Office of Legislative Affairs, and I got to know him and respect him. And he continued to serve as a policy consultant for the Treasury Department under the Clinton administration. I went on to the House and the Ways and Means Committee where I looked to him to provide economic counsel as we tried to reform the Tax Code. And, again, as the Chairman has mentioned, that is one of his specialties, and I am pleased that he is being nominated for this position, in part because there is a need to fix a broken Tax Code.

He has gotten a lot of respect from economists from both sides of the aisle. His predecessor as Chair of the Council of Economic Advisers, Jason Furman, has called him an "excellent pick." That is from Jason Furman. He has also been endorsed by Obama administration economists Austan Goolsbee, Peter Orszag, and Christina Romer, all of whom I think you all know and have had here before the Committee.

He has served as a senior economist at the Federal Reserve Board of Governors and as an economic adviser to five major Presidential campaigns. In particular, I want to point out that Kevin is an expert, again, on tax reform. I think this is going to be incredibly important to us, and his focus has been on how to have a Tax Code that gets rid of some of the loopholes and some of the preferences for special interests and a simpler Tax Code with lower rates. And I think that, again, is exactly what we need to get the economy moving.

What he has shown is that if you could fix the Tax Code in that way, the major beneficiary would be middle-class families; wages are flat right now and the best thing to do to get wages up is actually to reform the Tax Code. And I think that is really important research. The middle-class squeeze that too many of our constituents are feeling, flat wages and higher expenses, is something we can address through a number of ways, and one certainly is through tax reform. And his work in that area has respect on both sides of the aisle.

He is the right person at the right time, Mr. Chairman. I think as Chairman of the Council of Economic Advisers, the difficult task of tax reform, among other things, will be much easier.

So thank you very much for giving me the opportunity to say a few words this morning about Mr. Hassett, and I strongly support him, and I hope the Committee will send him to the floor.

Chairman CRAPO. Thank you, Senator Portman.

Now, Senator Shaheen, would you please introduce Ms. Patenaude?

**STATEMENT OF JEANNE SHAHEEN, A U.S. SENATOR FROM
THE STATE OF NEW HAMPSHIRE**

Senator SHAHEEN. Thank you, Mr. Chairman and Senator Brown and Members of the Committee. I am really delighted to be here to introduce a fellow Granite Stater, Pam Patenaude, to be President Trump's nominee to serve as the Deputy Secretary of the Department of Housing and Urban Development. And what I have to say is probably overkill after your glowing review of her resume, Mr. Chairman, but Ms. Patenaude's experience in housing policy goes back nearly three-and-a-half decades, beginning with her work in New Hampshire at the New Hampshire Housing Finance Agency. That was followed, as you pointed out, by service as White House Liaison at the Department of Housing and Urban Development in the Reagan administration.

Now, Pam and I first got to know each other when I was Governor and she served in a succession of high-level positions: Director of New Hampshire's Small Business Development Centers, the Deputy Chief of Staff and later State Director for then-Senator Bob Smith of New Hampshire, and Assistant Deputy Secretary at HUD. And as you pointed out, she later served as HUD Assistant Secretary in the Office of Community Planning and Development, and as an executive with the Urban Land Institute.

You know, what impressed me always about Pam is that she understands that access to affordable housing and a safe place to call home is the foundation of families and strong communities. And throughout her career, she has been engaged in these challenges as a thinker, a leader, and a problem solver. And I have especially appreciated her ability to bring together disparate stakeholder groups to forge bipartisan agreements in the housing arena, and that she is personally dedicated to the core mission of HUD, including the challenge of bringing opportunity, as you pointed out, Senator Brown, to America's most disadvantaged urban communities.

I think our Nation is fortunate to have someone of Pam's high caliber who is willing and eager to serve in this position in the Federal Government, and I hope that Members of the Committee will agree with me that her experience and expertise makes her superbly suited to serve as Deputy Secretary at HUD.

So thank you, Mr. Chairman. Thank you, Members of the Committee.

Chairman CRAPO. Thank you very much, Senator Shaheen. We appreciate that introduction.

And now, before we begin your testimony, I would like to place both of the nominees under oath, so would you please rise and raise your right hand? Do you swear or affirm that the testimony

you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HASSETT. I do.

Ms. PATENAUDE. I do.

Chairman CRAPO. And do you agree to appear and testify before any duly constituted Committee of the Senate?

Mr. HASSETT. I do.

Ms. PATENAUDE. I do.

Chairman CRAPO. Thank you very much. You may be seated. And, Mr. Hassett, you may proceed.

Each of you may take a few moments, which we will not take away from your time, to introduce any members of your family you may wish to introduce.

**STATEMENT OF KEVIN ALLEN HASSETT, OF MASSACHUSETTS,
TO BE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS**

Mr. HASSETT. Thank you very much, Senator Portman, for the kind introduction. And Senator Crapo, Ranking Member Brown, and distinguished Members of the Committee, I am truly humbled and honored to be before you today as President Trump's nominee to be the Chairman of the Council of Economic Advisers. I am also deeply grateful to have had a chance to get to know many of you throughout this process. I wish that the people who worry about Washington could have witnessed the many private kindnesses that the Members of this Committee and staff have extended to me in the last few weeks.

And I would also like to begin, as you invited me to, Senator, by introducing my college sweetheart and wife of 31 years, Kristie Hassett, and next to her are my sons John and James, who are sitting behind me. I would also like to acknowledge my father, John, who was a Korean War veteran but could not be here today; and my mother, Sylvia, and my sister, Julia, who sadly are no longer with us.

Senators, I have almost always been a student of economics, even before I knew it. I was raised by two public school teachers in the beautiful town of Greenfield, Massachusetts. My mother was a kindergarten teacher in neighboring Turners Falls. My father taught English at Greenfield High School and still lives in Greenfield in the same house I was raised in.

As I was growing up, my town went through a very painful transition. For the longest time, Greenfield was a thriving mill town, with the world's largest tap and die operation that employed thousands of citizens. Neighboring Turners Falls was almost as prosperous, housing a massive paper mill along the banks of the Connecticut River. But as we got older, times were changing. Plants closed. Families started moving away. Graduates stopped coming home after college.

It seemed impossible to look around and not wonder what was happening to my town. When I started studying economics in college and again in graduate school, I always came back to the example of how my town changed. Why did plants move away or close? Why did many of the good jobs disappear? And is there something that policymakers can do to restore prosperity?

Now, economic models suggest a simple answer. Workers can have high wages if they have high productivity, and high productivity is enabled by an ample supply of capital. But going from things that work in textbook models to actual policy recommendations is a difficult thing. The real world has many complications that are not included in the models, and the data often surprise economists, especially those who have too much confidence in their theories.

That observation led me over the years to focus on things that can be learned from the data. My dissertation focused in part on how wages have moved over the business cycle. What do the periods when workers prosper have in common? My early career was spent studying how firms' investment decisions respond to Government policy and how labor and capital interact.

Since then, my studies have taken me in many different directions, but I think my record makes clear a few things that I would like to emphasize about my approach to economics.

First, I believe it is essential to gather evidence and not just rely on theory. Early in my career, the empirical literature on international taxation contained many holes, often because the country-by-country data that one would need for study were not available. My coauthors and I responded to this by building a large international tax data base and making its data available to anyone who wanted it.

Which leads me to my second point: I believe that economic analysis should be transparent and replicable. An example of my commitment to this idea is the Open Source Policy Center, which I co-founded at the American Enterprise Institute. The OSPC has open source computer code that allows anyone to score tax plans, evaluate the distributional consequences of that plan, and see what the assumptions are that others use when they score their own plans. The OSPC promises to democratize the tax debate.

Finally, while I respect the need for all types of research, even the very theoretical, my own focus has mostly been work that holds the promise of improving the lives of others and that sheds light on the circumstances of those less fortunate, like those in my hometown who lost their jobs when I was growing up. A recent example of this would be my work with the Economic Innovation Group, where I explore the causes and cures of the striking geographic inequality that we see in America today. EIG researchers have worked hard to identify and measure distress and have constructed publicly available data sets that shed light on the communities around the country that most need our help. There is an interactive map even at the EIG website that helps people explore their own communities, with the dark color red indicating extreme economic distress. One of the reddest shapes on the map in Massachusetts is Turners Falls, the town across the river from my dad's house where the paper mill closed.

The Council of Economic Advisers was created to provide the President with professional and objective economic advice, to help policymakers craft solutions for problems like those we face today. Throughout history, the CEA has done so admirably during both Democratic and Republican administrations. In 2009, then-nominee Christina Romer told this Committee that she would do her, and

I quote, “utmost to protect the integrity of the CEA, and make it a center for unbiased, scientific analysis.” Chairman Crapo and Members of the Committee, if confirmed, I pledge to you that I would do the same and that I would enthusiastically and energetically take the helm of this great American institution.

Thank you.

Chairman CRAPO. Thank you, Mr. Hassett.

Ms. Patenaude.

STATEMENT OF PAMELA HUGHES PATENAUDE, OF NEW HAMPSHIRE, TO BE DEPUTY SECRETARY, U.S. HOUSING AND URBAN DEVELOPMENT

Ms. PATENAUDE. Thank you, Chairman Crapo, Ranking Member Brown, and distinguished Members of this Committee. It is a great privilege to appear before you this morning. I am deeply honored by President Trump’s decision to nominate me as the Deputy Secretary of the U.S. Department of Housing and Urban Development.

I also want to thank Senator Shaheen for her very thoughtful introduction, and a special thanks to my dear friend Senator Bob Dole for joining us this morning.

Mr. Chairman, if I may take a moment to introduce my husband and our three daughters: my husband of 32 years, Chuck Patenaude; Caitlin—they are out of order here—Meghan, and Jennifer. And I also want to recognize my niece, Kristen Hughes, who is also here with us today, and the many friends who are sitting behind me showing their love and support.

Housing has always been close to my heart and part of my family history. My late parents, Bob and Estella Hughes, together created and ran a successful homebuilding business in New Hampshire. In the Hughes household, there was simply no escaping talk about housing.

For that reason, it was no surprise to my parents when I came to share their passion for housing. As a senior at Saint Anselm College, I experienced our Nation’s capital as many college students do: as an intern. I never imagined that that internship at HUD headquarters 35 years ago would launch a career that continues to energize, challenge, and inspire me. Upon graduation, I administered the Section 8 rental assistance program at the New Hampshire Housing Finance Authority, where I observed firsthand the transformational impact that HUD programs could have on improving the quality of life for seniors and our most vulnerable citizens.

During my career, I have also served at HUD in several leadership roles. As Assistant Deputy Secretary for Field Policy and Management, I restructured HUD’s critical field operations and contributed to the development of the 5-year Strategic Plan. As Assistant Secretary for Community Planning and Development, I administered more than \$8 billion in community economic development and affordable housing funds and managed a team of more than 800 experienced professionals committed to carrying out HUD’s mission.

Outside of HUD, my career has focused on promoting housing policies that are aligned with the significant and changing needs of the American people.

At the Urban Land Institute, I established the ULI Terwilliger Center for Workforce Housing to draw attention to the plight of America's most essential workers: firefighters, police officers, nurses, and teachers, who are too often priced out of the communities they serve.

At the Bipartisan Policy Center, I directed the Housing Commission under the steadfast leadership of three of your former colleagues: Senator George Mitchell, Senator Kit Bond, and Senator Mel Martinez, as well as former HUD Secretary Henry Cisneros. The Commission developed a comprehensive report outlining a new direction for Federal housing policy.

Currently, I serve as president of the J. Ronald Terwilliger Foundation for Housing America's Families, where we seek to elevate rental affordability as a national priority and to educate policymakers about the silent housing crisis in America.

Through these initiatives, I have developed strong working relationships with diverse groups, diverse members of the housing community—affordable housing advocates, homebuilders, mortgage bankers, Government policymakers, and academics. I am very proud to say that bipartisan collaboration has been a hallmark of these initiatives.

My career in housing at the local, State, and Federal levels of Government and in the private sector has broadened my view of America's housing policies. This unique perspective enables me to understand the factors that contribute to the success of some programs, as well as the factors that diminish the well-intended impacts of others.

As Matthew Desmond articulated in his Pulitzer Prize-winning book "Evicted", "we have failed to fully appreciate how deeply housing is implicated in the creation of poverty." Dr. Desmond believes that "powerful solutions are within our collective reach." I agree with Dr. Desmond. I believe that as a Nation, we must recognize that housing is not just a commodity but a foundation for economic mobility and personal growth.

If confirmed by the U.S. Senate, I pledge to work closely with this Committee, with Congress, and with Secretary Carson to develop new solutions to address the affordable housing crisis in America and to implement the critical mission of the U.S. Department of Housing and Urban Development.

I appreciate the Committee's thoughtful consideration of my nomination. Thank you, Mr. Chairman.

Chairman CRAPO. Thank you very much, Ms. Patenaude.

My first question, and I mean brief here because I only have 5 minutes, but I would like you each to briefly, like within 60 seconds, to just take a minute to discuss what your top priorities will be as you are confirmed. Mr. Hassett.

Mr. HASSETT. Senator, thank you for the question. If confirmed, my first priority would be, frankly, to recruit a lot of economists because the Council of Economic Advisers has a proud tradition of recruiting folks from universities all around the country to come to Washington to provide unbiased, scientific, objective advice to the President. And unlike a lot of agencies, the Council of Economic Advisers turns over a lot, and so that there are new people coming to town to serve their country all the time. And if confirmed, that

would be the very first order of business for me because the staff probably would go from around 35 to 10 were we not to start recruiting.

The second thing I could say is a very high priority for me is to increase the transparency of the modeling and the communication that goes on in all of the economic communication of the Administration. So I would like to take the work that I have done at the Open Source Policy Center and at EIG where we have made these interactive maps and bring that kind of spirit of transparency to the CEA.

Chairman CRAPO. Thank you.

Ms. Patenaude.

Ms. PATENAUDE. Thank you, Mr. Chairman. My priorities obviously will be the Secretary's priorities, but the first thing I would like to do is to hear what the Secretary has learned during his first 100 days during his listening tour. From my past experience, I know that I need to certainly assess the human capital needs and the operations needs of the Department, and I look forward to working with the Secretary on developing a strategic plan based on his priorities and those of the Administration. Thank you.

Chairman CRAPO. Well, thank you. And, Ms. Patenaude, I will stick with you because I am going to go back to both of you with sort of a priority of mine I would like you to assume. And with regard to you, Ms. Patenaude, there are actually several.

There has been a bipartisan interest in addressing a number of important issues in the housing space, such as streamlining regulatory requirements for smaller PHAs, increasing the role of private capital in financing affordable housing, and creating a new, sustainable housing finance system. And I do not need you to talk about these. I just want to know: Would you agree to prioritize those and work with us as we seek to achieve those objectives?

Ms. PATENAUDE. Yes, Mr. Chairman.

Chairman CRAPO. Thank you very much.

And, Mr. Hassett, my question for you is: In the space you just referenced, you have extensive experience with economic growth modeling and evaluating the economic impacts of policy. You mentioned you would like to prioritize getting that more transparent and, I assume, out there and understood and used. Various growth estimates have been discussed recently in the context of tax and budget and other reforms. In your opinion, is 3 percent growth a reasonable target? And if so, please explain what policies would be needed to reach that goal?

Mr. HASSETT. Thank you very much. The 3 percent growth is something that Americans used to be accustomed to; 3 percent growth was the rule rather than the exception. But growth comes, basically if you want more output, ultimately from more inputs, and historically we have had a lot of labor force growth, capital stock growth, and technological innovation that have driven growth up to around 3 percent.

All three of those factors have been very disappointing for some time now. We had the computer revolution in the 1990s, but that seems to have slowed down. Capital formation in the late 1990s was contributing about 1.2 percent per year to growth. Right now

it is about 0.4 or 0.5. And labor force growth, of course, has been disappointing as well.

And so if we want to go from the 2 or so percent growth that we have been experiencing to 3 percent, then we are going to have to get those three things moving. And the thing that I have researched the most throughout my career is capital, capital investment, how it affects workers and how to get it going. And I think that it is absolutely possible to return to a place where you could get 3 percent growth if we design policies in a way that would encourage capital formation in the United States.

Chairman CRAPO. Thank you. And I would assume that would include some comprehensive tax reform. Is that correct?

Mr. HASSETT. That is correct, Senator, and I think this estimate was a little bit high, but there was a survey at the National Bureau of Economic Research a number of years ago where a bunch of economists were surveyed about the impact of the 1986 Tax Reform Act, and I believe the median estimate of the economic growth that they said was about 1 percent per year. And so, again, if you are thinking about how could we get from 2-ish to around 3, then tax reform is certainly part of the—one of the tools that we would want to use.

Chairman CRAPO. All right. Thank you very much.

Mr. HASSETT. Thank you.

Chairman CRAPO. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

Ms. Patenaude, thank you again for being here. In your work with Terwilliger, you cited stagnating wages, a weak economy, and “the acute shortage of rental homes that are both affordable and available to those households with the lowest incomes” as factors in the rental affordability crisis we see today. This indicates you believe broad economic trends are contributing to the current shortage of affordable rental housing. Is that correct?

Ms. PATENAUDE. That is correct.

Senator BROWN. OK. Thanks. You mentioned Matthew Desmond’s observation in his book “Evicted” that “we have failed to fully appreciate how deeply housing is implicated in the creation of poverty.” When he came to see a group of us in the Senate 1 day, I asked him to meet with a number of Senators. When he signed his book, he wrote, “Home equals life,” understanding, as you do, in our discussion that I know you believe that families turn upside down in so many ways if they do not have a stable, affordable home.

When I quoted him just now, “we have failed to fully appreciate how deeply housing is implicated in the creation of poverty,” if you believe what he wrote to be true, then the HUD budget, if adopted, would it not create additional poverty?

Ms. PATENAUDE. Senator Brown, I was not involved in the proposed budget in any way, shape, or form, and I very much appreciate and understand the role of Congress in formulating the budget and look forward to working with this Committee.

Senator BROWN. But you are going to be—let us just put it gently, that your knowledge and expertise far exceeds your boss’. I think that is generally believed. You may not want to agree with that, but he will be listening to you. What will you say to him

about this budget, that these kind of cuts far in excess of what he said he would support when he was in front of us 3 or 4 months ago, what do you argue with him? What do you say to him?

Ms. PATENAUE. I have not had a conversation about the budget with Secretary Carson. He is going to testify before the House tomorrow.

Senator BROWN. My question is: What will you say to him, once confirmed—

Ms. PATENAUE. As a lifelong houser, I think you can count on me that I will advocate for programs that work and are effective going forward.

Senator BROWN. So does that mean you do not agree with the President's budget cuts?

Ms. PATENAUE. No. As the President's nominee, I support the President's budget.

Senator BROWN. But you will advocate for adequate funding of these programs that you know work?

Ms. PATENAUE. Going forward, if I am confirmed by the U.S. Senate, yes.

Senator BROWN. OK. I do not know how you support the President's budget cuts, but you support adequate funding for these programs that work. Can you explain that to me?

Ms. PATENAUE. To clarify, I did not say, you know, the specific amount on what I would advocate for, but I am—certainly there are programs that have been very effective at HUD, and along with that I would be making—I can imagine that I would be making recommendations to streamline some of these programs. I am very hopeful that we will come up with new solutions working with this Committee and your staff to address the changing housing needs in this country.

Senator BROWN. Thank you. I want to give a moment to your partner there.

A little over a decade ago, there was a debate over whether the economic growth rate assumed by the Social Security trustees was too pessimistic, in line with Chairman Crapo's question. You coauthored a paper then that defended that rate, 1.9 percent, over the more optimistic 3-percent growth rate that we had experienced over the previous four decades. I think that was rather prescient of you. Part of your reasoning was that prudent planning for the future should actually place more weight on the downside risk than on the upside potential. Now that it is conservatives who want to assume their way to balance, do you believe a 3-percent growth rate over the next decade really is warranted—I heard your comments to the Chairman—when the consensus among the Fed, the Blue Chip forecasts, and the Kevin Hassett of 2006 is on the order of 1.9 percent?

Mr. HASSETT. Senator, again, I do not want to take up too much time, but for sure if we do not change policy, we can expect to stay around 2 percent. I think if you look at the Blue Chip forecasts, they do not envision the kind of sweeping tax changes that we experienced in a bipartisan fashion in 1986 and that have been proposed in the House's—

Senator BROWN. So if I can interrupt, I am sorry.

Mr. HASSETT. Sure.

Senator BROWN. So that 3 percent is really contingent on getting real tax reform, not just a tax cut. You know from your years in the Bush years that two significant cuts went overwhelmingly to the wealthy and there was literally zero—zero—private sector net job growth in those 8 years. So you are arguing that only if we do real tax reform, not just tax cuts but real tax reform, can we get anywhere close to the assumed 3 percent?

Mr. HASSETT. I think that is a fair assessment.

Senator BROWN. OK. Thank you.

Let me take my last 3 seconds—sorry, Mr. Chairman. I want to talk about lead for a second because of your boss the Secretary of HUD's comments as the nominee, Nominee Carson rather than Secretary Carson. I am particularly troubled by the proposal on reducing funding for HUD's lead grants and eliminate HOME and CDBG use for home repairs and other activities. As I mentioned briefly, most of the homes in Cleveland, most of the homes in Appalachia, most of the homes in Dayton and Cincinnati and Youngstown are at least 50 or 60 years old. The head of the Cleveland Health Department said literally 99 percent of those homes have toxic levels of lead.

Share your thoughts on the effects of childhood lead poisoning in this country and the role that HUD can play to eliminate it.

Ms. PATENAUDE. Thank you, Senator Brown. I appreciate hearing your concerns. Yesterday Dr. Carson proclaimed June "Healthy Homes Month", and he released a video. I did not watch the entire video because I was preparing for today's hearing, but the video addresses lead. So I believe that Secretary Carson is very committed to this issue and will continue to be.

The budget, as I understand it, it was level funding until the omnibus, so under the CR, that level of funding is what was requested in the proposed budget. It was not until after the omnibus was passed that it actually became a cut. But I think the level of support is significant.

Senator BROWN. Well, that is a matter of opinion. The original CDBG proposal was deep cuts.

Chairman CRAPO. Thank you very much.

Senator Corker? And I do remind my colleagues to hang in there with that 5-minute rule.

Senator CORKER. Yes, sir. I just want to get ready before my 5 minutes.

[Laughter.]

Senator CORKER. They have not started yet.

Ms. Patenaude, I want to thank you for your willingness to serve. We had a very good meeting in the office, and numbers of people that I have worked with in housing speak very highly of you, and I look forward to your confirmation.

Mr. Hassett, your wonderful family is here, and I know that, you know, you are one of the nicest folks I have met that is coming through. And I know that when we met, on the other hand, by the time the meeting was over, my temperature was about to take my head off as I thought about the fact that think tanks that you have been a part of, of course, but so many think tanks here in our Washington community make the perfect the enemy of the good and really can be very destructive—very destructive, as we dis-

cussed—as we try to move ahead and actually pass legislation that accommodates some commonality on both the Republican and Democratic side. And, actually, the think tank that you have been a part of has played a big role in trying to undermine actually bipartisan efforts that we have put together here on the Committee. You and I discussed that fully. And as I thought about it, I thought about a person coming into the White House that had been “in an ivory tower,” if you will, sitting over at a think tank, writing perfect things in a perfect world. I then began to question whether someone like you would even be good in this position.

Now, let me say this: As my temperature cooled down and I thought a little bit more about, you know, your past, obviously you are qualified for this job, but can you talk with me a little bit about the role that you will be playing there and hopefully share a little bit of understanding about the fact that we live in a world where we represent 320 million people here, and sometimes, you know, economists sitting over in a think tank that have nothing in the world to consider but perfect do not always help us in a constructive way as we try to move the country ahead.

Mr. HASSETT. Thank you, Senator, and thank you for your time in your office. I can tell you that I think a hallmark of my career is that I have never been that person who says that the perfect is the only thing that you should do, and if you do not do that, then, you know, you are someone who is a traitor to economics. In fact, I think that I have worked collegially with people on all sides on pretty much every issue that I have ever been involved in.

I think that at the Council of Economic Advisers in particular, the role of the CEA is to provide objective advice about what decision makers do. I think that the problem of governing is often one that there are a lot of decisions that have to be made, and they have to be made urgently, and we need expert analysis to inform those decisions. And someone who says, “Well, in a perfect world, with perfect markets, here is what you ought to do, and if you do anything else, then”——

Senator CORKER. Well, actually, that is not what people say. They just say, “This is the only way for it to occur,” because the perfect is the enemy of the good. They are not saying in a perfect world. They are actually undermining legislative processes that have to take into account, you know, different temperaments, if you will, different values that are part of democracy. So it was not really that. It was really just the straight undermining of bipartisan efforts here on the Committee.

Mr. HASSETT. Sir, at the American Enterprise Institute, there are people with very strong opinions, and they do not take my advice about what their opinions should be. But I can assure you that that is not the way I would behave if confirmed.

Senator CORKER. Who will you report to there?

Mr. HASSETT. The President, sir.

Senator CORKER. So not through Gary Cohn but directly to the President.

Mr. HASSETT. The Council of Economic Advisers was established in 1946, and by statute it is quite clear, yes.

Senator CORKER. You wrote a book in 1999 about “Dow 36,000” by 2009. I noticed it was at 10,428. What happened?

Mr. HASSETT. Sir, I think that one critic of mine once looked at that book and called it a “youthful indiscretion,” and I think that as youthful indiscretions go, it was not such a bad one. I think the motivation of the book then was to make sure that people understood how to think about equities and how important it was, if you can be a long-run investor, to invest in equities because they are a good investment in the long run but not in the short run. And I think that looking back, folks that bought and held were glad that they did.

Senator CORKER. So I know the President has said some things about trade, and you are a full-blown free trader. Is that correct?

Mr. HASSETT. Historically, yes, sir. That is right. That is what I have—

Senator CORKER. And he has also mentioned some things about hedge fund taxation. You are a low carried rate—carried interest rate person on hedge funds. I wonder if you might expand a little bit on that.

Mr. HASSETT. I have written one piece on carried interest, sir. It is in the journal *Tax Notes*, coauthored by Alan Viard, a fellow economist at AEI, and we just analyzed the law of carried interest taxation and how it relates to partnership taxation. I think one of the main points of the piece, written many years ago, was that partnership law is what is applied to carried interest taxation, and so to change carried interest taxation would require writing a new special provision.

Senator CORKER. Thank you for your desire to serve, and I look forward to serving with you.

Mr. HASSETT. Thank you, Senator.

Senator CORKER. Yes, sir.

Chairman CRAPO. Thank you, Senator Corker.

Senator Warren.

Senator WARREN. Thank you, Mr. Chairman. And thank you both for being here and for your willingness to serve.

I want to follow up on Senator Brown’s questions with a little more detail about the budget, and I want to focus in on housing. According to a report earlier this year from the National Low-Income Housing Coalition, there is a shortage of about 7.4 million affordable rental units in this country. Millions of families are now forced to spend more than half their income on housing, on rent.

The Department of Housing and Urban Development is responsible for addressing this crisis, but President Trump’s budget now calls for cutting HUD’s budget by \$6 billion. That would be a 13-percent cut.

Ms. Patenaude, if you are confirmed, you would be responsible for overseeing HUD’s housing programs, so I want to know where you stand on some of the specific cuts in the President’s budget. So let me start with CDBG. The President’s budget called for eliminating all Community Development Block Grants. All of them. That is \$3 billion that currently helps fund shelter for people with special needs, that helps build nursing homes, that helps create homes for veterans, that helps create shelters for victims of domestic abuse. This proposed cut would hurt some of the most vulnerable people in Massachusetts and all across this country.

Do you support eliminating this funding?

Ms. PATENAUE. Thank you, Senator Warren. The CDBG program has been around for over 40 years, and \$150 billion has been dedicated to this program.

Senator WARREN. So do you support eliminating all funding for the CDBG program?

Ms. PATENAUE. During the last two Administrations, there were significant cuts proposed in the budget for CDBG, and I believe that was due to the lack of targeting for the program.

Senator WARREN. So I am still asking the question. Do you support eliminating the CDBG program or not? It is really a pretty simple question.

Ms. PATENAUE. I support the President's proposed budget.

Senator WARREN. So you support eliminating—

Ms. PATENAUE. I was not involved in the negotiations of—

Senator WARREN. I did not ask whether you were involved. You have now read it like the rest of us have. I was not involved either, but I have a very strong opinion about it. Do you support eliminating all of the Community Development Block Grants that are used to support housing?

Ms. PATENAUE. I certainly would support reforms to CDBG, and the—

Senator WARREN. Do you support the cuts in the President's budget? This should not be an arm-wrestling contest here. It is a yes or a no. You either support where the President is or you do not.

Ms. PATENAUE. Well, I did. I did state that I support the President's—

Senator WARREN. OK. You do support all of these cuts then. OK. We got it. You know, there are going to be a lot of people who are going to be hurt by that.

Donald Trump's budget also eliminates \$948 million in funding for the HOME Investment Partnerships. Now, HOME funding helps States build and rehabilitate housing for low-income families. Organizations in Massachusetts rely heavily on HOME funding to create more livable, affordable housing units.

So, Ms. Patenaue, there is a housing shortage of more than 7 million affordable housing units in this country, and this proposed cut would make that shortage worse. More people will end up on the street. More women, more children, more veterans, more seniors, more people with disabilities. It is that simple. Do you support elimination of this funding?

Ms. PATENAUE. Senator, the HOME Program has grown, the number of recipients, participating jurisdictions, over the years, and the grants are getting smaller and smaller and more difficult—

Senator WARREN. So do you propose—do you support eliminating funding for this program?

Ms. PATENAUE. I support the President's proposed budget.

Senator WARREN. So you support eliminating it. That is going to hurt a lot of people, too.

More than any other Federal agency, HUD is how Americans help friends and families in need. It is not about handouts. It is about helping people find decent, safe places to live so that they can raise their kids, so they can go to school, so they can get a job.

The President's HUD budget attacks those who need help. It attacks seniors, it attacks children, it attacks veterans, it attacks people with disabilities, it attacks abused women. It attacks people trying to put their lives back together. It is a disgrace, and anyone who cares about housing in this country should oppose it.

Mr. Chairman, I yield.

Chairman CRAPO. Thank you.

And, Senator Rounds.

Senator ROUNDS. Thank you, Mr. Chairman.

Ms. Patenaude, I would kind of like to just follow up a little bit on the conversation that you began with Ranking Member Brown, and I am just curious. With regard to the President's budget and so forth, and the allocation of scarce resources through HUD, could you share with us a little bit perhaps how you would prioritize—I mean, nobody is going to have as much money as we want to have, and yet there are some very important projects out there. I am certain that you have had a chance to look at where your priorities would be. Can you share with us a little bit what you would see as the priorities and how you would use the dollars that are allocated and where you would like to see the focus at with regard to the use of scarce resources?

Ms. PATENAUDE. Thank you, Senator Rounds. The priority has been for a long time to target to the most vulnerable populations, so I certainly support the continuation of that. I would also support programs that have a proven track record that we can measure the performance. But with that said, I would also like to look at reforms of some of these programs that I would certainly support in a future budget.

Senator ROUNDS. So as you take a look at all of these, one of the areas that we have got concerns with is in Native American housing and so forth, particularly in the Dakotas, where we have large land masses, large areas, but basically a very scarce population. We have found time and again that we really do lack housing in those areas, and to us, we are talking about some of the poorest counties in the United States, actually, where they are on the reservations, and they really do rely on assistance, particularly when it comes to housing.

Would you see it appropriate that in those areas where you can evaluate and you see that these are perhaps some of the poorest and some of those that are most in need, are these the types of areas that you would consider prioritizing with regard to the resources that are available?

Ms. PATENAUDE. Yes, Senator. As I mentioned during our meeting, I have limited exposure to Indian country and look forward, if I am confirmed, to visiting Pine Ridge with you so I can get a better understanding of the needs. But I was surprised to learn about the number of barriers to construction with the lands, and I certainly would like to look at ways to work—you have more barriers than even normal circumstances for development, so I would like to look at ways where we can help reduce those regulatory barriers to development, use of the tax credit program in Indian country. I think it would be a high priority.

Senator ROUNDS. OK. Last year, Congress passed the Housing Opportunity Through Modernization Act by unanimous votes in

both chambers. This legislation was the first substantive housing reform enacted by Congress in decades. Among the many reforms in the legislation were provisions that helped address homelessness, reduce the administrative burdens on the public housing authorities and other organizations that HUD works with, and provisions that further incentivize Americans who use HUD to find work and provisions that help improve the quality of life for residents of public housing.

How do you think that Congress can continue to build on this progress in the future? As you have looked, what other barriers do we—what have we actually set up that we need to take a look at in terms of improving to make the job of actually helping these individuals more realizable?

Ms. PATENAUDE. Senator, the President has actually requested that each agency review their regulations, and I think there are numerous regulations that are on the books that are outdated, no longer necessary. I believe that if we are going to make a difference, we have to look at barriers at the local level, the State level, and the Federal level, and particularly at the local level. All zoning is local; all real estate is local. And I think HUD needs to help these communities see that there is indeed barriers, unnecessary barriers sometimes, to development.

Senator ROUNDS. The CDBG Program, Community Development Block Grants, is an area that we have really relied on at the State level. During the time that I worked as Governor in South Dakota, we used CDBGs. I really think that Governors and local units of Government have a real sense of where the resources can be put to use the best. And in many cases, these products can be used to create infrastructure, to improve infrastructure, to upgrade infrastructure. That really makes a huge opportunity for individuals to see an improvement in their quality of life in smaller communities as well as some of the inner-city communities.

I am just curious what your thoughts are about the use of Community Development Block Grants, your support for them, and whether or not they have been an effective tool in your view.

Ms. PATENAUDE. Senator, you certainly have more experience, having been the Governor, in utilizing CDBG. But, of course, we do have success stories with it, but I do not believe that the amount of money that is available to the grantees is significant enough to make, you know, infrastructure investments, and I believe that the President's infrastructure bill perhaps is a better place to address infrastructure, water and sewer, than through the CDBG.

Senator ROUNDS. I most certainly think that additional resources would be welcome and that when we start talking about investment in infrastructure, I think the fact that we could look at areas in which it would actually improve housing by creating infrastructure that promotes more housing is a really good thing. But I am also glad to hear that you think that maybe there were not enough resources put into CDBG as well to actually make a difference, because we would like to talk to you about perhaps increasing that in the future as well.

Ms. PATENAUDE. Thank you, Senator.

Senator ROUNDS. Mr. Chairman, with that, thank you. My time has expired.

Chairman CRAPO. Thank you.

Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman, and thank you both for being here.

Ms. Patenaude, during your recent visit, we discussed the crisis in East Chicago, in Indiana, where the lives of more than 300 families were upended and put at risk due to the presence of significant levels of lead and arsenic in our soil. HUD has helped most of the residents find new housing. Local officials are pursuing emergency HUD funding for the safety and the security and the ultimate demolition of the complex. Can I have your commitment that, if confirmed, you will advocate for HUD to dedicate the resources needed, including emergency funding, to assist these residents and the local officials in getting this situation taken care of?

Ms. PATENAUDE. Yes, Senator Donnelly, you have my commitment, and I believe that Secretary Carson is committed to this issue as well.

Senator DONNELLY. Yes, I think we are working right now with his staff to find an exact date for him to come to East Chicago so he can witness it firsthand.

When I was in the House of Representatives, I served on the House Veterans' Affairs Committee, and far too many veterans, as we all know, that served our country find themselves sometimes without a home or a place to put their head down at night on a pillow. We need to continue efforts to address this problem, and that includes the Veterans Affairs Supportive Housing Program from HUD and VA.

I was troubled to see that the recent HUD budget proposal did not include any additional funding for new HUD VASH vouchers, and the broader Tenant-Based Rental Assistance Program is set for a funding cut.

How can we help end veteran homelessness when we are cutting the very programs intended to help them?

Ms. PATENAUDE. Senator Donnelly, in preparation for the hearing, I met with the career staff and met with the director of the homeless programs at HUD, and during that briefing the staff informed me that the allocation of vouchers that they currently have are sufficient to address the veterans' needs. And I found that to be somewhat surprising, so I asked again, and then I did some research. Obviously, there is going to be a difference of opinions depending on who you talk to, but I do trust that the career staff that are running the homeless programs, administering the homeless programs, have the data to make an informed decision. So I accept their recommendation that the current allocation is sufficient to address this issue.

Senator DONNELLY. OK. Well, we would love to see all that data because, you know, the concern, the thought, the heartbreak of one veteran who does not have a place to go home to or is in a facility that is nowhere near what they should be able to expect in terms of living conditions is something that we owe to every single veteran.

How do you plan to utilize HUD's resources to help house our homeless veterans?

Ms. PATENAUDE. The allocation of the vouchers is based on a formula for veterans for the VASH Program, and I would like to look at this. If I am confirmed, I would like to look into how we can re-allocate so that the homeless veterans in need of the voucher and the support services that they are not currently reaching, that we can get this assistance to the veterans.

Senator DONNELLY. Communities such as Gary, Indiana, have benefited from blight elimination funding, but there are still really big needs. The population declines there have led to a plague of abandoned and neglected buildings, resulting in increased crime and resulting in distressed sections. The main funding source for Gary to battle housing blight, and other cities, is the Community Development Block Grants, the CDBGs, but the President's budget eliminates this program.

How can we help cities like Gary combat housing blight if the CDBG Program is eliminated?

Ms. PATENAUDE. Senator, there are other programs, there are other funding streams that can be used for demolition. I think the tax credit program, when you are looking at perhaps, you know, new construction or preservation of affordable housing is another funding stream that could be used.

Senator DONNELLY. Well, we would like to work together with you because I think the elimination of CDBG makes this much, much more difficult, makes it much, much more challenging. And this is not a situation where there is not a need. All you have to do is walk around the streets and walk around town. And, actually, you can just drive by on the highway and see it right from there, some of the same houses that have been abandoned for a very long time.

Mr. Hasset, I do not want you thinking that I was trying to ignore you. I wanted to ask you about the desire to see financial de-regulation and the concerns I have about all of that. I was serving on the Financial Services Committee during—and I have to ask this quickly—the most difficult and challenging times we had in 2008, 2009, and 2010. Dodd–Frank was put in place to ensure safety and soundness. When we saw the dot-com bubble occur and then we saw collateralized debt obligations and similar things, I would love to hear from you, do you see any bubble on the horizon that should concern policymakers? And what is your biggest concern? You know, I always try, after that experience, to look at worst-case scenarios so that it never happens again because it destroyed my State in terms of employment and other areas. What do you see as the biggest challenge out there right now, the thing that concerns you the most?

Mr. HASSETT. Financial regulation, Senator, is not my immediate area of expertise. But, you know, economists study—

Senator DONNELLY. Well, you have written books about the—

Mr. HASSETT. Not on financial regulation, and the financial markets are very complex. They are what economists call “incomplete,” which means that they can at times act in incredibly befuddling ways. And anyone who has seen “Mary Poppins” and saw what happened to a bank understands the importance of financial regu-

lation. As financial markets evolve, it is really important that regulation—

Senator DONNELLY. Well, what I was asking you was if you had one thing to keep an eye on or to worry about right now, what would it be?

Mr. HASSETT. I think that—

Chairman CRAPO. A short answer.

Senator DONNELLY. Yes, sorry about that.

Mr. HASSETT. I think that we have got a recovery that is very long in the tooth. Recoveries very often end of old age, and that is something that we need to be attentive to and think about policies that we can adopt that would extend the recovery.

Senator DONNELLY. Thank you, Mr. Chairman.

Chairman CRAPO. Thank you.

Senator Scott.

Senator SCOTT. Thank you, Mr. Chairman. Thank you to the both of you for being here this morning.

Good morning, Ms. Patenaude. Good to see you again. Thank you for coming by the office and having a good conversation about the direction of HUD. Certainly as we have had a lot of questions about the President's budget, I think it is important to note that while we in Congress will have the opportunity to negotiate and wrestle with the outcome of the budget requirements and priorities, your responsibility will be to take whatever is given to the Administration, to the Department, and do as much good as possible.

Speaking of as much good as possible, we talked a little bit about the importance of treating the whole person as a part of the HUD approach. Myself, I will be joining Senators Blunt and Reed in introducing the Family Self-Sustainability Act. The bill cuts Department costs through consolidating redundant programs, and at the same time it expands the scope of the FSS Program to provide more residents access to job training or help in attaining a GED. Lower costs, more self-sustainability, I think that is what we call a "win-win."

What would be your approach to treating the whole person at HUD?

Ms. PATENAUDE. Well, certainly public-private partnerships would be a critical component to that. The communities that have the resources are certainly better positioned to be able to help. But I believe that the private sector as well as local government can play an enormous role in helping to facilitate programs, whether it is, you know, after-school programs or these centers, the vision centers that Secretary Carson has talked about during his listening tours. So I really do believe that we need to look to the private sector to help rebuild some of these communities.

Senator SCOTT. Thank you very much. I look forward to your confirmation.

Dr. Hassett, thank you for your work at AEI. I have watched you from a distance and certainly appreciate your commitment to our economy, and certainly the way that you have said things paints pictures, like "long-toothed recovery." Interesting.

You have also said that while certain areas of the country are doing remarkably well, the recovery has profoundly been uneven

with large swaths of the country facing chronic rates of long-term unemployment and historically low levels of new investment.

Can you elaborate on the social and economic cost of this uneven economic recovery? And, also, what could we do to bring more resources into distressed communities?

Mr. HASSETT. Thank you, Senator. I think that one of the things that economists have learned in really the last decade of research—it was really startling to me how extreme it was—was that there are so many people that, if they lose their job and they do not get a job back in a little while, then they start to despair, and they start to have personal problems, and often it can happen that it turns into a spiral that takes them to a very bad place. And we know that there are pockets of our country where, because a mill closed like in my home town, there are a number of people that end up having substance abuse problems and so on. Nobel Prize-winning economist Angus Deaton and Anne Case just wrote a really moving piece on this.

And I know that when I give economic talks around the country, if you ask Americans about this problem, they recognize it. And something that I have noticed is that everyone wants to do something about it. Everybody does. But they do not know what to do about it, especially the really concentrated geographic inequality.

And so I think that what we need to do is think of ways not only with policies but individual-by-individual that we could help people make a difference, because I know that Americans want to.

Senator SCOTT. Yes, sir. Well, I know there are two individuals who have been working on this, myself and Cory Booker being those two individuals. We have legislation called the “Investing in Opportunity Act”, which seeks to defer the capital gains tax up to 7 years if folks are willing to reinvest those capital gains into distressed communities using the New Market Tax Credit designation. I would love for you to take a look at the legislation and come back with some thoughts on how we might have some success in impacting long-term poverty and unemployment in those distressed communities.

Mr. HASSETT. Thank you. If confirmed, I would really look forward to working with you on that.

Senator SCOTT. A final question, since I have, I guess, according to the folks who have asked questions before, 2 minutes and 38 seconds left in this conversation. I thought it was funny, too. You are next.

So the question I have is on the whole notion of the workforce participation rate as you just described the impact of long-term unemployment makes it very difficult to return to the workforce; hence, our workforce participation rate has been declining for the last 8 or 9 years.

I think about the economy to come, the gig economy or the shared economy, the technology economy. It seems like our focus on workforce investment is going to be a very important part of how to navigate the future challenges that will displace millions of workers in a way that we have not seen in the past. How do you factor that into the goal that we have of growing our economy?

Mr. HASSETT. Thank you, Senator. It is really an urgent call for us to address the problem that the share of our population working

is something like 27th out of the 35 OECD countries, that we need to help people get back to work. And I think that the sharing economy can be part of that, but also presents a number of challenges.

Senator SCOTT. Thank you, Mr. Chairman.

Chairman CRAPO. Thank you.

Senator Cortez Masto.

Senator CORTEZ MASTO. Thank you, Mr. Chairman and Ranking Member. And welcome to both of you, and thank you for the time that you spent with me in my office talking about the issues that obviously are important to so many of us, particularly in Nevada as well. And it is nice to see your family here. Welcome. And I appreciate your commitment to public service.

Dr. Hassett, let me start with you, and we had this conversation, and let me just follow up with this. In 2013, you said in a written research piece, “With lackluster GDP growth threatening to become our new normal, allowing more immigrants to enter for the sake of employment is one of the few policies that might restore our old normal. If the U.S. doubled its total immigration and prioritized bringing in new workers, it could add more than half a percentage point a year to expected GDP growth.”

And despite the clear evidence indicating that you are correct, here we are in 2017 with the Administration pursuing precisely the opposite policies. In fact, the President’s policy of mass deportation is sparking panic and fear in many Latino communities, causing consumer spending to fall by double digits. This is threatening these communities’ confidence in the economy just as it was starting to be restored after the financial crisis—and, by the way, a financial crisis that was hardest hit in Nevada.

So the question I have for you is: Is what you said in 2013 still true about immigration and economic growth?

Mr. HASSETT. Thank you, Senator. I think that there are a lot of policy angles on immigration. One of them is border security. I am not a border security expert. But economists are very good at mapping inputs into outputs, and if we have more input of labor, we will get more output.

My ancestors are Irish immigrants. They were not allowed in the country because they had a computer degree, I presume. I think that immigrants in this country have been an important source of growth. Entrepreneurship is flailing right now in our economy, but high-skilled immigrants are about twice as likely to be entrepreneurs. And so I think that any immigration policy, comprehensive immigration policy, would have to recognize all the policy challenges and the simple economics of inputs and outputs.

Senator CORTEZ MASTO. So what you said in 2013 still holds true?

Mr. HASSETT. I do not know if I would advocate specifically for a number of exactly how much immigration should go up or anything like that, and that is certainly not the role of the CEA—

Senator CORTEZ MASTO. But you would agree—

Mr. HASSETT. —but if there were more workers, we would have more outputs, Senator.

Senator CORTEZ MASTO. Thank you. I appreciate that.

In the past, you have characterized Wall Street reform as “the worst piece of legislation that I have seen in my entire life,” and

that the law “needs to be repealed as soon as possible.” Is it still your view that Wall Street reform should be repealed?

Mr. HASSETT. Senator, I would have to look back at what I was—I do not recall this. I would have to look back at what I was talking about and get back to you on that. It would take more to review what it was I was talking about and why I was so adamant about it. I am not usually so strident, and so I would really have to review it. So I would look forward to getting back to you on the record.

Senator CORTEZ MASTO. So let me just say this, because Nevada, I just said, came out of the worst financial crisis that we have seen since the Great Depression; and if we are going to continue to make economic progress, we cannot eviscerate the rules that we have put in place after the collapse. So I would hope you would consider that and take that into consideration when you are looking at this.

Mr. HASSETT. Thank you.

Senator CORTEZ MASTO. Thank you.

Ms. Patenaude, thank you again for the conversation. Let me say this: I am absolutely concerned about the conversation we just had about eliminating the CDBG, which is proposed in the President’s budget. As somebody who has worked at the local level in local government and at the State level in the State of Nevada, I know that that money is crucial to what we do in Nevada when it comes to homeless services in our rural communities like Lyon County, transportation for seniors in Nye County, and Catholic Charities Food Pantry in Clark County, as well as Meals on Wheels and so many other important services.

So let me ask you this, because I know we had this conversation. I heard what you said. You support the President’s budget, which concerns me because he eliminates the CDBG, which is about \$20 million coming into the State of Nevada. But let me give you an opportunity, because you also talked about reform. Would you eliminate it or reform it?

Ms. PATENAUDE. Thank you, Senator, and I appreciated the time that we spent together. I learned a great deal about your State and the challenges you are facing there.

As I mentioned earlier, as the President’s nominee, I support the President’s budget. Going forward, as a lifelong houser, I would certainly be advocating for programs with proven track records. When I mentioned reform, CDBG is certainly a program that we have had a very difficult time measuring the performance and the outcomes. And I do believe that the allocation—the amounts that are allocated are oftentimes not enough to make a significant impact.

Obviously, there are many exceptions to what I am saying, but over the years, under both Democrat and Republican administrations, there have been cuts to the CDBG Program.

Senator CORTEZ MASTO. And I appreciate that, and in our conversation you mentioned how you have strengthened CDBG accountability and transparency during your previous tenure at HUD, and I appreciate it. So why not build on that previous work instead of eliminating that program? And that is the concern I have with this discussion today.

I understand my time is up. There are others that I will submit for the record, and I appreciate you being here today. Thank you. Chairman CRAPO. Thank you.

Senator TILLIS.

Senator TILLIS. Thank you, Mr. Chair. Thank you both for being here, and congratulations on your nominations.

Mr. HASETT, I will start with you. I want to go back just briefly to the discussion about immigration. The point of your report had to do with, I would assume, legal immigration, guest worker programs, H-1 at one end of the spectrum to H-2A and -B at the other end of the spectrum, because they create an economic multiplier. And I think some would even argue that they create American jobs as a result of that reliable, predictable guest worker program that ebbs and flows in this country, and it is something that we need to get fixed. Was that the essence of your analysis?

Mr. HASETT. Yes, sir.

Senator TILLIS. I have to tell you, I am looking forward to supporting your nomination, but now it is with a little asterisk after I read your report on Deflategate because I am not a Patriots fan. But I am sure the folks in New England love you. But, no, I thought it was remarkable. It is actually going to have to make me go back and change my Mac Talk, but I am not going to use the hearing here to drill into that.

I do want to talk a little bit about a report. You are very well published and a very impressive list of writings. One that I wanted you to spend maybe a minute or two on is "Spending, Taxes, and Certainty: A Road Map to 4 [percent GDP]". In your current role, how would you cut through all the noise that we have right now and emphasize what we think we have to do to build the momentum to actually get to a sustainable 4 percent GDP growth?

Mr. HASETT. Thank you, Senator. I think that it is essential, if we are to move forward and make the policy changes we need to get higher growth, that we have to build consensus by having rigorous modeling that draws on empirical evidence and is replicable and transparent.

Senator TILLIS. But is it purely based on tax policy? Is it regulatory policy? In other words, what are the fundamentals, what are the top-line issues that people can understand that do not necessarily have your expertise that we as Congress Members should focus on?

Mr. HASETT. And thank you for referencing the specific article. There are a number of challenges. One is tax policy, one is regulation, to make sure that they pass cost-benefit tests. Another is to look at the long-run budget balance and to help remove uncertainty about what the future holds, because we have not fully funded the promises that we have made. If you look back at each of those, the countries that have sort of gotten their act together on those things have experienced surges in growth, and I think that there is every reason to expect that that could be an opportunity for the United States.

Senator TILLIS. I agree.

Ms. Patenaude, I wanted to give you an opportunity to talk—CDBG is something anybody who has worked in State government knows about, knows the impact that it can have. But I know that

HUD has 100 or more programs and then sub-programs, duplicative efforts, some are working, others are not working. When Dr. Carson and I met before his confirmation, I asked him if he was going to focus on people who would come in, rationalize the programs, with the goal of—do you believe within the President's budget, if he zeroes out CDBG, do you think that the Administration simply wants to turn their back on the 11 million households that spend 50 percent of their income on rent and utilities? Or do you think they are trying to come up with a more efficient way to do it to produce more resources to people that need it?

Ms. PATENAUDE. Senator Tillis, thank you for that question. I absolutely believe that the Administration is not abandoning the population that you referred to, but that we need to be more creative. We need to harness the power of the private sector. We need to work with local communities to help reduce the barriers. The cost of building has become prohibitive in so many places in this country, and it can contribute—regulatory barriers contribute to up to 35 percent of the cost of a unit or a home, so there is certainly an opportunity there.

As far as the HUD programs, I just wanted to add on CDBG, we tried to—we proposed formula reform back in 2005, and we were not successful with the reforms at that time.

Senator TILLIS. I think that if we are going to get to a point to where we are producing more resources to people who desperately need it, then we have to be open to a different way of addressing the needs. And I think that we have a lot of duplication, we have a lot of inefficiency, and it is at the—while you can pick—and CDBG is personally very important to me right now because we were successful with getting \$334 million through the CDBG Program for Hurricane Matthew relief.

So it is a vehicle that I am using today, but if you can give me a more effective, more efficient vehicle that gives me more productivity for those dollars that we are allocating to the States for housing, for disaster relief, that is what we need in HUD. We need to go back, revisit it, make it leaner, and get it to a point to where the dollars that are going to these programs are ultimately affecting lives, not funding programs.

Thank you. I look forward to your confirmations.

Ms. PATENAUDE. Thank you.

Chairman CRAPO. Thank you.

Senator Reed.

Senator REED. Well, thank you, Mr. Chairman, and thank you to the witnesses.

First, Dr. Hassett and I had the opportunity to collaborate together in the Work Share Program. I am extraordinarily impressed with not only his knowledge but his thoughtfulness and his analytical skills. We do not always agree, but we do agree on Work Share. And in that vein, Dr. Hassett, I would hope in your new role that you would continue to promote this as an option in every State. I know with your help we have expanded it to about 19 or 20 States. Could you comment on that? Is that an appropriate way to deal with—

Mr. HASSETT. Thank you, Senator. In fact, I commend the Senator for his leadership on this issue. There is now an empirical lit-

erature evaluating your efforts that says that Rhode Island really outperformed a lot of other States because you not only helped States change their unemployment insurance to help it serve workers better, but you made sure that the people of Rhode Island knew that they could take advantage of this Federal program. And I know that now there is, you know, hard, peer-reviewed evidence that that was successful.

I think that, absolutely, if unemployment insurance reform were to be on the agenda again, there is now a large body of economic evidence that would support extending efforts in that direction.

Senator REED. Thank you very much.

Mr. HASSETT. Thank you.

Senator REED. Ms. Patenaude, thank you again for your service prior in the previous Administration but also your efforts. One of the issues that came up with Secretary Carson was I asked him to kind of work with me and others to maintain the U.S. Interagency Council on Homelessness, and yet I see in the budget it has been zeroed out essentially. Senator Collins and I have legislation to restore it. Interestingly enough, you served on the Council from 2005 to 2007. Will you support our efforts to restore it? And if not, what is the option to coordinate all these different programs?

Ms. PATENAUDE. Senator Reed, thank you very much. The Interagency Council on Homelessness was certainly unique at the time. We did not on a regular basis collaborate with other Federal agencies. As I mentioned, I had never been in the Department of Transportation or the Department of Health and Human Services. The only interaction I had, as well as VA, was during these meetings at the Interagency Council, and I think the Interagency Council perhaps has outlived, you know, its time because now collaboration is expected, it is part of, you know, the Performance Management Agenda, and I would like to take a look at how the Interagency Council is working right now. After our meeting, I did go online, and certainly it is a source of a lot of data, but that perhaps is duplicating efforts at HUD.

So if I am confirmed, it is something that I would really like to look into and, you know, give more consideration to the Council before I could make a definitive decision on that.

Senator REED. Well, I wish you would. Again, our legislation, Senator Collins and I, would extend or eliminate the sunset date in the Council, so it would give it sort of a long-term existence, and I would very much like you to look at it and get back to us.

I can recall, again, serving as the Ranking Democrat on the Appropriations Committee for HUD, having a hearing with Senator Collins, and we asked the IG what was the number one concern, and his response was cybersecurity. And in your role, you are sort of the chief administrative officer. Can you discuss what steps you intend to take with respect to cybersecurity?

Ms. PATENAUDE. Thank you, Senator. After our meeting, I actually scheduled a meeting with the Office of the Chief Information Officer, and this is an area that I have limited expertise in, and I think that would—I was amazed at how far HUD has come, and I realize I was talking to the gentleman that is in charge of this. He is the Deputy CIO. And it appeared from the conversation that we had that HUD is actually in much better shape than perhaps

the Inspector General, you know, has portrayed in the report to Congress. So I was encouraged by that meeting. It certainly was, you know, an hour long. I would need, you know, several hours with the CIO, and hopefully we will have a CIO on board or nominated soon.

So it is an area that I certainly will spend a lot of time researching and trying to understand the needs of HUD. But it was a very encouraging conversation.

Senator REED. And just finally and very quickly, I am concerned about the cuts to CDBG. That is a refrain you have heard, I think, from many people. And it is a worthy endeavor to look for a more efficient model, but in the interim, cutting a model that appears to work very well, I do not—I have not heard a lot of complaints. In fact, I have heard lots of acclaim, particularly by local leaders, mayors, Governors, about how effective it is, because basically it provides resources for local initiatives, and I think that is something that you should consider.

One other point, too, and just to clarify this. In a response to how you are going to make this more efficient, some of these uses, the suggestion was the local regulatory barriers?

Ms. PATENAUE. That is to new construction and preservation. Local zoning is certainly contributing to the lack of supply in this country. And I feel that that is an area that we really need to address.

Senator REED. So let me be clear. The Trump administration is going to intervene in local zoning to make it more efficient and effective to develop affordable housing?

Ms. PATENAUE. No, Senator, I do not think that HUD or the Federal Government should, you know, have the zoning powers, but to be able to encourage local communities. And when Secretary Kemp was at the helm of HUD, he led a very comprehensive effort, Not In My Back Yard, which identifies regulatory barriers that exist at every level of Government. But the purpose of this was to be able to share best practices. During the Bush administration, we had an effort to work with mayors, so I think there are ways to incentivize, but certainly not to dictate to local decision makers. But I think there is a lack of education and oftentimes—

Senator REED. So there is money in the budget to incentivize changes to local zoning to encourage more affordable housing?

Ms. PATENAUE. No, Senator, I do not see anything in the budget to do that. We had the Affordable Housing Communities Initiative, though, that was run through the Office of Community Planning and Development, and it is certainly an area, if I am confirmed, I would like to share the results of that program and the efforts and to work with the Secretary.

Senator REED. I appreciate it very much, and you have been very kind, so I will at this point just thank you for your very kind comments. Thank you.

Ms. PATENAUE. Thank you, Senator.

Chairman CRAPO. Thank you, Senator, and that concludes the questioning. Before I give a couple final announcements, I want to thank each of you for coming and appearing here today and participating at the hearing, and thank you for your service and your willingness to give more service to the country.

For Senators, all follow-on questions need to be submitted by Thursday, and for our witnesses, responses to those questions are due by Monday morning. So please respond quickly to the questions that you may get.

With that, the hearing is adjourned.

[Whereupon, at 11:29 a.m., the hearing was adjourned.]

[Prepared statements, biographical sketches of nominees, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF KEVIN ALLEN HASSETT

TO BE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS

JUNE 6, 2017

Chairman Crapo, Ranking Member Brown, and distinguished Members of the Committee, I am humbled and honored to be before you today as President Trump's nominee to be the Chairman of the Council of Economic Advisors. I am also deeply grateful to have had a chance to get to know many of you throughout this process. I wish that the people who worry about Washington could have witnessed the many private kindnesses the Members and staff of this Committee have extended to me.

I would like to begin by introducing my college sweetheart and wife of 31 years, Kristie, and my sons, John and James, who are sitting behind me. I would also like to acknowledge my father John, a Korean War veteran who could not be here today, and my mother Sylvia and my sister Julia, who sadly are no longer with us.

Senators, I have almost always been a student of economics, even before I knew it. I was raised by two public school teachers in the beautiful town of Greenfield, Massachusetts. My mother was a kindergarten teacher in neighboring Turners Falls. My father taught English at Greenfield High School, and still lives in Greenfield in the same house I was raised in.

As I was growing up, my town went through a very painful transition. For the longest time, Greenfield was a thriving mill town, with the world's largest tap and die operation that employed thousands of citizens. Neighboring Turners Falls was almost as prosperous, housing a massive paper mill along the banks of the Connecticut River. But as we got older, times were changing. Plants closed. Families started moving away. Graduates stopped coming home after college.

It seemed impossible to look around and not wonder why it was happening. When I started studying economics in college, and again in graduate school, I always came back to the example of how my town changed. Why did plants move away or close? Why did many of the good jobs disappear? And is there something that policymakers can do to restore prosperity?

Economic models suggested a simple answer. Workers can have high wages if they have high productivity, and high productivity is enabled by an ample supply of productive capital. But going from things that work in textbook models to actual policy recommendations is a difficult thing. The real world has many complications that are not included in models, and the data often surprise economists, especially those who have too much confidence in pure theory.

That observation led me, over the years, to focus on things that can be learned from the data. My dissertation focused in part on how wages have moved over the business cycle. What do the periods when workers prosper have in common? My early career was spent studying how firms' investment decisions respond to Government policy, and how labor and capital interact.

Since then, my studies have taken me in many different directions, but I think my record makes clear a few things I would like to emphasize about my approach to economics.

First, I believe it is essential to gather evidence, and not just rely on theories. Early in my career, the empirical literature on international taxation contained many holes, often because the country-by-country data that one would need for study were not available. My coauthors and I responded to this by building a large international tax database and making its data available to anyone who wanted it.

Which leads me to my second point: I believe that economic analysis should be transparent and replicable. An example of my commitment to this idea is the Open Source Policy Center, which I cofounded at the American Enterprise Institute. The OSPC has open source computer code that allows anyone to score tax plans, evaluate the distributional consequences of that plan, and see what the assumptions are that other users use when they score their own plans. The OSPC promises to democratize the tax debate.

Finally, while I respect the need for all types of research, even the very theoretical, my own focus has mostly been work that holds the promise of improving the lives of others, and that sheds light on the circumstances of those less fortunate, like those in my hometown who lost their jobs when the factory closed. A recent example of this would be my work with the Economic Innovation Group, where I explore the causes and cures of the striking geographic income inequality that we see today in America. EIG researchers have worked hard to identify and measure distress, and have constructed publicly available datasets that shed light on the communities around the country that most need our help. There is an interactive map at the EIG website that helps people explore their own communities, with the dark color red indicating extreme economic distress. One of the reddest shapes on

the map of Massachusetts is Turners Falls, the town across the river from my father's home.

The Council of Economic Advisors was created to provide the President with professional and objective economic advice, to help policymakers craft solutions for problems like those we face today. Throughout history, the CEA has done so admirably during both Democratic and Republican administrations. In 2009, then-nominee Christina Romer told this Committee that she would do her "utmost to protect the integrity of the CEA, and make it a center for unbiased, scientific analysis." Chairman Crapo and Members of the Committee, if confirmed, I pledge to you that I would do the same, and that I would enthusiastically and energetically take the helm of this great American institution. Thank you.

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| STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES |
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Name:

Hassett,

Kevin

Allen

Position to which nominated: Member and Chair, Council of Economic Advisers

Date of nomination: May 15, 2017

Date of birth: 03/20/1962

Place of birth: Teaneck, NJ

Marital Status: Married

Full name of spouse: Kristie Stokes Hassett

Name and ages of children: John, 22, James 15

Education:

Institution

Dates
attendedDegrees
receivedDates of
degrees

University of Pennsylvania, Philadelphia, PA , 1984 – 1989, Ph.D., Economics,

Swarthmore College, Swarthmore, PA, 1980-1984 B.A., Economics, 1984

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.

University of Pennsylvania:

Fellowships:

- Alfred P. Sloan Foundation Doctoral Dissertation, 1988-1989
- Sloan Foundation Fellow, 1987-1988
- University of Pennsylvania Fellow, 1984-1986

Swarthmore College:

- High Honors
- Phi Beta Kappa
- Amos J. Peaslee Scholarship

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

| Organization | Office held (if any) | Dates |
|---|-----------------------------------|--------------|
| Urban Baseball Foundation, | President and Founder | 2009-present |
| American Council for Capital Formation, Center for Policy Research, | Member, Board of Scholars | 2001-present |
| Randolph Foundation, | Advisory Board member | 2013-present |
| Economic Innovation Group, | Co-chair, Economic Advisory Board | 2015-present |
| Walmart, | Advisory Council member | 2016-present |
| Union League Club, NYC, | member | 2014-present |
| The Cote Foundation, | Director | 2015-present |

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

State Farm James Q. Wilson Chair in American Politics and Culture, American Enterprise Institute for Public Policy Research, February 2014- present

Director of Research for Domestic Policy, American Enterprise Institute for Public Policy Research, February 2016- present

Senior Academic Advisor, The Lindsey Group, September 2016- present

John G. Searle Senior Fellow, American Enterprise Institute for Public Policy Research, December 2012- February 2014

Director of Economic Policy Studies & Resident Scholar, American Enterprise Institute for Public Policy Research, 2003- 2016

Resident Scholar, American Enterprise Institute for Public Policy Research, 1997- 2014

National Review Columnist, 2005- present

Advisor, Cote Capital, 2012-present

Consultant, Sonecon, 2002-present

Consultant, Precision Economics, 2001-present

Columbia University Graduate School of Business, Visiting Research Scholar, 2016-present

Consultant, Citigroup, 2014-2016

Economic advisor, Mitt Romney Presidential Campaign, 2012

Bloomberg Columnist, 2005-2011

Senior economic adviser, John McCain Presidential Campaign, 2008

Visiting professor, New York University Law School, Spring 2008

Economic adviser, George W. Bush Presidential Campaign, 2004

Chief Economist, McCain 2000, 1999-2000

Senior Economist, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 1995-1997

Economist, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 1992-1995

Associate Professor, Graduate School of Business, Columbia University, New York, NY, 1993- 1994

Assistant Professor, Graduate School of Business, Columbia University, New York, NY, 1989- 1993

Teaching Assistant, University of Pennsylvania, 1985-1988

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.

Consultant to U.S. Treasury during both Clinton and George H.W. Bush administrations.

Consultant to IRS through Precision Economics on tax litigation

Senior Economist, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 1995-1997

Economist, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 1992-1995

Published

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

See Attachment 1

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.

Economic advisor, Mitt Romney Presidential Campaign, 2012

Senior economic adviser, John McCain Presidential Campaign, 2008

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.

2003, \$2000, Bush-Cheney

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

I am a professional economist with broad academic interests who has spent years recruiting and managing a large team of economic researchers.

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

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.

None

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.

See ethics agreement

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

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.

None

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

I will comply with my ethics agreement and consult with appropriate ethics officials on additional matters.

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.

None

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

Attachment 1

SCHOLARLY PUBLICATIONS:

"Football under Pressure: Assessing Malfeasance in Deflategate," with Joseph W. Sullivan and Stan Veuger in *Journal of Sports Analytics*, December 2015. ([link](#))

"The Response of Deferred Executive Compensation to Changes in Tax Rates," with Aspen Gorry, Glen Hubbard, and Aparna Mathur, in *Journal of Public Economics*, August 2015 ([link](#))

"Capital Taxation in the 21st Century," with Alan J. Auerbach in *American Economic Review*, May 2015. ([link](#))

"A Spatial Model of Corporate Tax Incidence" with Aparna Mathur in *Applied Economics*, January 2015. ([link](#))

"Is Newspaper Coverage of Economic Events Politically Biased?" with John R. Lott. *Public Choice*, 160(1-2):65-108, July 2014 ([link](#)). Also in, AEI Papers and Studies, October 18, 2004 ([link](#))

"The Economic Benefits of New York City's Public School Reforms, 2002-2013," with Robert J. Shapiro, *Georgetown McDonough School of Business Research Paper* No. 2541667, 10 December 2013. ([link](#))

"Recent Developments in the Dynamic Fiscal Policy Literature," with Aspen Gorry, *Tax Notes*, December 2013. ([link](#))

"Benefits of Hydraulic Fracking," with Aparna Mathur. *Oxford Energy Forum*, Issue 91, Oxford Institute for Energy Studies. 2013. ([link](#))

"Tiebout and Competitiveness," with R. Glenn Hubbard and Matthew H. Jensen, in: *Rethinking Competitiveness*, ed. Kevin Hassett. AEI Press 2012. ([link](#))

"Spending, Taxes, and Certainty: A Road Map to 4%," in *The 4% Solution: Unleashing the Economic Growth America Needs*, ed. Brendan Minter. The Bush Institute 2012. ([link](#))

"Distributional Impacts in a Comprehensive Climate Policy Package," with Gilbert E. Metcalf and Aparna Mathur. NBER Chapters, in: *The Design and Implementation of U.S. Climate Policy*, National Bureau of Economic Research, Inc. University of Chicago Press (2012), ed. Don Fullerton and Catherine Wolfram. ([link](#))

"A New Measure of Consumption Inequality" with Aparna Mathur, *AEI Economic Studies*, June 2012. ([link](#))

"The Consumer Burden of a Carbon Tax on Gasoline," with Aparna Mathur and Gilbert E. Metcalf, *Fuel Taxes and the Poor: The Distributional effects of gasoline taxation and their implications for climate policy*, Thomas Sterner, ed. RFF Press, 2011. ([link](#))

"Spatial Tax Competition and Domestic Wages," with Aparna Mathur, *AEI Papers and Studies*, December 2010. ([link](#))

"Fundamental Tax Reform in California," with Alan D. Viard and Alex Wein, *Tax Notes*, October 2009. ([link](#))

"Moving toward a Unified Credit for Low-Income Workers," with Lawrence B. Lindsey and Aparna Mathur, *Tax Notes*, August 2009. ([link](#))

“A Not-So-New Direction for Tax Policy,” Hoover Institution’s *Task Force on Property Rights, Freedom, and Prosperity*, May, 2009. ([link](#))

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PREPARED STATEMENT OF PAMELA HUGHES PATENAUDE
TO BE DEPUTY SECRETARY, U.S. HOUSING AND URBAN DEVELOPMENT

JUNE 6, 2017

Chairman Crapo, Ranking Member Brown, and distinguished Members of the Committee, it is a great privilege to appear before you this morning. I am deeply honored by President Trump's decision to nominate me to serve as the Deputy Secretary of the United States Department of Housing and Urban Development.

Mr. Chairman, if I may take a moment to introduce my family, my source of support and unconditional love: my husband of 32 years, Chuck Patenaude, and our three daughters, Caitlin, Meghan, and Jennifer.

Housing has always been close to my heart and part of my family history. My late parents, Bob and Estella Hughes, together created and ran a successful home-building business in New Hampshire. In the Hughes household, there was simply no escaping talk about housing.

For that reason, it was no surprise to my parents when I came to share their passion for housing. As a senior at Saint Anselm College, I experienced our Nation's capital the same way as many college students do: as an intern. That internship, which began my career in housing, was at HUD's headquarters some 35 years ago. Upon graduating from college, I worked for the New Hampshire Housing Finance Authority as a Section 8 rental assistance program administrator.

After observing firsthand the transformational impact HUD programs could have on improving the quality of life for seniors and our most vulnerable citizens, I returned to Washington, DC, to serve in HUD's Office of Multifamily Housing, where I further enhanced my technical knowledge of HUD's rental assistance programs.

During my three-decade career in housing, I have also served at HUD in several leadership roles: first as Assistant Deputy Secretary in the Office of Field Policy and Management, and later as Assistant Secretary for Community Planning and Development.

As Assistant Deputy Secretary for Field Policy and Management, I helped restructure HUD's critical field operations and developed a comprehensive training curriculum on HUD programs and policies for Regional and Field Office Directors. I also played an instrumental role in the development of HUD's five-year Strategic Plan. More importantly, I worked hand-in-hand with the dedicated men and women of HUD who are closest to the people the department serves.

As Assistant Secretary for Community Planning and Development, I administered more than \$8 billion in community economic development and affordable housing funds. I managed a team of more than 800 experienced professionals committed to carrying out HUD's mission. I also had the opportunity to support the recovery efforts in Lower Manhattan following September 11th and in the Gulf Coast States devastated by Hurricane Katrina.

Outside of HUD, my career has focused on promoting housing policies that are aligned with the significant and growing needs of the American people.

At the Urban Land Institute (ULI), I established the ULI Terwilliger Center for Workforce Housing, helping to draw attention to the plight of America's most essential workers—the firefighters, police officers, nurses, and teachers, who are too often priced out of the communities they serve by high housing costs. Working alongside a bipartisan advisory board of national housing experts, we identified the regulatory policies that contributed to prohibitively high housing costs and shared best practices in tearing down unnecessary regulatory barriers.

At the Bipartisan Policy Center, I directed the Housing Commission under the leadership of two former HUD Secretaries, Senator Mel Martinez and Secretary Henry Cisneros and Senators George Mitchell and Kit Bond. The Commission developed a comprehensive report outlining a new direction for Federal housing policy. Many of you may be familiar with the Commission's recommendations on housing finance reform, which were released in 2013.

Currently, I serve as President of the J. Ronald Terwilliger Foundation for Housing America's Families, which seeks to elevate rental affordability as a national issue and educate policymakers about the silent housing crisis in America. Today, more than 11 million households pay in excess of 50 percent of their income on rent and utilities. A major cause of these high rent burdens is the severe shortage of affordable rental homes, particularly for the lowest-income families. Unfortunately, there is no single solution to this problem. It must be approached from multiple fronts—reform of regulatory and land use policies, greater incentives for private investment in affordable homes, and increased attention from State and local governments.

Through these initiatives, I developed strong working relationships with diverse members of the housing community, from affordable housing advocates and developers, to homebuilders, realtors, and mortgage bankers, to Government policymakers and academics. I am very proud to say that bipartisan collaboration has been a hallmark of these initiatives.

In addition, my career in housing at the local, State and Federal levels of government has broadened my view of America's housing policies. This unique perspective helps me understand the factors that contribute to the success of some programs, as well as the factors that diminish the well-intended impacts of other programs.

As Matthew Desmond articulated in his Pulitzer Prize winning book *Evicted*, "we have failed to fully appreciate how deeply housing is implicated in the creation of poverty." Dr. Desmond believes that, "powerful solutions are within our collective reach." I agree with Dr. Desmond and believe that as a nation, we must recognize that housing is not just a commodity but a foundation for economic mobility and personal growth.

If confirmed, I pledge to work closely with this Committee, Congress and Secretary Carson to develop viable solutions that align with HUD's critical mission—to ensure that HUD's programs are responsive to the housing needs of our Nation's most vulnerable citizens.

I appreciate the Committee's thoughtful consideration of my nomination to serve as the Deputy Secretary of the U.S. Department of Housing and Urban Development. Thank you for your time today. I look forward to your questions.

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| STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES |
|--|

Name:

Patenaude, Pamela Hughes

Position to which nominated: Deputy Secretary of US Department of Housing & Urban Development**Date of nomination:****Date of birth:** 01/20/1961**Place of birth:** Pittsburgh, PA**Marital Status:** Married**Full name of spouse:** Charles Patenaude**Name and ages of children:**

Caitlin Lisa Patenaude, 28

Meghan Cynthia Patenaude, 26

Jennifer Erin Patenaude. 24

Education:**Institution:** Southern New Hampshire University, Manchester, New Hampshire**Dates attended:** 1994-1996**Degree:** Master of Science, Community Economic Development**Date degree conferred:** 1996**Institution:** Saint Anselm College, Manchester, New Hampshire**Dates attended:** 1980-1983**Degree:** Bachelor of Science**Date degree conferred:** 1983**Institution:** American University, Washington, DC**Dates attended:** Fall semester, 1982**Institution:** Emmanuel College, Boston, Massachusetts**Dates attended:** 1979-1980**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.

HousingWire Woman of Influence 2013

Saint Anselm College Alumni Award of Merit 2006

Recipient of the HUD Secretary's Award for Extraordinary Leadership 2001

- Presented by Secretary Mel Martinez in recognition of extraordinary leadership and service in response to the World Trade Center and Pentagon tragedies of September 11, 2001

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

| Organization | Office held (if any) | Dates |
|---|--|--------------|
| The Reinvestment Fund | Board Member | 2014-present |
| Homebuilders Institute (HBI) | Vice Chairman | 2014-present |
| ULI Terwilliger Center for Housing | Advisory Board Member | 2014-present |
| National Housing Conference (NHC) | Trustee, Board of Governors | 2014-present |
| Licensed Real Estate Broker | New Hampshire | 1990-present |
| Fannie Mae Affordable Housing Advisory Council | Member | 2010-2012 |
| U.S. Department of Treasury | CDFI Board Member | 2005-2007 |
| President's Advisory Council on Historic Preservation | Board Member | 2005-2007 |
| U.S. Interagency Council on Homelessness | Board Member | 2005-2007 |
| HUD Energy Action Plan Taskforce | Co-Chair | 2001-2007 |
| American Red Cross | Greater Manchester, NH Chapter, Board Member | 1996-2000 |
| New Hampshire Community Development Finance Authority | Treasurer | 1994-1997 |
| Town of Bedford | New Hampshire Planning Board, Secretary | 1994-1996 |
| Bedford Economic Development Corporation | Founding Member | 1994-1996 |
| New Hampshire Homebuilders Sales & Marketing Council | Chairman | 1991-1993 |
| Bedford Housing Advisory Committee | Chairman | 1991-1993 |
| U.S. DOI Lowell Historic Preservation Commission | Board Member | 1986-1988 |

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

J. Ronald Terwilliger Foundation for Housing America's Families, Vienna, Virginia
President
 2014-present

Bipartisan Policy Center (BPC), Washington, DC
Director, Housing Policy
 2011-2014

Urban Land Institute, Washington, DC
Executive Vice President/Executive Director, ULI Terwilliger Center for Workforce Housing
 2007-2011

United States Department of Housing and Urban Development, Washington, DC
Assistant Secretary Community Planning and Development
 2005-2007

United States Department of Housing and Urban Development, Washington, DC
Assistant Deputy Secretary, Office of Field Policy and Management
 2001-2005

United States Senate, Manchester, New Hampshire
Deputy Chief of Staff/State Director, Office of United States Senator Bob Smith
 1997-2001

New Hampshire Small Business Development Center, Manchester, New Hampshire
Director
 1996-1997

Manor Homes Builders, Inc., Bedford, New Hampshire
Vice President
 1989-1996

United States Department of Housing and Urban Development, Washington, DC
White House Liaison - Office of the Secretary
Special Assistant - Office of Multifamily Housing
 1984-1988

New Hampshire Housing Finance Authority, Bedford, New Hampshire
Section 8 Rental Assistance Program Administrator
 1983-1984

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.

US Department of Housing and Urban Development
1984-1988, 2001-2007

US Department of Treasury, CDFI
2005-2007

US Interagency Council on Homelessness
2005-2007

United States Senate
1997-2001

New Hampshire Community Development Finance Authority
1994-1997

Bedford, New Hampshire Planning Board
1994-1996

Bedford, New Hampshire Housing Advisory Committee
1991-1993

US Department of Interior Lowell Historic Preservation Commission
1986-1988

New Hampshire Housing Finance Authority
1983-1984

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

Party platforms, polls, and presidential politics

HousingWire
July 25, 2016

3 Christmas wishes for housing joy

HousingWire
December 14, 2015

This is why the Low-Income Housing Tax Credit should be priority #1

HousingWire
November 12, 2015

Could a valuable housing policy help elect the next President?

HousingWire
October 22, 2015

Another view—Pamela Patenaude: Presidential candidates who ignore housing ignore a big issue

New Hampshire Union Leader
September 24, 2015

Do millions of Americans face impending housing peril?

HousingWire
April 29, 2015

We need to face the looming rental crisis right now

HousingWire
June 10, 2014

Here's a solid 3-point plan for put-back reform

HousingWire
May 8, 2014

Where's the key to unlocking the door to homeownership?

HousingWire
April 25, 2014

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.

Trump Pence 2016
Volunteer, New Hampshire & Virginia

Rich Ashooh for Congress (NH-1), 2016
Volunteer

Ted Gatsas for Governor (NH), 2016
Volunteer

Kelly Ayotte for U.S. Senate (NH), 2015, 2016
Volunteer

Lindsey Graham for President, 2015
Volunteer

Scott Brown for US Senate (NH), 2014
Volunteer

Romney Ryan 2008
New Hampshire Volunteer

Sununu for US Senate (NH), 2008
Volunteer

Huckabee for President, 2007
New Hampshire Volunteer

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.

| | | |
|------------|--|------------|
| 4/8/2011 | Friends of Kelly Ayotte, Inc. | \$500.00 |
| 1/28/2012 | New Hampshire Republican State Committee | \$400.00 |
| 2/14/2012 | New Hampshire Republican State Committee | \$200.00 |
| 5/24/2012 | Reclaim America PAC | \$500.00 |
| 10/14/2012 | Romney for President, Inc. | \$1,000.00 |
| 2/17/2015 | Right to Rise USA | \$1,000.00 |
| 3/9/2015 | MORPAC (Mortgage Bankers PAC) | \$250.00 |
| 6/1/2015 | Georgians for Isakson | \$1,000.00 |
| 8/10/2015 | Huckabee for President | \$1,000.00 |
| 11/19/2015 | Lindsey Graham 2016 | \$1,000.00 |
| 12/15/2016 | MORPAC (Mortgage Bankers PAC) | \$250.00 |

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

Please see attached

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.
 - a. **I will sever all connections with the J. Ronald Terwilliger Foundation for Housing America's Families should I be confirmed as the Deputy Secretary of HUD.**
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.
 - a. **I have no plans to return to work for the J. Ronald Terwilliger Foundation for Housing America's Families upon completion of government service.**
3. Has anybody made you a commitment to a job after you leave government?
 - a. **No**
4. Do you expect to serve the full term for which you have been appointed?
 - a. **Yes**

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.
 - a. None
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.
 - a. None
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.
 - a. None
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.
 - a. None
5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.
 - a. n/a

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.
 - a. None
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.
 - a. None

Pamela Hughes Patenaude
Qualifications for the position of Deputy Secretary
US Department of Housing and Urban Development

I have extensive professional experience in housing and in-depth knowledge of HUD's programs, budget, policies and operations. In addition, my exceptional leadership, team building, managerial skills and unique ability to bring people together from across the aisle, will enable me to successfully navigate the many challenges and opportunities I will encounter should I be confirmed by the United States Senate to serve as the Deputy Secretary of the US Department of Housing and Urban Development (HUD).

My passion for housing was ignited while interning at HUD 35 years ago. This extraordinary experience helped shape my career path for the next three decades where I have worked in numerous leadership positions (including ten years at HUD) in the field of affordable housing and community development at the local, state and federal levels of government, the executive and legislative branches, and nonprofit and private sectors.

Upon graduation from college, I worked at the New Hampshire Housing Finance Authority as a Section 8 rental assistance program administrator where I witnessed first-hand the strengths and weaknesses of HUD programs and the impact these programs have on some of our nation's most vulnerable citizens. In 1984, I returned to Washington, DC to serve as a special assistant in HUD's office of Multifamily Housing and as HUD's White House liaison.

After working in the private real estate sector and completing a graduate degree in Community Economic Development, I rejoined HUD as a member of the HUD senior leadership team as the Assistant Deputy Secretary for Field Policy and Management where I was responsible for the management and oversight of HUD's eighty field offices located in ten regions. In this role, I successfully facilitated the realignment of the department's field operations and streamlining of delegations of authority. This realignment shifted critical human capital to HUD's four core program areas enabling HUD to better serve its constituents. During my tenure at HUD, I worked closely with the Deputy Secretary to develop HUD's Strategic Plan. I initiated and co-chaired HUD's first national management meeting and the subsequent national management meeting, which focused on the results achieved through implementation of HUD's Strategic Plan and the President's Management Agenda.

As Assistant Secretary for Community Planning and Development, I managed \$8 billion in community development and affordable housing programs including funding for homelessness programs, CDBG and HOME and managed a workforce of 830 employees located in 42 field offices across the country. I also managed \$16.7 billion in supplemental funding for disaster relief and rebuilding efforts in the Gulf Coast following the destruction of Hurricane Katrina.

Following my government service, I was recruited by the Urban Land Institute (ULI) to serve as Executive Vice President and founding Executive Director of the ULI Terwilliger Center for Workforce Housing. At ULI, I facilitated groundbreaking research which exposed the housing affordability crisis in Boston, Washington, DC and San Francisco for middle-income workers including first responders, teachers and nurses. During my four years with ULI, I worked with private sector developers and representatives from state and local governments to identify and share best practices in the development and preservation of affordable housing.

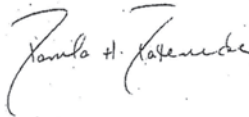
As the director of the Bipartisan Policy Center Housing Commission, I led the most comprehensive effort in decades to examine federal housing policies. Working alongside 21 national housing experts from both sides of the aisle, we formulated a new set of policies to address the housing needs of our most vulnerable citizens. The BPC Housing Commission also designed a blueprint for a new housing finance system.

In 2014, I co-founded the J. Ronald Terwilliger Foundation for Housing America's Families, a national nonprofit, to illuminate the silent housing crisis in America and to educate policymakers and presidential candidates about the need to recalibrate our nation's housing policies.

In addition to my full-time employment, I have served on numerous nonprofit boards such as the National Housing Conference; The Reinvestment Fund; and the Homebuilders Institute (HBI). At the local level, I served as a member of the Bedford, New Hampshire Planning Board and co-founded the Bedford Housing Advisory Committee. Throughout my career, I have maintained an active New Hampshire Real Estate Brokers license, which requires me to take continuing education courses on critical housing issues, such as fair housing, ethics and housing finance.

I am confident my unique skills parallel those required to successfully manage this complex federal agency. I believe my lifelong commitment to advancing sound housing policies for America has prepared me for this leadership position. It would be an honor to serve in the Trump Administration as the Deputy Secretary of the US Department of Housing and Urban Development. I stand ready to assist Secretary Ben Carson with implementing his vision, strategic plan and goals for the US Department of Housing and Urban Development.

Respectfully submitted by:
Pamela Hughes Patenaude
April 19, 2017



**RESPONSES TO WRITTEN QUESTIONS OF SENATOR BROWN
FROM KEVIN ALLEN HASSETT**

Q.1. *President's FY2018 Budget Proposal*—The President's proposed budget for FY2018 cuts more than \$200 billion from current infrastructure programs over the next 10 years, while his infrastructure initiative proposes only \$200 billion of new investment. We don't know the details of the infrastructure initiative, except that the plan will incentivize private sector and foreign investment in our infrastructure, proposals that will likely line Wall Street's pockets.

At the moment, I know that the President proposes cutting funding for programs that help Ohio. And I don't know that these funds will be replaced, because I assume they will go to projects where the profit is greatest, particularly projects that can charge new tolls and fees on users, rather than where the need for repair is greatest.

The private sector has no interest in repairing or funding most of our publicly-owned infrastructure, and failure of an infrastructure package to dedicate significant funding for repairs of public infrastructure would continue the drain on our citizens and our economy that results from the inferior condition of that infrastructure: congested roadways, travel delays for transit riders, exposure to health and environmental hazards in dilapidated housing facilities, etc.

What is your view on the need for direct Federal investment to repair and improve public infrastructure? Won't cutting funding for repairs and asking Ohioans to pay tolls and fees for private projects do little to improve our aging public infrastructure such as our neglected roads and bridges and aging public transportation systems?

A.1. I was not part of the budget process, and my research has mainly focused on tax policy, not transportation policy. But my understanding is that we currently have a system where Federal, State, and local governments contribute to maintaining and expanding our infrastructure, and Federal contributions are largely funded by the gasoline tax and other taxes. These revenues comprise the Highway Trust Fund, which allocates money by formula to the States for their maintenance and capital priorities, which are determined by the States themselves. This source has served the nation well, and I believe that the budget will continue to support the States' efforts to maintain and improve their infrastructure.

In addition, the private sector has already been helpful and could continue to play a helpful role in providing new roads and in managing any systems that have been historically underfunded. For example, in the D.C. metropolitan area, the Dulles Greenway toll road has been shown¹ to be an effective example of a private company relieving traffic congestion on the public road system, and providing benefits to its users without the aid of public money (Bipartisan Policy Center 2016). High Occupancy Toll (HOT) lanes are another example where the private sector has provided road serv-

¹<https://cdn.bipartisanpolicy.org/wp-content/uploads/2017/05/BPC-Infrastructure-Case-Studies.pdf>

ices that economic research² suggests are highly valued by their users (Morgul et al., 2015). Again, unlike traditional projects, these lanes do not rely exclusively on public funding.

If confirmed, I commit to working with this Committee and the rest of the Administration to model and understand the economic effects of specific infrastructure proposals, including the impact of fees and tolls on consumers.

Q.2. What economic effects would result from a reduction in funding as proposed in the President’s budget for current Federal programs that assist in repairing and improving public infrastructure?

A.2. I was not part of the budget process, but my understanding is that the President’s Budget proposals would not result in a reduction in funding. If confirmed, I look forward to working with the rest of the Administration to model the specifics of budget proposals and to present the empirical evidence on the effectiveness of these programs and their effects in the most objective and data-driven way possible.

Q.3. *Highway Trust Fund (Including the Mass Transit Account)*—President Obama in 2015 signed into law a 5-year surface transportation law that authorizes Federal highway and public transportation programs for fiscal years 2016 through 2020. That law provides modest, but important, increases in Federal surface transportation investment. However, President Trump’s FY2018 budget proposal outlines a significant cut to highway and public transportation beginning in FY2021. The budget proposal suggests that “Highway Trust Fund outlays conform to baseline levels of Highway Trust Fund revenues” (Table S–6), which would result in a net reduction of investment of more than \$95 billion between FY2021 and FY2027.

Do you believe that the reduction in Federal investment in highway and public transportation as suggested by the President’s budget proposal would have significant negative economic consequences?

A.3. I was not part of the budget process. My understanding is that the budget does not propose to change the basic support of States’ ongoing maintenance and capital programs. If confirmed, I look forward to modeling the specifics of the President’s proposed budget and presenting the empirical evidence on its effects to the rest of the Administration and Congress in the most objective way possible.

Q.4. How would you generally describe the economic effects that would result from a reduction in Federal funding to repair and improve highway and public transportation infrastructure?

A.4. I have not performed independent analysis of this question, but if confirmed, I look forward to presenting the empirical evidence on its effects to the rest of the Administration and Congress in the most objective way possible.

Q.5. Do you believe that the reduction in Federal investment in highway and public transportation as suggested by the President’s

² <http://trrjournalonline.trb.org/doi/abs/10.3141/2495-05>

budget proposal would have significant negative effects on employment?

A.5. My understanding is that the President's Budget calls for a net increase in spending on infrastructure. But if confirmed, I will work on developing empirical evidence on the economic impact of Federal, State, and local spending on governmental infrastructure.

Q.6. Do you believe that the reduction in Federal investment in highway and public transportation as suggested by the budget proposal would limit or delay efforts to repair and improve aging highway and transit infrastructure?

A.6. I was not part of the budget process but my understanding is that the President's Budget proposal would result in an increase in Federal investment in infrastructure. If confirmed, I look forward to modeling the specifics of the President's proposed budget and presenting the empirical evidence on its effects to the rest of the Administration and Congress in the most objective way possible.

Q.7. *"Healthy Returns" report*—In 2005, you coauthored the report, "Healthy Returns: The Economic Impact of Public Investment in Surface Transportation". Page 4 of the report contains the following passage:

Moreover, research has demonstrated clearly that public investments in highways and public transit can raise an economy's underlying growth rate. One leading study found that a 1 percentage point increase in a country's total public capital stock raises its growth by about 0.3 percentage points, and for a lengthy period of time. Other research has shown the other side of this: Poor infrastructure constrains growth and increases congestion by channeling and often limiting a nation's economic development to its largest cities.

Conversely, public spending on highways and public transportation systems that relieve congestion and disperse economic activity can boost a Nation's growth, especially in countries actively engaged in international trade.

Does the passage above still represent your view on the benefits to economic growth from investment in highways and public transit?

A.7. Yes, although developments in transportation and technology have changed rapidly over the past 12 years. For example, there is great economic potential for autonomous vehicles to help with our infrastructure needs as well as improve the safety of drivers and passengers. These are important new technologies and I look forward to further research being conducted to test them and to help think about regulations governing their use.

Q.8. Is it your view that the proposed reductions in spending from Highway Trust Fund beginning in FY2021, as suggested in the President's FY2018 budget proposal, would reduce economic growth, unless those reductions in investment are rejected by Congress or offset by new sources of investment?

A.8. The economic literature suggests³ a positive correlation between infrastructure investment and economic growth, but the proposed budget targets wasteful discretionary spending, not authorized spending for the formulas used to give States construction and maintenance funds (e.g., Lakshmanan 2011). If the spending is wasteful, then it would not have the impact on growth of the average infrastructure project. In addition, autonomous vehicles could spur economic growth by reducing commute times, reducing the costs of shipping goods and holding inventories, and facilitating the exchange of ideas. In research⁴ by Edward Glaeser of the Harvard Economics Department, Jose Gomez-Ibanez of the Harvard Kennedy School, and Clifford Winston of the Brookings Institution, for example, the authors show how autonomous vehicles could spur economic growth as well as improve safety (Glaeser et al., 2017). While no single study can resolve an issue, these results are suggestive.

If confirmed, I look forward to modeling the specifics of the President's proposed budget and presenting the empirical evidence on its effects to the rest of the Administration and Congress in the most objective way possible.

Q.9. Page 5 of the report contains the following passage:

We can estimate the economic value of surface transportation with some precision by simply approaching it like any other investment. Most studies show that while the yields from investments, public and private, vary from very small to very large, investment in public infrastructure as a whole has generally produced higher returns than private investment as a whole. One study conducted for the Federal Highway Administration (FHWA) found that the net return on highway capital averaged 32 percent from 1960 to 1991, ranging from 54 percent in the 1960s to 16 percent for the 1980s. By comparison, private capital over that period produced an average net return of 17 percent.

Do you continue to believe that evidence indicates that investment in public infrastructure as a whole has generally produced higher returns than private investment as a whole?

A.9. The problem with private investment is selectivity. The private sector is not free to choose the best projects so the comparison could be misleading. It is possible, also, that public infrastructure investment returns could decline over time. But if confirmed, I look forward to presenting the empirical evidence on this issue in the most objective way possible.

Q.10. Page 7 contains the following passage:

It is virtually certain that the total annual economic benefits produced by public spending on roads, highways and transit substantially exceed \$788 billion.

³ <http://www.sciencedirect.com/science/article/pii/S0966692310000037>

⁴ <https://policyexchange.org.uk/news/finalists-for-wolfson-economics-prize-unveiled/>

Does the passage above and the underlying analysis in the report still represent your view on the economic benefits from spending on highways and public transit? If not, please explain.

A.10. There is a multiplier effect. However, I would add that the paper you are referring to analyzes the benefits from all existing physical infrastructure. What most people have in mind as they discuss infrastructure policy is the case of a new marginal investment in infrastructure. And the average rate of return and the marginal rate of return can differ quite a bit.

Q.11. Is it your view that the proposed reductions in spending from Highway Trust Fund beginning, as suggested in the President's FY2018 budget proposal, would reduce the present level of economic benefits from spending on highways and public transit, unless those reductions in investment are rejected by Congress or offset by new sources of investment?

A.11. My understanding is that the President's Budget calls for a net increase in spending on infrastructure. If confirmed, I look forward to modeling the specifics of the President's proposed budget and presenting the empirical evidence on its effects to the rest of the Administration and Congress in the most objective way possible.

Q.12. *"Conserving Energy and Preserving the Environment: The Role of Public Transportation" report*—In 2002, you coauthored the report, "Conserving Energy and Preserving the Environment: The Role of Public Transportation". That report identified significant environmental benefits from public transportation ridership. Page 2 of the Executive Summary contains the following passage:

Even at current rates of usage, public transportation produces large environmental benefits.

For every passenger mile traveled, public transportation produces only a fraction of the harmful pollution of private vehicles: only 5 percent as much carbon monoxide, less than 8 percent as many volatile organic compounds, and nearly half as much carbon dioxide and nitrogen oxides.

Compared to private vehicles, public transportation is reducing annual emissions of the pollutants that create smog, volatile organic compounds (VOCs) and nitrogen oxides (NO_x), by more than 70,000 tons and 27,000 tons respectively. These reductions equal:

*nearly 50 percent of all VOCs emitted from the dry cleaning industry, a major source of this pollutant;

*45 percent of VOCs emitted from the industrial uses of coal;

*50 percent of NO_x from the industrial uses of coal;

*more than 33 percent of the NO_x emitted by all domestic oil and gas producers or by the metal processing industry.

The reduced VOC and NO_x emissions that result from public transportation use save between \$130 million and \$200 million a year in regulatory costs.

Public transportation is reducing emissions of carbon monoxide (CO) by nearly 745,000 tons annually. This equals nearly 75 percent of the CO emissions by all U.S. chemical manufacturers.

Public transportation is also reducing emissions of carbon dioxide (CO₂), which contributes to global warming, by more than 7.4 million tons a year.

Do you believe that public transportation ridership continues to generate significant environmental benefits, including the categories of benefits identified in the quoted summary? If not, please explain and specify which category or categories of benefits are no longer generated and why your previous analysis is no longer applicable.

A.12. As I have noted before, analysis I have conducted does show a link between public transit and environmental benefits. I stand by that analysis.

Q.13. *“Capital Investment Grants” program (49 U.S.C. §5309)*—The construction of new fixed-guideway public transportation corridors (heavy rail/subway, light rail, bus-rapid transit) and capacity expansion projects on fixed-guideway routes that have reached ridership capacity during peak service hours, allow more Americans to utilize public transportation for their daily travels. However, the President’s FY2018 budget proposal seeks to eliminate the “Capital Investment Grants” program that provides \$2.4 billion annually to support such projects.

Do you agree that the elimination of the “Capital Investment Grants” program would curtail environmental benefits that would be gained from present levels of investment under the program?

A.13. It is not an area that I have looked at, and I was not part of the budget process. If confirmed, I look forward to working with you and the rest of the Administration on the specifics of this program and providing objective and empirical-based analysis on its economic impact.

Q.14. Do you agree that the elimination of the “Capital Investment Grants” program would curtail economic activity and economic growth that would be gained from present levels of investment under the program?

A.14. It is not an area that I have looked at, and I was not part of the budget process. If confirmed, I look forward to working with you and the rest of the Administration on the specifics of this program and providing objective and empirical-based analysis on its economic impact.

Q.15. Do you agree that the elimination of the “Capital Investment Grants” program would reduce employment in construction and other industries?

A.15. It is not an area that I have looked at, and I was not part of the budget process. If confirmed, I look forward to working with you and the rest of the Administration on the specifics of this program and providing objective and empirical-based analysis on its economic impact.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR SASSE
FROM KEVIN ALLEN HASSETT**

Q.1. I'd like to explore your views on artificial intelligence and automation.

What positive and negative impacts, if any, will the increasing artificial intelligence and automation of routine work tasks pose to the economy over the long-term, particularly for wages and employment.

A.1. Artificial intelligence research is advancing rapidly, with programs now available that can beat the best Chess, Jeopardy, and Go players, and even learn to generate paintings in the styles of the great masters. The possibility of rapid and accelerating technological change is clearly very high. As a person who has been writing computer code since the early 1980s, and continues to do so, this has been an area I have followed quite closely.

At least since the industrial revolution, there have always been genuine concerns that the disruptions from innovation might harm workers and reduce welfare. As with trade, according to recent research,¹ the concentrated harms have sometimes been significant (Acemoglu and Restrepo 2017). We are certainly much wealthier as a society today because of accumulated innovations, but that does not mean that our nation always helped individuals adjust to their new world as effectively as it could have. As we look forward to driverless cars and other dramatic innovations, there is no question that much new economic research is required to fully understand the challenges and opportunities. Certainly, innovation continues to hold tremendous promise to increase the welfare of our citizens. If confirmed, I would make such research into these issues a high priority, as it already has been in my own academic life.

Q.2. How long will it take for these risks to come to fruition?

A.2. As computers programs get “smarter” and computers get more powerful, innovation becomes easier. On the other hand, it may be that discoveries get harder and harder to make after the low hanging fruit have been picked. Automation and artificial intelligence research is clearly advancing rapidly, but predicting exactly when an innovation will arrive is beyond the reach of professional economists. Economic models² suggest that the human impact of automation will depend on a number of factors (e.g., Acemoglu and Restrepo 2016). These issues are clearly already having a major impact on our economy.

Q.3. What, if any policy solutions should be explored in order to respond to artificial intelligence and automation?

A.3. There are 2 noted schools of economists who have widely differing views on this question. Robert Gordon at Northwestern does not believe³ the U.S. has another great technological revolution to come, whereas his colleague Joel Mokyr and Erik Brynjolfsson at MIT believe⁴ that technology is racing ahead and that it has many

¹ <http://www.nber.org/papers/w23285>

² <http://www.nber.org/papers/w22252>

³ <http://press.princeton.edu/titles/10544.html>

⁴ <http://books.wwnorton.com/books/The-Second-Machine-Age/>

positive impacts to come (Brynjolfsson and McAfee 2014; Gordon 2016; Mokyr 2013).

Over time, as we develop a better understanding of how these issues affect peoples' lives, we will certainly identify policy challenges. While it is difficult at this time to conceive of a complete list, a major challenge will certainly be that an economy that is changing rapidly requires a workforce that has ready access to effective education and retraining, and I look forward to investigating these issues more thoroughly, should I be confirmed.

Q.4. I'd like to explore your views on deficits and the debt.

During Federal Reserve Chair Yellen's February 14, 2017, Senate Banking Testimony, Chair Yellen told Senator Corker that "fiscal sustainability has been a long-standing problem, and . . . the U.S. fiscal course, as our population ages and health care costs increase, is already not sustainable." Do you agree?

A.4. I agree with Chair Yellen's statement that fiscal sustainability is a long-standing problem. In a 2012 testimony on the fiscal cliff before the Joint Economic Committee, I noted that evidence of the long-term effects of high Government debt-to-GDP ratios has been borne out by the literature. As I have noted previously, in a widely cited paper⁵ reviewing 44 countries over about 200 years, Reinhart and Rogoff document a strong relationship between high debt levels and slow GDP growth (Reinhart and Rogoff 2010). They find that this relationship is especially strong when countries exceed a gross debt-to-GDP level of 90 percent. This relationship holds true when examining all of the countries in their sample and when they restrict their analysis to developed economies. Although the Reinhart and Rogoff analysis has been criticized for implying only correlation and not controlling for other factors that may impede growth and lead to high levels of debt, separate research by Manmohan S. Kumar and Jaajoon Woo concurs that higher levels of Government debt lead to lower levels of output (Woo and Kumar 2015). They estimate that a 10 percentage point increase in debt as a percentage of GDP is associated with an annual decrease in 0.2 percentage points of GDP growth. They also find evidence that the negative impact on economic growth is even stronger with higher levels of debt. These results conform with the predictions of economic theory, but firm conclusions would require a more thorough review of the evidence. If confirmed, I look forward to helping policymakers address the U.S.' fiscal course.

Q.5. In correspondence with me last year, Chair Yellen told me that "fiscal policymakers should soon put in place a credible plan for reducing deficits to sustainable levels over time." Do you agree?

A.5. I agree that fiscal policymakers should work toward reducing deficits to sustainable levels. As I have previously noted in a 2009 working paper⁶ coauthored with Desmond Lachman Aparna Mathur, failure to address the deficit exposes the U.S. Government to significant risk that could, if history is a guide, emerge as a disruptive factor to financial markets. If confirmed, it will be the role

⁵ <http://www.nber.org/papers/w15639>

⁶ <http://www.aei.org/publication/the-deficit-endgame/>

of the Council of Economic Advisers to objectively evaluate the risks associated with U.S. debt levels, and provide policy advice.

Q.6. What level of deficits and debt are sustainable over the long run?

A.6. In the same paper⁷ coauthored with Desmond Lachman and Aparna Mathur, I write that if spending grew as projected in 2009 and revenues did not rise at a matching rate, annual deficits would climb and Federal debt would grow significantly. As debt increases, a higher and higher share of national output will be devoted to interest payments, and the level of taxation needed to sustain Government becomes historically unprecedented. Large budget deficits would reduce national saving, lead to more borrowing from abroad and also lower domestic investment. Thus, while there is no magic number for deficits or debt, there is ample cause for concern.

Q.7. What metrics would you consult in order evaluate the impact of the U.S.'s debt and deficit levels? What levels must these metrics reach in order for the U.S. debt and deficit to be sustainable?

A.7. There are several measures of the U.S. debt and deficit levels including gross debt, net debt, and external debt. Each measure has strengths and weaknesses, and should be used jointly to gather a full picture of the current fiscal situation. The most commonly accepted predictor of a financial crisis, for example, has been the external debt-to-GDP ratio or how much of our debt is held by foreign creditors as a percentage of GDP. If foreign creditors lose confidence in our fiscal stability, then it is likely that U.S. investors will lose confidence as well. Once again, there are no magic numbers when evaluating the sustainability of the U.S. debt and deficit, and if confirmed, I look forward to evaluating all metrics when evaluating sustainable levels of the U.S.' debt and deficit.

Q.8. How would you evaluate the economic impact of an unfunded \$1 trillion infrastructure spending package?

A.8. It is difficult to evaluate the economic impact of any package without making specific assumptions. There are several considerations when conducting such an evaluation, including the economic gains from specific investments and the willingness to make cuts to other parts of the budget that are less productive. If confirmed, I look forward to working with the rest of the Administration and Congress to evaluate the impact of any proposed infrastructure package with respect to our broader fiscal trajectory.

Q.9. According to research from the Economic Innovation Group, the new startup rate is near record lows, dropping by "half since the late 1970s." The total number of firms in the U.S. dropped by around 182,000 from 2007–2014.

Are you concerned about this decline in new startups and broader economic consolidation?

A.9. The decline in new startups is an area of concern in which I have a particular interest. In their report on economic growth and recovery, the Economic Innovation Group (EIG) notes that the 2000s recovery saw a 5.6 percent increase in business establishments, while the 2010s recovery only saw a 2.3 percent increase.

⁷ <http://www.aei.org/publication/the-deficit-endgame/>

The EIG attributes much of this decrease in business creation to a lack of startups rather than closures, and research⁸ by Robert Litan and Ian Hathaway has showed that for the first time in over 30 years, the U.S. business dynamism declined in all 50 States and in all but a handful of the more than 360 metros (Litan and Hathaway 2014). This decrease in startups is attributable to a lower rate of business creation among millennials. Given that millennials will soon be the largest age segment in the U.S., there is legitimate concern regarding the rate of business creation.

Q.10. What, if any, policy solutions should be explored in order to respond to these challenges?

A.10. If confirmed, I look forward to studying possible policy solutions to the declining rate of business creation. An important consideration is the role of policy uncertainty. Uncertainty can result in lower levels of investment. If an investment involves sunk costs, it may be optimal to wait for a potential policy change, even if that policy change is not guaranteed. With startups, many of the investment costs are sunk, for example, the costs of complying with complex regulations. Thus, by reducing policy uncertainty and encouraging tax and regulation policies that address the high fixed costs of starting a business, the challenges of business creation could be alleviated. In addition, it is worth noting that older, entrenched firms now are a larger share of all firms than at any time in recent history, which helps them have and keep their competitive advantage over newer, entrepreneurial firms—which, according to Litan and Hathaway (2014),⁹ could be the cause of lower productivity, and less innovation and job creation. As CEA chair, I would provide objective analysis of these potential challenges to determine the optimal policy solutions.

Q.11. I'd like to discuss trade policy.

How would a 45 percent tariff on Chinese goods impact the U.S. economy?

How would a 20 percent tariff on Mexican goods impact the U.S. economy?

A.11. Free trade has been both a source of prosperity and a challenge for individual industries and individuals over time. There is a general consensus among economists that the movement toward more open and free capitalistic societies has been a major factor in the dramatic reduction of global poverty we have seen over the past forty years. That consensus is driven in part by empirical observations of the benefits to removing trade barriers such as high tariffs.

It is difficult to fully evaluate the two hypothetical tariff scenarios you mention, as there are so many other factors that one would have to nail down before one could adequately model the impact. Why were the tariffs imposed in the first place, for example? Trade models often rely on game theory in order to model the response of the world community to policies such as higher tariffs, and that response would depend on the cause of our own policy. A full evaluation would require estimating the likely response of

⁸<https://www.brookings.edu/research/declining-business-dynamism-in-the-united-states-a-look-at-states-and-metros/>

⁹https://www.brookings.edu/wp-content/uploads/2016/06/other_aging_america_dominance_older_firms_hathaway_litan.pdf

other countries. One would also have to model currency adjustment, and the extent to which the demand for products from these countries is responsive to price changes, not to mention the actions of the Federal Reserve.

To be sure, though, economists would tend to agree that higher tariffs would take us off the path that has contributed to the spread of prosperity around the world. If confirmed, I would, if requested to, work with the staff to provide detailed and objective analysis that draws on the lessons of the academic literature of the likely implications of such trade policies.

Q.12. How would a trade war with China impact the U.S. economy?

How would a trade war with Mexico impact the U.S. economy?

A.12. It is widely accepted by economists that the Smoot–Hawley Act of 1930 induced a trade war that significantly worsened the Great Depression. I am aware of no economic model that would produce the result that a trade war would be a good thing. If someone did present me with such a model, I would expect to be able to quickly identify flaws in its design.

Q.13. How would NAFTA’s dissolution impact the U.S. economy?

A.13. The academic literature on NAFTA suggest that it, like most expansion of free trade, produced diffuse benefits and concentrated harms. One recent estimate¹⁰ of the concentrated harm suggested that, in localities exposed to NAFTA, the wages even of workers whose jobs do not compete with imports (e.g., local restaurant workers) suffered as a result of the trade expansion (Hakobyan and McLaren 2016). The diffuse benefit is, by its very nature, difficult to measure, but was surely positive.

NAFTA dissolution would, again, be difficult to model, as one would have to work out what happens next. If a trade war ensued, the previous answer would apply.

Q.14. Would dissolving NAFTA be preferable to maintaining the current version of NAFTA?

A.14. The original NAFTA agreement was signed by the parties all the way back in 1992. The economies of the United States, Canada, and Mexico have changed dramatically since then, and a modernization of this agreement could hold the potential to provide significant economic benefits for all involved. For example, the digital economy barely existed back then.

It is difficult to model precisely what would happen should NAFTA be dissolved, as there are so many factors that would have a major impact on the modeling. If the countries decided to act as if it were in place after dissolution, for example, then there would be little effect. If a trade war ensued that spread around the globe, then there would be a negative effect.

Q.15. Mexico has reportedly been exploring ways to reduce corn imports from the United States, including by opening up trade with Brazil or Argentina. Is there a risk that restricting trade will drive

¹⁰http://www.mitpressjournals.org/doi/abs/10.1162/REST_a_00587?journalCode=rest&#authorsTabList

other countries to explore other import markets? If so, how significant is that risk?

A.15. The USDA outlook¹¹ for U.S. agricultural trade projects exports of agricultural products of \$136 billion in 2017, with imports expected to be \$114.5 billion. This trade surplus is the result of the hard work and tremendous productivity of America's farmers, and could be at risk should trade barriers begin to rise around the world. The potential response of this surplus to changes in trade policy is something I would be committed to model carefully, should I be confirmed and requested to do so.

Q.16. Many economists point to weak productivity growth as one of the major contributors to slower economic growth overall.

Do you agree with this assessment?

A.16. I agree that weak productivity growth is a major contributing factor to slower overall economic growth. A recent OECD study that looked at the variation in productivity across firms finds that while average productivity growth has been declining, the inequality of productivity has been skyrocketing (McGowan et al., 2017).¹² It could be that the most productive firms are improving as rapidly as ever, innovating at a rate consistent with the theory that innovation should be accelerating. But these technical changes are not spreading down the food chain as they did in the past. We can see the gains from the high-tech sector, but mostly in the most productive firms. The problem is that everyone else is doing so poorly that the aggregate number appears as a disappointment.

Q.17. Do you believe productivity measurements accurately account for new technology?

A.17. Measuring productivity is a challenge, especially if we are not estimating our inputs properly. Increasing use of the Internet, email, and texting at work may mean that hours are being overstated and that productivity is being understated. Mismeasurement can also come in the form of digital innovation where digital innovation replaces products with tangible values. The other type of mismeasurement to consider is that it is possible that the things we purchase are not added into GDP correctly because quality changes are not incorporated into their deflators.

However, Federal Reserve economist David Byrne, Federal Reserve Bank of San Francisco's John Fernald, and the IMF's Marshall Reinsdorf¹³ conclude that it is very unlikely that mismeasurement explains the productivity slowdown. They show that mismeasurement would have to increase in importance in order to create a productivity growth slowdown, but it has likely declined in importance because the U.S. imports a much larger share of high tech goods than it did in the past. Second, when one looks at industry details, the industries that account for the slowing are not the industries that arguably are mismeasured. This is, of course, not the final word on the question. If confirmed, I look

¹¹ <https://www.ers.usda.gov/topics/international-markets-trade/us-agricultural-trade/look-for-us-agricultural-trade/>

¹² <https://www.oecd.org/eco/The-Walking-Dead-Zombie-Firms-and-Productivity-Performance-in-OECD-Countries.pdf>

¹³ https://www.brookings.edu/wp-content/uploads/2016/03/ByrneEtAl_ProductivityMeasurement_ConferenceDraft.pdf

forward to exploring ways to better estimate the real impacts of new technology on productivity growth, and how to increase productivity.

Q.18. How does current policy impede productivity growth?

A.18. There are many reasons why current policy may not encourage productivity growth: taxation, regulation, and interest rates, to name a few. For example, economist Fadi Hassan and Gianmarco Ottaviano find¹⁴ that the reduction in multifactor productivity is partly caused by low interest rates and bank forbearance. If unproductive firms can slog along, average productivity can slow. In addition, too many regulations can limit the introduction of new firms, reducing the inflow of new and productive firms inhabited by unimpressive incumbents. Lastly, too high tax rates discourage capital formation for all types of firms, giving workers few new tools to work with. If confirmed, I look forward to studying productivity growth in greater depth to help advise policymakers on how to tackle this issue.

Q.19. How can the United States improve productivity?

A.19. As I have noted previously, one factor that could help productivity would be to get tax policy right regarding capital spending. Labor productivity growth averaged 3.2 percentage points per year between 1995 and 2004, but has only averaged 1.3 percentage points since then. In some collections of boom years, capital spending added 1.2 percentage points per year to productivity growth but in recent years has dropped to an average of 0.5 percentage points. We could potentially add three-fourths of a percentage point to baseline growth if we could get capital spending back to what it has been in past boom years. Capital spending is highly responsive to tax policy, research¹⁵ (e.g., Djankov et al., 2010) has shown. The U.S. has recently increased tax rates on pass-through investments and let the corporate tax rate become the highest in the developed world. As the chair of the Council of Economic Advisers, I look forward to providing objective advice on policy to improve productivity, and I would, of course, explore arguments against this analysis, and other possible policies.

Q.20. According to research compiled by AEI scholar, Nicholas Eberstadt, in his book “Men Without Work”, the proportion of prime-age men out of the labor force more than tripled in the past 50 years, from only 3.4 percent in 1965 to 11.8 percent in 2015. In addition, eight times as many prime-age men were economically inactive and not pursuing education in 2014 than in 1965.

What priority should we give this measurement in our broader economic calculus?

A.20. The decline in work is a significant issue facing the country. It is something that I have studied and written extensively about, including testifying before the Joint Economic Committee. Increasing labor force participation is a vital component of increasing GDP growth. A 2013 Congressional Budget Office report¹⁶ stated that while potential hours contributed 1.7 percentage points to GDP

¹⁴<http://voxeu.org/article/productivity-italy-great-unlearning>

¹⁵<https://www.aeaweb.org/articles?id=10.1257/mac.2.3.31>

¹⁶<http://www.cbo.gov/publication/43910>

growth each year in the 1970s, from 2002 to 2012 hours worked only contributed 0.3 percentage points. From the supply side, labor force growth could provide a significant boost to GDP growth.

Q.21. To what do you attribute this decline in labor force participation?

A.21. There are several causes of the decline in labor force participation. The downturn certainly discouraged many, many people. A contributing factor is also the structure of the tax code. Corry and Slavov (2013) write¹⁷ that the treatment of married couples creates disincentives for secondary earners to work, as households face a higher average tax rate when the secondary earner begins working. A 2011 review¹⁸ of the literature by Michael Keane finds that women are particularly responsive to marginal tax rates, resulting in large effects on their decision to work. An efficient tax code would minimize the disincentives to work and may increase labor force participation. If confirmed, I look forward to following the development of this literature closely and helping to advise policymakers about how to tackle this issue.

Q.22. What policies do you believe would be effective in improving labor force participation among prime-age men?

A.22. While there is evidence that labor force participation would rise with wage growth, achieving this wage growth may well require policy changes to corporate taxation. In work¹⁹ coauthored with Aparna Mathur, I found that the burden of corporate taxation is largely borne by labor due to the relative mobility of capital (Hassett and Mathur 2015). There have been many developments in the literature since. If confirmed, I look forward to considering this topic further.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR REED FROM KEVIN ALLEN HASSETT

Q.1. In your opinion, how does work sharing soften the blow to our overall economy when a regular economic downturn occurs?

A.1. I will use this opportunity to dig deeper into this topic. When faced with a downturn, a company could reduce¹ the hours of 100 employees by 20 percent instead of firing 20 full-time workers.

The impact of job loss is also not limited to the person unemployed, with recent research showing that job termination for a parent is related to lower education attainment and lifetime earnings for his or her children (Hilger 2016;² Oreopoulos, Page, and Stevens 2008³). Keeping workers employed, albeit with reduced hours, can limit the risks associated with long-term unemployment.

Q.2. Do you believe that, if more States had work sharing programs in place prior to the Great Recession, we would have seen fewer job losses than what the nation suffered during that time?

¹⁷ <http://www.aei.org/publication/the-tax-treatment-of-the-family/>

¹⁸ <https://www.aeaweb.org/articles?id=10.1257/jel.49.4.961>

¹⁹ <http://www.tandfonline.com/doi/full/10.1080/00036846.2014.995367>

¹ http://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/policies_address_poverty_in_america_full_book.pdf

² <https://www.aeaweb.org/articles?id=10.1257/app.20150295>

³ <http://www.jstor.org/stable/10.1086/588493>

A.2. There is evidence that work-sharing programs limit the effects of long-term unemployment, like that we saw during the Great Recession. It is the role of the Council of Economic Advisers to objectively and critically evaluate the applicability of these work-sharing programs to the U.S. Rhode Island offers an example of a work-sharing program with use levels similar to those of developed European countries. As I note in my 2014 report⁴ on work sharing with Dr. Michael Strain, Rhode Island’s labor department estimated that the program kept the State unemployment rate down and saved about 9,500 jobs between 2009 and 2010 (Hassett and Strain 2014).

**RESPONSES TO WRITTEN QUESTIONS OF
SENATOR MENENDEZ FROM KEVIN ALLEN HASSETT**

Q.1. In a 2010 article, you urged Republicans to support legal immigration and to rally around former President Reagan’s view that the U.S. is a land of opportunity where “the doors were open to anyone with the will and the heart to get here.” In 2013, you called for the U.S. to double its total immigration to spur economic growth. During your nomination hearing, you said that economic research demonstrates that “immigrants in this country have been an important source of growth” and that “if there were more workers, we’d have more outputs.” If confirmed, will you commit to presenting this evidence to the President in discussions regarding proposed immigration policies?

A.1. Yes. On this and all other topics, I commit to always presenting the President with the best possible objective read of the economic evidence should I have the honor of being confirmed.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR WARNER
FROM KEVIN ALLEN HASSETT**

Q.1. During your testimony, you said that the Administration’s goal of 3 percent economic growth is achievable, but both history and major forecasters tell us that that’s an unreasonable assumption. Experts have estimated that policy changes like deficit reduction and tax and regulatory reform are likely to improve the growth rate by only a few decimal points, not percentage points.

Why do you believe that we will be able to completely reverse recent trends in productivity, capital growth, and labor force participation to achieve sustained economic growth of 3 percent?

Do you agree that higher debt from reducing revenues would have a negative impact on our economy that could offset or even wipe out any economic boost from tax reform?

A.1. A variety of research documents the relationship between higher output and lower taxes. A path-breaking study¹ by David Romer and Christine Romer (2010)—herself a former CEA chair—finds that tax increases tend to lower output. Others have pursued a similar strategy with data from other countries and found similar

⁴https://www.aei.org/wp-content/uploads/2014/04/-hassett-strain-workshairng-and-long-term-unemployment_173834868095.pdf

¹<http://www.jstor.org/stable/27871230>

results. This includes the Cloyne (2013) analysis² of the U.K. fiscal experience and the Hayo and Uhl (2014) analysis³ of the German fiscal experience. The scale of these effects is uncertain, but the evidence is promising.

Meanwhile, the labor force participation rate, as described in Keane and Rogerson (2012) could possibly be responsive to policy parameters like tax rates, which can determine how much one profits from one's labor. In a forthcoming publication in a book published by Oxford University, I note that the model in Keane and Rogerson (2012) seems⁴ to be able to explain the divergence in trends in labor force participation between different age cohorts that seems to have occurred in recent years.

The relationships between output, interest rates, and spending can be extraordinarily complex. It is true that higher interest rates could serve as a headwind to growth, but given the complexity of the macroeconomic forces involved, it is difficult to comment on the macroeconomic interactions at the heart of fiscal policy in the abstract. One would have to dig more deeply into the details.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR HEITKAMP FROM KEVIN ALLEN HASSETT

Q.1. *Objectivity:* As you're well aware, your primary job in this Administration will be to provide objective economic advice to the President on a range of issues. Many times facts and reason don't match up with ideology and rhetoric. So I'd like to get your commitment today that you're willing to put fact and reason above ideology and be a strong advocate in this White House for an objective approach to policymaking?

A.1. The Council of Economic Advisers (CEA) was created to provide the President with objective economic advice and to assist policymakers in solving the issues we face. The CEA has done this throughout its 70-year history under both Democratic and Republican administrations. If confirmed, I pledge to you and to the rest of the Committee to do my utmost to protect the integrity of the CEA and provide unbiased, scientific analysis. I look forward to working with the Administration and Congress in this pursuit.

Q.2. *Future of Work:* As a conservative economist, you've made some surprising comments on the need for our Government to play a more active role in providing direct job opportunities for the long term unemployed. As I look into the next decade, one of my biggest concerns is that we're going to have a whole lot of hard working men and women displaced by automation at a greater pace than we've ever experienced in this country.

The Bank of England projects that 47 percent of U.S. jobs could be replaced by technology over the next 15 years (a PWC study projects 38 percent of jobs in the U.S. will be at high risk in 15 years).

²<https://www.aeaweb.org/articles?id=10.1257/aer.103.4.1507>

³<https://academic.oup.com/oep/article-abstract/66/2/397/2362257/The-macroeconomic-effects-of-legislated-tax>

⁴<https://www.aeaweb.org/articles?id=10.1257/jel.50.2.464>

Former Treasury Secretary Larry Summers recently commented that a third of men between the ages of 25 and 54 may not be working by the end of this half-century.

A.2. Long-term unemployment is one of the biggest issues we face as a country. A large and growing literature has explored the impact of unemployment for extended periods—generally defined as 6 months¹ or longer—on the workers affected. A key finding² is that the relationship between unemployment and employability is non-linear, with harm from unemployment rising over time.

Long-term unemployment has obvious financial impacts. Johnson and Feng (2013) detail³ the financial losses to workers who experienced long-term unemployment between 2008 and the end of 2011, finding that for those out of work for 6 months, half experienced declines in per-capita family income of 40 percent or more. These financial hardships were felt especially by African Americans and Hispanics, along with workers without a high school education and unmarried workers. Jacobson, Lalonde, and Sullivan (1993) find⁴ that even when previously unemployed workers find jobs, their earnings are persistently lower than before their unemployment spells.

The empirical evidence also suggests there are other, less obvious, effects on individual and family well being. A 2010 Pew report⁵ found that long-term unemployed workers were more likely to report a loss of self-respect, and that the 2008 recession had an impact on their career goals or brought “major changes” to their lives. Sullivan and von Wachter (2009) find⁶ a 50 to 100 percent increase in death rates for older male workers in the years immediately following job loss if the worker has been consistently unemployed. Long-term unemployment is also correlated with increased suicide. Classen and Dunn (2012) find⁷ that for each proportional increase in the unemployment rate of 10 percent increases the suicide rate for males by 1.5 percent. The key link is the duration of unemployment, which increases the probability of suicide.

Stevens and Schaller (2009) found⁸ that there are also significant negative effects from unemployment on overall family well-being. Parental unemployment can increase the probability that a child will have to repeat a grade in school, especially when parents have lower educational attainments. Charles and Melvin (2004) find⁹ that unemployment by a spouse can increase the probability of divorce. Nichols, Mitchell, and Linder (2013) found¹⁰ that communities with a higher share of long-term unemployed workers tended to have higher rates of crime and violence.

¹ <https://www.bls.gov/spotlight/2015/long-term-unemployment/pdf/long-term-unemployment.pdf>

² https://www.aei.org/wp-content/uploads/2014/04/-hassett-strain-workshairng-and-long-term-unemployment_173834868095.pdf

³ <http://www.urban.org/research/publication/financial-consequences-long-term-unemployment-during-great-recession-and-recovery>

⁴ <https://www.jstor.org/stable/2117574>

⁵ <http://www.pewsocialtrends.org/files/2010/11/760-recession.pdf>

⁶ http://ricketts.ba.ttu.edu/sullivan_vonwachter_job%20displacement%20and%20mortality_qje.pdf

⁷ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3423193/>

⁸ <http://www.sciencedirect.com/science/article/pii/S0272775710001202>

⁹ <http://www.journals.uchicago.edu/doi/abs/10.1086/381258>

¹⁰ <http://www.urban.org/sites/default/files/publication/23921/412887-Consequences-of-Long-Term-Unemployment.Pdf>

Given all of this evidence, it is clear to me that Government policies need to take the concentrated harms more seriously.

There is a literature on the effectiveness of work sharing in preventing long-term unemployment. Abraham and Houseman (2014)¹¹ note that work sharing encourages employers to reduce hours rather than terminate employment during periods of depressed demand. The literature suggests that even at reduced hours, keeping employees in work can prevent the effects of long-term unemployment. Work sharing also benefits firms by retaining valuable employees and limiting the costs of recruiting, hiring, and training new employees in the future. There are also several examples of work sharing programs which showed positive results during the 2008 recession. A 2010 OECD study found¹² that without work sharing, Finland, Germany, Italy, and Japan would have experienced about a three-quarters of a percentage point greater decline in permanent employment. In the U.S., Rhode Island offers a model case of a work-sharing program with use levels similar to those of developed European countries. Using back-of-the-envelope calculations, if confirmed, I look forward to exploring further the role that work-sharing programs can play in preventing long-term unemployment.

Q.3. You've made it clear that you understand the high toll joblessness takes on the health and welfare of a society and have argued in favor of German-style work-sharing programs, in which unemployment is averted by encouraging companies to reduce workers' hours and subsidizing the workers' lost wages. Would you recommend these types of German-style work sharing programs to the President in order to help workers displaced by automation? What other options should Congress be exploring to help displaced men and women re-enter the job market?

A.3. I addressed this in my previous answer.

Q.4. *Trade and Immigration:* On the issue of trade and immigration, your academic work diverges significantly from the rhetoric coming from the Administration. You've made it clear in your writings that open trade and sensible immigration policies benefit the U.S. economy. Indeed, 95 percent of the world's consumers live outside our country. What is your argument to the President on the issue of trade policy with countries like Mexico?

A.4. Economic researchers have been studying the cost and benefits of free trade at least dating back to the birth of this country, when Adam Smith was debating the mercantilists about the relationship between trade and wealth. The economic literature is clear that trade can be an important source of welfare improvements for the world's citizens. The large benefits from trade are often very diffuse, and those affected negatively can be a quite concentrated group. These two factors present us all with significant challenges.

There is a more modern empirical literature¹³ that explores the concentrated harm to specific industries and geographic regions that can ensue when plants are closed because of pressure from

¹¹http://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/policies_address_poverty_in_america_full_book.pdf

¹²<http://www.oecd.org/employment/emp/48806664.pdf>

¹³<http://annualreviews.org/doi/abs/10.1146/annurev-economics-080315-015041>

foreign competition (e.g., Autor et al., 2016). Much of my personal attention to geographic inequality has been focused on helping to give policymakers the data and analysis they need to understand concentrated harms better, so that they can craft policies to help avoid or alleviate them.

There is also a large and vibrant literature¹⁴ on immigration and its economic impacts (e.g., National Academies of Sciences 2016). If confirmed, I would look forward to providing the President with objective analysis that draws from my own past work and the broader economic literature on trade.

**RESPONSES TO WRITTEN QUESTIONS OF
SENATOR CORTEZ MASTO FROM KEVIN ALLEN HASSETT**

Q.1. During my questioning period, I asked you if you still believed that the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 was “the worst piece of legislation that [you’ve] seen in [your] entire lifetime,” and whether the law “needs to be repealed as soon as possible.” You responded that you did not recall making those comments. Pasted below is a transcript of some of your comments from a debate sponsored by Bloomberg¹ on August 11, 2011:

My view [is] that Dodd–Frank is the worst piece of legislation that I’ve seen in my entire lifetime. The impact of Dodd–Frank is conceivably going to be horrifying, and that it has to be repealed as soon as possible. Dodd–Frank is lame-brained, horrifying legislation ...

Please describe whether you continue to agree with this statement from 2011.

What is your current view of the Dodd–Frank Act?

A.1. Thank you for clarifying this, as I did not recall the interview during the hearing and I would like the opportunity to set the record straight. I regret my tone and do not now agree with what I said. There are certainly many, many pieces of legislation in American history that even the harshest critic of recent financial reforms would have to concede were worse than the Dodd–Frank Act.

In the Bloomberg appearance you mention, I expressed disapproval towards Dodd–Frank on the grounds that the structure of its costs put a larger burden on smaller, rather than larger, financial institutions. While there are aspects, like this, of the Dodd–Frank Act that I believe are less than optimal because our Nation needs small banks as well as larger ones, I would look forward, if confirmed, to working with the President and Members of this Committee to support efforts to seek sensible reforms.

I would like to add that while Congressman Frank was Chairman of the House Financial Services Committee, we had collegial relations. I would ask that you review my testimony of February 23, 2010, before that committee, and the hearing transcript, to see

¹⁴<https://www.nap.edu/catalog/23550/the-economic-and-fiscal-consequences-of-immigration>

¹<https://www.youtube.com/watch?v=CkxlPpDtbDo>

evidence of my ability to focus on economic substance, an ability that was poorly lacking in the transcript you cited.

Financial regulation is a very serious and difficult business, and financial markets evolve naturally over time, often in unexpected directions. It is essential that policymakers be nimble, collegial, and willing to consider modifications of existing law.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR SCHATZ
FROM KEVIN ALLEN HASSETT**

Q.1. For at least the last 10 years, you have advocated for implementing a carbon tax to address greenhouse gas emissions, and using the revenues to reduce distortionary taxes elsewhere in the code, such as the corporate income tax or the payroll tax. As the Trump administration and Republicans Congress attempt a broad overhaul of the tax code, in your capacity as the President’s chief economic adviser, will you commit to advocating on behalf of a carbon tax that both (1) reduces emissions in line with the commitment made by the U.S. in Copenhagen in 2009 (83 percent reductions below 2005 levels by 2050; see http://unfccc.int/files/meetings/cop_15/copenhagen_accord/application/pdf/unitedstatescphaccord_app.1.pdf), and (2) does not increase the overall regressivity of the tax code?

A.1. The Employment Act of 1946 created the Council of Economic Advisers as a means to ensure that the President has information that is both “timely” and “authoritative” with respect to current and future economic conditions. I view the core commitment of the Council of Economic Advisers to be the presentation of the best objective evidence. As you mentioned, I have been an active participant in the economics literature in this space, including the study of carbon taxation, its economic effects, and distributional consequences. I stand by that work, and if confirmed, I would also be sure that the other members of the team would know not to weigh my academic work more heavily simply because I wrote it. The CEA professional staff should always produce unbiased and objective work that weighs all of the relevant scientific evidence.

Q.2. In your writings, you have argued that cutting corporate taxes would lead to wage increases because companies would have more capital to invest in their workers.

However, several market analyses over the past few years have shown a clear trend. Companies have funneled extra capital to shareholders through stock buybacks and dividend payments—not to research and development, wages, or worker training.

Since the end of the recession, U.S. nonfinancial companies have amassed \$1.77 trillion in cash holdings. Yet, wages and productivity have stagnated.

Just after the election, Goldman Sachs predicted that stock buybacks would climb 30 percent to \$780 billion. Goldman thinks \$150 billion, or about 20 percent, will come from repatriation of overseas cash. According to the *Wall Street Journal*,¹ if Goldman is right, “buybacks will make up the largest use of cash among

¹<https://blogs.wsj.com/moneybeat/2016/11/21/goldman-sees-30-buyback-surge-in-2017/>

S&P 500 companies for only the second time in the last two decades.”

If cutting corporate taxes would give U.S. companies the cash they need to boost workers’ wages and productivity, why aren’t they doing that now?

A.2. There are many possible explanations for the patterns in the data that were identified in my work with Aparna Mathur, and then confirmed by many others (Hassett and Mathur 2015). My own intuition for the emergence of the factors you mention is that highly profitable multinational firms are able to locate production in low tax countries in order to avoid the high U.S. tax. When they do that, they do not create jobs here in the U.S. so wages stagnate, even when profits soar. The data suggest that blue-collar workers benefit when countries reduce their corporate tax rates in order to attract investment. There is no reason to expect that pattern not to hold should the U.S. do the same. If confirmed, I would look forward to interacting with the staff to provide an update on developments in this literature.

Q.3. Do you think Goldman Sachs’ prediction is wrong?

A.3. The capital formation that could drive domestic wages higher would require financing should there be tax reform in this country. There is a large academic literature that identifies the sources of financing for capital spending, including work² by myself and my coauthor Alan Auerbach of Berkeley (Auerbach and Hassett 2003). I have no reason to dispute the Goldman analysis, but it would, I believe, change significantly if the U.S. were suddenly a more attractive locale for the location of capital spending. At that point, the literature suggests that a good bit of the capital spending would likely be financed by internal cash holdings, and share repurchases would decline. Indeed, Auerbach and I found exactly this link.

Q.4. Do you support the inclusion of a border adjustment tax in any proposals to reform our tax system?

A.4. The theoretical optimal tax literature suggests that moves toward tax systems like the border adjusted business cash flow tax can be positive for economic growth. There are also a number of uncertainties regarding specific attempts to move from theoretical modeling to real world tax law, and academic economists have raised a number of possible transition concerns, such as the impact of currency adjustment, that should be taken seriously. If confirmed, I would provide the President with unbiased analysis of the broad economic literature in this space.

Q.5. What do you think the impact of a border adjustment tax would be on an average American’s annual cost of groceries and other consumer goods?

A.5. The impact of a border adjustment tax on the cost of groceries and consumer goods would depend on the extent to which the dollar adjusts to offset the tax. If confirmed, I would, if requested, instruct the professional staff at the CEA to review the literature in this area and provide a range of estimates of possible effects.

² <http://www.sciencedirect.com/science/article/pii/S0047272701001724>

Q.6. According to independent economists, President Trump's tax proposal is estimated to cost \$3 to \$7 trillion over 10 years. While we don't have all the details, nothing in the President's proposal suggests a new stream of revenue sufficient to pay for the cost of the proposed tax cuts. When Secretary Mnuchin testified before the Banking Committee in May, he claimed that the Administration expected that the tax cuts would be paid for by economic growth.

Do you think it is realistic to think that economic growth will generate sufficient revenue to fully pay for the tax cuts proposed by the Administration?

A.6. If confirmed as CEA Chairman, I would be actively involved in the budget process. I was not part of the modeling effort for this budget, and do not have all of the background information one might need to provide my own perspective on the numbers.

Q.7. As a historical matter, one can think of examples where tax reform efforts have produced positive revenue effects. For example, the Tax Reform Act of 1986 was designed to be revenue neutral on a static basis. To the extent that it generated positive economic growth, which it certainly did (e.g., Feldstein 1995),³ it would have had a positive effect on revenue.

Do you think it is realistic to assume that our economy will grow at 3 percent for 10 years without any downturns?

A.7. It is not reasonable to expect economic growth to return to 3 percent without significant policy changes. There are many headwinds at the moment, including low productivity growth and low capital formation. Should tax policy change in the direction indicated in the President's tax outline, it would be natural to expect growth to increase significantly, even to 3 percent if the tax reform is well designed.

Downturns, sadly, are very difficult to see coming. Looking back at economic history, it was not uncommon for us to recognize that the data indicated we were in a recession only after the recession ended. It is standard practice for growth assumptions not to factor in a specifically dated recession because economists are simply unable to see ahead accurately enough to do that.

Q.8. The budget proposed by the President assumes that the tax cut proposal the Administration has put forward will be revenue neutral. As Secretary Mnuchin testified to the Banking Committee, the tax reform proposal would be paid for by economic growth. However, the budget proceeds to assume that on top of the economic growth needed to pay for tax cuts, an additional \$2 trillion in economic growth will reduce the deficit. Independent analysts have pointed out that this double counts the estimated revenue from economic growth and that, after correcting for this double counting, the budget would add to the deficit.

Do you agree that the budget double counts revenue from economic growth?

A.8. Since I was not part of the modeling team that produced the budget, and have not seen the model outputs that lead to it, I cannot speak to its assumptions. If confirmed, I pledge to be actively

³ https://dash.harvard.edu/bitstream/handle/1/2766676/feldstein_taxable.pdf?sequence=2

involved in the process, and to be available to you to explain all of the modeling assumptions behind the numbers.

As to the double counting claim, the 1986 Tax Reform Act, again, was designed to be revenue neutral, but probably was a positive for revenue after the growth effects. When I read the budget, it was this kind of dynamic that first came to mind.

Q.9. Do you think the Administration’s budget will create the conditions necessary for greater economic growth?

A.9. While estimates vary, the economics literature is⁴ clear that tax reform can have a large positive effect on economic growth (e.g., Feldstein 1995). As this budget proposes a tax reform, it is logical that it would predict growth to be higher than private sector forecasts that do not factor in the President’s proposed policy changes.

Q.10. Do you think the Administration’s budget will reduce the deficit?

A.10. As mentioned, I was not part of the modeling effort that went into the production of this budget, but have no reason to doubt the professionalism of the staff that produced it. One of my favorite parts of every budget is the end, where the staff members that produced the budget are acknowledged individually. This year’s budget ended with a list of 597 credited OMB staff who burned the midnight oil to produce the numbers, a majority of whom (about 75 percent) also worked on and were credited in President Obama’s final budget. If confirmed, I would relish the opportunity to work with so many able civil servants, with long institutional memory, who play such an important role serving their country.

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⁴ <http://www.journals.uchicago.edu/doi/abs/10.1086/261994>

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**RESPONSES TO WRITTEN QUESTIONS OF SENATOR BROWN
FROM PAMELA HUGHES PATENAUDE**

Q.1. *HOTMA Implementation*—Last year, Congress passed the Housing Opportunity Through Modernization Act (HOTMA) with bipartisan support. If confirmed, will you work to ensure the expeditious implementation of HOTMA?

A.1. Yes, if confirmed, I will ensure expeditious implementation of HOTMA reforms.

Q.2. *Housing and Poverty*—As you point out in your opening statement, Matthew Desmond makes the case for how the lack of safe, affordable housing contributes to poverty.

In recent years, we have heard more about how important safe, affordable housing is as a platform to build better long-term outcomes for children, seniors, workers, and people with disabilities. These investments may also help save money in other areas like health care, education, and criminal justice.

What are your views as to the role that safe, affordable housing plays as a platform for better outcomes for Americans?

A.2. I believe that decent and safe affordable housing is critical to family stability and the alleviation of poverty and prevention of homelessness.

Q.3. *Funding for Blight Elimination*—Communities across Ohio struggle with a legacy of blighted properties. These properties depress neighborhood property values, create crime and safety hazards, and reduce local tax rolls. Communities in Ohio and other States have struggled to find resources to remove these blighted properties.

In response to a question from Senator Donnelly, you mentioned that Federal funds other than CDBG, which the Administration has proposed for elimination, could be used for the elimination of blighted properties.

Can you provide a list of the other Federal programs that are providing new resources to communities for removal of blighted properties?

A.3. There are a number of HUD programs that fund demolition, though most of these allow it when in conjunction with reconstruction. HUD's Neighborhood Stabilization Programs (NSP1, NSP2, and NSP3) also allow for demolition of blighted structures, as a standalone activity. I believe there is over \$400 million in unexpended NSP funds remaining in all three programs, roughly \$10 million unexpended in the State of Ohio and the State's local recipients of the funds. Additionally, there are other Federal programs that fund demolition, for instance the Treasury Department's Hardest Hit Fund (HHF), which for many communities conducting demolitions, HHF is the largest source of funds for these demolitions.

Q.4. *LIHTC and the Budget*—Ms. Patenaude, both you and Secretary Carson have cited the Low Income Housing Tax Credit as an example of a public-private partnership that works. I am concerned that some of the President's proposals could weaken the impact of the LIHTC. For example, we are already hearing that investment in LIHTC has already dropped in Ohio and across the

country in anticipation of the President's proposed tax rate cuts. This is causing some developments and preservation projects to fall through, and sending States and developers scrambling to fill holes in their budgets. The budget also proposes to eliminate the HOME program, which was already being used to fill critical funding gaps in about 25 percent of LIHTC developments.

Have you examined the potential impact of these policies on LIHTC? How would you generate funding for affordable housing if the President's plans are adopted and HOME is eliminated and the value of LIHTC is greatly diminished?

A.4. Tax credit pricing at the end of 2016, beginning of 2017 declined. However, to date anecdotal evidence suggests that market conditions have stabilized in terms of equity pricing (even in anticipation of Federal tax reform). If the Congress reduced HOME and CDBG to requested levels, the unobligated budget authority would take some time to spend down. State and local governments also provide critical gap funding resources to support LIHTC developments through State housing trust funds provided in some cases by State fees on closings. In addition, some States are using funds earned through participation in FHA's risk share program.

Q.5. *Opioid Recovery and Housing*—As you probably know, Ohio has been ravaged by the opioid epidemic. We hear heart-breaking stories every day about families struggling with addiction.

Last year, I had the pleasure of speaking at an awards ceremony for a permanent supportive housing development in Lancaster, Ohio, called Pearl House. Pearl House provides affordable housing and access to comprehensive services to parents in recovery and their children, many of whom were previously homeless or at risk of homelessness. In this environment, parents can continue their recovery and work toward self-sufficiency while their children have a stable environment in which to grow. It took a combination of LIHTC, other grants, and dedicated rental assistance vouchers to create Pearl House and ensure affordability for these fragile families.

What are your thoughts about whether permanent, supportive housing such as Pearl House can contribute to addiction recovery for more Ohioans and people across the country?

A.5. Evidence based research demonstrates that a Housing First approach is an effective strategy to improve health outcomes for individuals suffering from substance abuse including opioids. We should learn from the success of the Interagency Council on Homelessness as a model for addressing the complexity of the opioid epidemic.

Q.6. What role do you believe available, affordable housing can play in helping people avoid or escape opioid addiction?

A.6. I believe that affordable housing plays a critical role in promoting family stability. Stable housing is a critical platform for substance abusers seeking treatment for addiction.

Q.7. *Federal Housing Administration/Housing Counseling*—In the past, you supported the Obama administration's "HAWK" proposal, which emphasized homebuyer education for FHA borrowers. Do you still agree with this proposal?

A.7. If confirmed, I look forward to working with Congress to better understand the concerns about this proposal.

Q.8. What are your views about the role of housing counseling in building sustainable homeownership?

A.8. Housing counseling is a critical component of sustainable homeownership. The proposed budget for FY2018 requests \$47 million for these important programs, a funding level consistent with the level provided by Congress during the current fiscal year.

Q.9. *HUD's Affirmatively Furthering Fair Housing (AFFH) Rule*—If confirmed, do you intend to carry out HUD's Affirmatively Furthering Fair Housing Rule?

A.9. Yes, if confirmed, I pledge to carry out HUD's Affirmatively Furthering Fair Housing Rule.

Q.10. *LGBTQ Housing Rights*—Do you believe that HUD should continue to provide equal access to housing opportunities for lesbian, gay, bisexual, transgender, and queer (LGBTQ) individuals?

A.10. Yes, I believe HUD should continue to provide equal access to housing opportunities for all Americans.

Q.11. In recent months, HUD has withdrawn two Notices and removed from its website several resources intended to carry out its policies to ensure housing rights for LGBTQ individuals. This includes LGBTQ youth, who make up nearly 40 percent of all homeless youth. The withdrawn Notices were designed to (1) require HUD-participating housing providers to display information regarding the rights of LGBTQ individuals and (2) collect information necessary to evaluate the effectiveness of an LGBTQ youth homelessness demonstration program.

If confirmed, will you work to reinstate these notices and guidance? If not, why not?

A.11. HUD career staff has informed me that this survey was withdrawn to allow the program office to thoroughly examine the information included in the survey and its effectiveness. It is currently under review and I pledge to consider this issue, if confirmed.

Q.12. *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 longtime 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.¹

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?

A.12. Yes, HUD and local communities should encourage and incentivize economically integrated neighborhoods.

Q.13. If so, what role do you think HUD and HUD's programs should play in preserving these opportunities?

A.13. HUD should incentivize creative and innovative approaches to preserving affordable housing developments with nearing expiring use restrictions.

Q.14. *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?

A.14. HUD programs are designed to allow persons with disabilities to live as independently as possible in the community, subsidizing rental housing opportunities which provide access to supportive services. For at least the last 8 years these programs have faced funding pressure. HUD should focus on ways to provide such support in the most efficient way possible. If confirmed, I commit to working with our stakeholders, including States, local governments, Congress, and other partners to seek rental reforms that allow these programs to be sustainable and help our most vulnerable citizens.

Q.15. *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 build-

¹ 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>.

ings, from living in appropriately accessible homes that HUD-assisted housing provides, and living in a community that guards against social isolation.

What is more, as you know, 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?

A.15. Housing an aging population represents a major challenge for the United States. By 2030, the senior population is projected to exceed 74 million, representing more than one in five Americans. Over the next 15 years, millions of Baby Boomers will seek to "age in place" in their own homes and communities.

Yet many of our homes and communities lack the structural features and support services to enable safe, independent living by seniors. The Bipartisan Policy Center (BPC) Housing Commission, which I led as director, identified the desire of seniors to age in place as a "new frontier" in housing policy. If confirmed, I intend to help focus the Department on this critical issue. Strong leadership at HUD can help harness the creativity and resources of the private and nonprofit sectors, as well as Government at all levels, to respond to the growing need for affordable housing that is also suitable for senior living. New and emerging technologies will likely play an important role in enabling aging in place. It is also more critical than ever to break down the silos in the Federal Government to ensure the most effective and efficient delivery of services across a broad array of fields, including housing, health care, and transportation.

Q.16. Will you take actions to increase the supply of affordable, accessible rental housing for lower-income seniors?

A.16. Yes, I will. Throughout my career, I have been a strong supporter of the Low-Income Housing Tax Credit, which has been a critical source of financing for rental homes affordable to the Nation's lowest-income seniors. Some States provide set-asides and preferences in their LIHTC allocation plans for senior housing developments and promote the adoption of universal-design features to improve accessibility. The BPC's Senior Health and Housing Task Force recognized, regulatory and land-use policies at all levels of Government can act as barriers to the production of affordable senior housing. On the positive side, some communities have adopted policies that allow for and encourage greater affordable housing options for seniors, such as accessory dwelling units. If confirmed, I will make it a priority to illuminate the impact of regulatory barriers on access to affordable housing, highlight best practices drawn from communities throughout the country, and show how

these policies can both positively and negatively impact one of our Nation's most vulnerable groups: low-income seniors.

Q.17. Will you take actions to help seniors modify their homes in order to help them age in place?

A.17. Yes. According to Harvard's Joint Center for Housing Studies, just 57 percent of existing homes have more than one of five universal design features—no-step entries, single-floor living, switches and outlets accessible at any height, extra-wide hallways and doors, and lever-style door and faucet handles—that can help make homes safer for seniors and enable aging in place. Improving safety through home modifications has tremendous upside: Falls are the leading cause of injury-related death among seniors, and most falls occur in the home. In 2015, treating falls cost Medicare more than \$31 billion. If confirmed, I will work to ensure that HUD programs are coordinated with programs administered by other Federal agencies that also provide resources and expertise for home assessments and modifications. I am aware of legislation recently introduced by Senators Angus King and Susan Collins, the Senior Home Modification Assistance Initiative Act, which seeks to improve this coordination and provide more consumer-friendly information on how these programs can benefit older Americans. Some State and local governments assist low-income seniors with home modifications through property tax credits, grants, or forgivable loans.

Q.18. How would you foster collaboration with health care providers to meet the needs of America's seniors?

A.18. With the rapid expansion of the senior population, greater collaboration between the health care and housing sectors will be critical. During my career in housing, I have found that housing and health care professionals rarely interact with each other, and when they do, they utilize very different vocabularies. A notable exemption was the successful work and model collaboration of the Interagency Council on Homelessness. If confirmed, I will make it a priority to help bridge this divide. HUD serves approximately 1.3 million senior renters, most of whom are dually eligible for Medicare and Medicaid. I will work with my counterparts at the U.S. Department of Health and Human Services and the Centers for Medicare and Medicaid Services to identify ways to improve health outcomes for these seniors and potentially generate savings for the two taxpayer-funded health insurance programs.

Q.19. Do you support service coordination as a strategy for improving outcomes for seniors?

A.19. Yes, effective service coordination can improve health outcomes for seniors and has the potential to reduce health care costs. There are a number of locally driven programs like Support and Services at Home (SASH) in Vermont that are showing promising results.

Q.20. *Listening to Assisted Families and Advocates*—If confirmed, do you plan to meet with assisted families and organizations that advocate on behalf of HUD program participants and low-income families?

A.20. Yes.

Q.21. Do you support dialogue between HUD staff and organized tenant groups to assist HUD in its oversight of housing programs?

A.21. Yes.

Q.22. *Potential Conflicts of Interest*—I understand that your husband works at a mortgage firm that deals with both HUD-backed and Government Sponsored Enterprise-backed multifamily and other mortgages. Is that correct?

A.22. Yes, my husband, Chuck Patenaude is employed by Dougherty Mortgage, LLC.

Q.23. If so, how are you planning to make sure that you do not have the appearance of any conflicts of interest with your husband's firm?

A.23. At all times, I will abide by the terms of my executed Ethics Agreement. I will take the following steps to avoid any actual or apparent conflicts of interest. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on my husband's compensation and employment with Dougherty Mortgage, LLC. I will also not participate personally and substantially in any particular matter involving specific parties in which I know Dougherty Mortgage, LLC is a party or represents a party.

Q.24. *HUD Staffing and Program Oversight*—According to HUD's FY2017 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.

Have you examined the potential impact of a loss of staff on HUD's ability to carry out its mission and ensure the public trust?

A.24. If confirmed, I look forward to approaching this issue through the work of HUD's agency reform plan. I am confident we can maintain the quality of HUD services that the American public expects, despite the staff reductions the Department has sustained. I look forward to guiding the development of HUD's hiring plans to ensure that the most critical needs are met rather than maintaining positions that may no longer be needed due to technological advancements or from improved ways of doing business.

Q.25. *HUD Fair and Equitable Lawsuit*—A recent HUD Inspector General's audit noted that HUD faces a significant potential litigation liability of between \$55 million and \$650 million for an arbitration known as the "Fair and Equitable Arbitration Remedy". This case has been going on over 10 years.

Are you familiar with this case?

A.25. No, I am not familiar with any pending personnel or labor cases at HUD.

Q.26. If confirmed, will you commit to looking into this case and working to wrap it up in a fair fashion?

A.26. Yes, if confirmed I will commit to looking into this case and requesting regular updates from legal counsel.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR SHELBY
FROM PAMELA HUGHES PATENAUDE**

Q.1. Ms. Patenaude, more than 22 million Americans reside in manufactured housing. Manufactured homes are particularly important in rural States such as Alabama (where manufactured homes are 16.2 percent of occupied housing units, compared to 7.3 percent nationwide). Manufactured housing is critical in addressing housing needs in many rural communities where multifamily options are often limited or impractical.

I have long been an advocate for agencies conducting a cost-benefit analysis when crafting regulations. Without this analysis, costs are increased without a clear justification that the new regulations will lead to improvements that are in the best interest of consumers. Can you ensure that HUD properly takes into account the economic impacts and necessity of new requirements when issuing regulations about the construction and installation of manufactured housing?

A.1. Yes, If confirmed, I look forward to working with you and your staff to better understand the unique aspects of this industry.

Q.2. President Trump has asked all Federal agencies to examine the way their departments are organized. He has recommended that all agencies determine structural plans that allow for more efficient and effective operations. Will you commit to making sure that manufactured housing is well represented and has an active role in any new HUD reorganization?

A.2. I will. Manufactured housing is the largest source of unsubsidized affordable housing in America and a critical component of housing rural America. The importance of Manufactured Housing will certainly be considered when considering any reorganization.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR SASSE
FROM PAMELA HUGHES PATENAUDE**

Q.1. In 2015, HUD's inspector general found that as many as 25,000 families received HUD funding despite exceeding income limits that determine eligibility for HUD programs. For example, one Nebraska-based HUD beneficiary had \$1.6 million in assets and had an income that was almost twice the income threshold. Will you commit to addressing the problem of over income families as HUD Secretary?

A.1. If confirmed, I will review this issue closely.

Q.2. How will HUD defer to State and local governments under your leadership?

A.2. I believe State and local governments understand their communities much better than Washington, DC, based officials. If confirmed, I will delegate as much authority as possible HUD's regional and field offices. Where the statute allows, I will work with

State and local leaders to provide flexibility with allocated resources. I pledge to continue to develop strong working relationships with HUD's partners.

Q.3. How can HUD avoid interfering with community-based, non-governmental efforts to fight poverty?

A.3. HUD must respect the role these valuable partners play in eliminating poverty and to providing opportunity for our Nations' most vulnerable populations.

Q.4. As HUD Secretary, the late Jack Kemp supported policies that were aimed at revitalizing urban areas. How will HUD promote urban renewal under your tenure?

A.4. Consistent with Secretary Kemp's approach, I seek to ensure that individuals and communities explore a broad range of options to promote urban revitalization efforts. While public resources are certainly a component of an overall urban strategy, we need a greater reliance on market resources to stimulate investments that will improve the quality of life in the Nation's communities. The combining of these resource streams through an expanded use of public-private partnerships and nonprofits will be critical to these revitalization efforts. I intend to ensure that HUD will contribute its staff expertise to aid communities in developing these partnerships and while also ensuring that available HUD financial resources are effectively used to promote these efforts.

Q.5. Much of my State of Nebraska is rural. What unique challenges does HUD face in rural areas and how will you address them?

A.5. If confirmed, I pledge to work closely with Members of the Congressional Delegation representing rural communities to better understand the unique housing and community development needs of their constituents.

Q.6. How will you police waste and protect taxpayer dollars at HUD?

A.6. If confirmed I will work with the program offices to improve program oversight to prevent fraud and abuse. I pledge to establish a strong working relationship with the office of the Inspector General.

Q.7. When, if at all, should HUD ignore local zoning laws?

A.7. HUD does not and should not preempt local zoning laws. However, HUD can share best practices and encourage local communities to consider adopting land use regulations that promote the production and preservation of affordable housing.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR REED
FROM PAMELA HUGHES PATENAUE**

Q.1. The Federal Housing Administration (FHA) has several foreclosure avoidance tools at its disposal to keep families in their homes. If confirmed, will you ensure that HUD and FHA exhaust every possible means of helping a family to avoid foreclosure before actually foreclosing on a family?

A.1. Loss mitigation alternatives to foreclosure, such as loan modifications, are very important to HUD and FHA. These alternatives not only help borrowers stay in their homes, but can reduce losses for FHA. FHA has in place a clear set of requirements for lenders to evaluate the borrower's situation and extend appropriate loss mitigation options to borrowers interested in staying in their home. If confirmed, I will ensure that FHA will continue to provide alternatives to foreclosure tailored to the borrower's hardship circumstances.

Q.2. Given your work on affordable housing in the past and the time that you have now had to review the President's FY18 budget request for HUD, do you personally believe there are any programs that are proposed to be cut for which funding should be maintained or increased?

A.2. As a life-long housing practitioner and advocate I have witnessed the positive outcomes these programs can achieve but I am also aware of the urgent need to reform programs to create efficiency and achieve greater outcomes for the program participants. As I stated during my confirmation hearing, I was not involved in the budget development process. If confirmed, I will be an advocate for programs with proven track records of success. I will bring my housing perspective to future budget debates.

Q.3. The National Low Income Housing Coalition (NLIHC) has described the National Housing Trust Fund, which I authored, as "the first new housing resource in a generation. It is exclusively targeted to help build, preserve, and rehabilitate housing for people with the lowest incomes." NLIHC also recently reported that our nation has "a shortage of 7.4 million affordable rental homes available to the lowest income people." If confirmed, will you commit to working with me to preserve the National Housing Trust Fund?

A.3. If confirmed, I will commit to implementing the existing resources provided to the department for the National Housing Trust Fund in accordance with all statutes and regulations in the most efficient and effective manner.

**RESPONSES TO WRITTEN QUESTIONS OF
SENATOR MENENDEZ FROM PAMELA HUGHES PATENAUDE**

Q.1. During your nomination hearing, you repeatedly stated that you support the President's fiscal year 2018 budget request. Included in the request is the proposed elimination of the Community Development Block Grant program, the HOME Investment Partnership Program, and the Choice Neighborhoods program, as well as significant cuts to the Public Housing Operating and Capital Funds, to the Tenant Based Rental Assistance program, and to the Section 811 Housing for Persons with Disabilities program. When asked about large-scale cuts to HUD's programs during his nomination hearing, Secretary Carson said that it would be "cruel and unusual punishment to withdraw those programs before you provide an alternative route." If enacted in its current form, will this budget proposal increase housing instability and homelessness?

A.1. In the short term, if Congress funds HUD at the proposed level, I believe it will take some time to spend down the existing

unobligated budget authority. If Congress maintains this level of funding beyond the short term, these are concerns that will need to be monitored.

Q.2. Do you support elimination of the Community Development Block Grant program as proposed in the budget? If you do support the budget, please explain what specific alternative funding mechanisms will be provided to States, cities, and localities to fill the void created by elimination of the program.

A.2. The proposed FY2018 budget does not request new funding for CDBG, although unexpended budget authority and staffing remains. As a life-long housing practitioner and advocate for CDBG, I've seen the great outcomes this flexible program can achieve. But CDBG's flexibility, one of its greatest virtues, can also be a curse. For every example of housing created, detractors can point to cities where mayors have used these dollars to plug budget holes. Better targeting in areas such as lead abatement, low- to moderate-income housing production/preservation and blight elimination would create more measurable results. As the President's nominee, I support the Administration's proposed budget, which balances priorities governmentwide. If confirmed, I will bring a robust, practitioner's view to future internal budget deliberation processes. Further, if confirmed, I look forward to working with Congress on policy reforms to improve the programs of the department into the future.

Q.3. Do you support elimination of the HOME Investment Partnership program as proposed in the budget? If you do support the budget, please explain what specific alternative funding mechanisms will be provided to States, cities, and localities to fund the creation of affordable housing for low-income households.

A.3. As Secretary Carson laid out in his hearings last week, the Budget reflects hard choices to maintain fiscal responsibility. When the previous Administration reduced HOME program funding below \$1B, it resulted in national allocations that can make it difficult for recipients to achieve the goals of the program. As I said in the previous question, HOME, like CDBG, has produced some positive outcomes. It has also been the subject of national media attention surrounding the misuse of these Federal funds. Significant unexpended budget authority remains. If confirmed, I commit to ensuring the efficient and effective utilization of all available HUD resources. I look forward to working with the Congress, State and local governments, and private sector partners to identify mechanisms and means to support the development and preservation of affordable housing.

Q.4. Do you support elimination of the Choice Neighborhoods program as proposed in the budget? If you do support the budget, please explain what specific alternative funding mechanisms will be provided to revitalize distressed public and assisted housing and their surrounding communities. I support place-based strategies. Choice Neighborhoods and the iterations of the HOPE program have created some strong communities. Although, many believe it can lead to gentrification and may be at odds with a mobility or high opportunity area strategy. The RAD program is showing promising results.

Do you support a 67 percent reduction to the Public Housing Capital Fund as proposed in the budget? If you do support the budget, please provide a detailed explanation of what funding sources public housing agencies can utilize to address the backlog of capital repairs estimated in 2010 to be at \$26 billion and increasing each year.

A.4. This account faces pressure every year. No matter what amount is appropriated, the repair estimates continues to grow. If confirmed, I would very much welcome the opportunity to work with Congress on finding additional ways to address the capital backlogs.

Q.5. Do you support a 12 percent reduction to the Public Housing Operating Fund as proposed in the budget? If you do support the budget, please describe how this proposed cut will impact public housing agencies' ability to operate and maintain the country's 1.1 million public housing units. Please also describe how the proposed cut will impact the residents living in public housing units.

A.5. HUD career staff advise that this funding level will support existing households and that this is a first step towards holistic rental reforms. If confirmed, I commit to working with stakeholders to identify fiscally sustainable options to transform this antiquated delivery system. Voluntary PHA consolidations may be one option. ACC conversion may be another. Local decision making and flexibility is critical.

Q.6. Do you support a nearly 5 percent reduction to the Tenant Based Rental Assistance account as proposed in the budget? This proposed cut will result in elimination of approximately 250,000 housing vouchers, nearly 8,000 of which are in New Jersey. If you do support the budget, how would you propose addressing the resulting increased housing instability and risk of homelessness?

A.6. I'm advised by HUD staff that these funding levels support existing households. I think some of these numbers are very hard to project under our current system. As a life long housing practitioner and advocate, I believe in the goals of the Section 8 program. As I stated during my confirmation hearing, I was not involved in the budget development process. As the President's nominee, I support the Administration's budget request. If confirmed, I will bring my housing perspective to future budget debates.

Q.7. Do you support a 17 percent reduction to the Section 811 Housing for Persons with Disabilities program as proposed in the budget? This proposed cut would result in the elimination of approximately 6,800 homes, nearly 200 of which are in New Jersey. If you do support the budget, please explain what specific alternative funding sources will be used to subsidize supportive rental housing that allows persons with disabilities to live independently in the community.

A.7. HUD staff have advised that these funding levels support existing households. I think some of these numbers are very hard to project under our current system. As a life long housing practitioner and advocate, I believe in the goals of the Section 811 program. As I stated during my confirmation hearing, I was not involved in the budget development process. As the President's nomi-

nee, I support the Administration's budget proposal. If confirmed, I will bring my housing expertise and perspectives to future budget debates.

Q.8. Do you support the elimination of the Housing Trust Fund as proposed in the budget?

A.8. I will commit to efficient utilization of all resources provided to the Housing Trust Fund. I am aware of the fact that GSE reform could impact the funding level.

Q.9. In 2014, you spoke positively about the Federal Housing Administration's Blueprint for Access, which unveiled the Homeowners Armed with Knowledge (HAWK) Program—pairing a modest decrease in mortgage insurance premiums with pre- and post-purchase housing counseling for first-time homebuyers. You called the HAWK program a “particularly welcome development” and said that it “recognizes that it is possible to increase mortgage access for underserved borrowers without exposing lenders and taxpayers to significantly greater risk.” Do you still hold the view that the Federal Housing Administration should pursue such programs, and will you recommend to the Secretary that he consider initiatives such as HAWK that expand access to mortgage credit for underserved but creditworthy borrowers?

A.9. If confirmed, I look forward to working with Congress to better understand the concerns about this proposal.

Q.10. FHA-insured loans are an essential source of mortgage credit for minority homebuyers. During the last two decades, a third of all African American and Latino borrowers have used FHA-insured loans. And since 2008, approximately half of all African-American and Latino households looking to buy homes received mortgage loans insured by FHA. This is in comparison to FHA's average market share of 13 percent over its 81-year history.

What is your vision for the Federal Housing Administration? How will you ensure that the mutual mortgage insurance fund remains strong and that HUD serves its mission to provide access to mortgage credit for underserved borrowers, many of whom are minorities and first-time homebuyers?

A.10. I agree with the Secretary that FHA should continue to help low- and moderate-income, minority and first-time homebuyers access to affordable credit to achieve sustainable homeownership. FHA has played an important countercyclical role. We must balance FHA's mission and risk exposure to the taxpayer.

Q.11. Are you willing to revisit the Administration's decision to reverse the mortgage insurance premium reduction in January?

A.11. I support the Administration's decision to suspend the proposed FHA mortgage insurance premium reduction. I believe further analysis is required to evaluate the impact of any premium reduction on the health of the MMI fund and the risk to taxpayers.

Q.12. In prior articles, you have written about low homeownership rates and particularly among African Americans and Latinos. In recent years, advances in alternative data and credit scoring models have made it possible to generate credit scores for individuals that were previously “unscorable.” Both the GSEs and FHA have

taken steps to explore the viability of alternative credit scoring models. As Deputy Secretary, will you recommend to Secretary Carson that FHA research and consider alternative credit scoring models that would provide credit scores for individuals that may not be able to otherwise qualify for a mortgage loan?

A.12. Yes, as we discussed during our meeting in your office, if confirmed, I will continue to explore alternative credit models.

Q.13. What specific policy recommendations would you make to Secretary Carson to expand housing opportunities that will allow our nation's low-income elderly to maintain independence and age in place?

A.13. Housing an aging population represents a major challenge for the United States. By 2030, the senior population is projected to exceed 74 million, representing more than one in five Americans. Over the next 15 years, millions of Baby Boomers will seek to “age in place” in their own homes and communities. Yet many of our homes and communities lack the structural features and support services to enable safe, independent living by seniors. The Bipartisan Policy Center (BPC) Housing Commission, which I led as director, identified the desire of seniors to age in place as a “new frontier” in housing policy. If confirmed, I intend to help focus the Department on this critical issue. Strong leadership at HUD can help harness the creativity and resources of the private and non-profit sectors, as well as Government at all levels, to respond to the growing need for affordable housing that is also suitable for senior living. New and emerging technologies will likely play an important role in enabling aging in place. It is also more critical than ever to break down the silos in the Federal Government to ensure the most effective and efficient delivery of services across a broad array of fields, including housing, health care, and transportation.

Q.14. In my State of New Jersey, New Jersey Community Capital (NJCC)—a nationally recognized Community Development Financial Institution—has been tremendously successful with the loans it has purchased through FHA's Distressed Asset Stabilization Program (DASP), which allows FHA to sell defaulted mortgages to investors. NJCC is able to make modifications to reduce loan balances and lower monthly payments for homeowners that are behind on their mortgages, allowing them to avoid foreclosure and stay in their homes. And where modifications are not possible, NJCC has turned foreclosed homes into affordable rental housing or new affordable ownership opportunities.

Will you commit to making improvements to DASP that allow community-focused groups like New Jersey Community Capital to purchase more loans and therefore achieve better outcomes for more homeowners and communities?

A.14. The Department values all its purchasers, including its non-profit and community-based purchasers. FHA continues to review and constantly improve DASP and similar tools to maximize recoveries to the insurance fund while also maximizing community involvement. If confirmed, I will commit to looking at what can be done to ensure the inclusion of community-focused groups while still seeking best execution and protecting the interests of the taxpayers.

Q.15. Will you commit to strengthening the program's loss mitigation, vacant property, and neighborhood stabilization standards so that we can ensure homeowners and neighborhoods are the beneficiaries of this program—not private equity firms and hedge funds?

A.15. DASP and all note sales are primarily designed to maximize recoveries/reduce losses to the insurance fund—the insurance fund's health and viability is the beneficiary. HUD is proud of the efforts made to date in strengthening DASP loss mitigation, vacant property, and neighborhood stabilization elements. If confirmed, I will continue look at ways to improve all aspects of the Department's note sales.

Q.16. The Department of Housing and Urban Development employs about 8,300 people nationwide. Job titles and wages, assigned during the hiring process, typically set a course for an employee's career for years to come. The quest for diversity at all levels of Government is an issue of fairness and opportunity, and it's fundamentally tied to an inclusive workplace. However, decades of social scientific research have shown how bias in the employment and hiring process can limit opportunities for historically excluded groups. What steps will you take as Deputy Secretary to make your agency a more inclusive and diverse workforce in both senior and mid-level management positions?

A.16. Working closely with HUD's Office of Departmental Equal Employment Opportunity, if confirmed, I look forward to having the opportunity to advance the work achieved to date in making HUD among the most diverse Federal agencies. I plan to engage HUD's Diversity Council to get their feedback on how we can continue to improve. EEO will continue to be a key management objective in HUD's strategic plan during the Trump administration.

Q.17. The Department of Housing and Urban Development has a unique role in empowering disenfranchised communities of color. This is an area about which I care deeply. Understanding the challenges that these communities face, be it housing discrimination, affordability, homelessness, limited employment opportunities, or other, will require a diverse workforce at the most senior level to help you carry out the agency's mission. What steps will you take as Secretary of Housing and Urban Development to ensure the strategic planning and mission of the Department is led and crafted by people who look like the communities they serve?

A.17. Over half of HUD's employees are from minority populations as well as 44 percent of the career senior leadership team. In further building the team, I am committed to ensuring diversity is a critical component of all hiring decisions. Additionally, if confirmed as Deputy Secretary, I will work closely with HUD staff on a comprehensive stakeholder outreach plan in addition to the great work Secretary Carson has already conducted during his listening tour.

Q.18. The President's budget request includes a general provision increasing tenant rent contributions from 30 percent to 35 percent of income. According to the Department's own estimates, for households living in units receiving subsidies through the section 8 project-based rental assistance program, this proposal would result

in a nearly 22 percent tenant rent increase in the first year, and a 31 percent rent increase in subsequent years. In addition, the Department calculated that a staggering 64 percent of the population impacted by the proposed rent increases are elderly or disabled.

Do you believe that tenant rent increases of 22 percent and 31 percent are significant?

A.18. I believe the idea is that the move to gross rent proposal would help simplify rents by relying on gross income rather than adjusted income. If confirmed, I commit to working with Congress and stakeholders on a rental reform package that improves the efficiency and effectiveness of HUD rental assistance programs, to allow us to serve as many as possible without displacing currently-served households.

Q.19. In your opinion, how will the impacted elderly and disabled households—the vast majority of whom live on fixed incomes—be able to afford a 22 percent and ultimately 31 percent rent increase?

A.19. Please see the answer above.

Q.20. Do you believe that a 22 percent rent increase, and ultimately a 31 percent rent increase, on the Nation's lowest-income families, elderly, and persons with disabilities will increase housing instability? If not, please explain.

A.20. Please see the answer above.

Q.21. Both you and Secretary Carson have repeatedly stated that there is a greater role for State and local governments to play in the provision of housing assistance and the development of affordable housing. I agree that States and local governments have a critical role to play, but they are not able to do it alone. As a former mayor, I understand that our cities need a strong Federal partner, particularly when it comes to investments. What specific evidence have you considered that leads you to believe State and local governments have the financial resources to take on more of this responsibility?

A.21. As a life-long housing practitioner, I support the goals of HOME and CDBG. Many States and some cities have established housing trust funds. These communities have decided housing is important and have taken the necessary steps to support it. State and local governments can eliminate exclusionary and non-value-added regulations that unnecessarily increase the cost of housing and restrict the supply of affordable housing. Reducing regulatory barriers will enable Federal investments in the production and preservation of affordable housing to extend its reach.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR HEITKAMP FROM PAMELA HUGHES PATENAUDE

Q.1. *Wrap Around Services*—In past writing, you've stated that in order to address some of our long term housing needs—particularly for older Americans—we need to better integrate health care and other supportive services with housing. I share this view and strongly believe that we need a more holistic approach to housing services in this country.

During your distinguished career working on these issues, what policies and programs have you seen that effectively adopted a holistic approach to housing services?

A.1. Yes, effective service coordination can improve health outcomes for seniors and has the potential to reduce health care costs. There are many locally driven programs like Support and Services at Home (SASH) in Vermont that are showing promising results.

Q.2. What can Congress do to work with HUD to advance these types of holistic housing programs?

A.2. If confirmed, I look forward to working with Congress to develop viable solutions and ways to better account for savings in other Federal programs when HUD provides a less expensive service delivery option.

Q.3. Do you support HUD's recent hard push toward housing first policies, which have put many effective transitional housing facilities at risk of losing funding?

A.3. Evidence based research demonstrates that a Housing First approach is an effective strategy to improve health outcomes for individuals suffering from substance abuse. If confirmed, I pledge to work with your office to ensure that the unique needs of your constituents are addressed.

Q.4. *Trauma / Native American Housing*—The evidence is clear that children who have had four or more adverse childhood experiences—such as living in poverty or facing exposure to physical or mental abuse—have a 20 year difference in life expectancy. In North Dakota, we see this throughout our Native American communities who are struggling with poor housing conditions, among other challenges.

Will you commit to help design and improve trauma-informed policies at HUD and work to address the housing challenges facing our Native American communities?

A.4. If confirmed, I look forward to working with you and members of your staff, as well as continuum of care providers, to identify specific policy solutions to address the acute needs of domestic violence victims. As I mentioned during my meetings with your staff, I would welcome the opportunity to travel to North Dakota to visit Indian country and to learn more about the challenges these communities are facing. Working together, I'm confident we can find viable solutions to address the unique housing needs of Americans living in rural communities.

Q.5. What role does having a safe, clean and affordable place to live play in helping an individual get a job, avoid drugs and crime, and become a productive member of society?

A.5. Safe, stable housing is a critical platform for opportunity and the avoidance of despair.

Q.6. *Homeownership Affordability*—In an April 2015 article for housingwire, you discussed your concerns with the plunge in U.S. homeownership rates, which has hovered around 63 percent for the past several years. You concluded that due to high student debt, tight credit markets and increasing rents millions of families find

themselves stuck between a rental market they can no longer afford and a homeownership market for which they do not qualify.

What policies do you recommend to help address this fall in the homeownership rate? Do you believe that the CFPB's qualified mortgage rule has significantly contributed to this trend?

A.6. Regulatory uncertainty has contributed to the decline in the homeownership rate. Looking forward, I believe HUD policies should stress sustainable and affordable homeownership for credit worthy borrowers. Prudent underwriting standards and Housing Counseling are critical to achieving sustainable homeownership.

Q.7. *GSE Reform*—I've asked this question to Secretary Carson and I'd like to get your answer as well. Do you believe a Federal backstop is necessary to support a 30-year fixed rate mortgage?

A.7. The current state of the Nation's housing finance system is unsustainable. I believe the Government should assume the catastrophic risk on securities backed by standard, long-term fixed-rate mortgages to maintain broad access to sustainable homeownership. If confirmed, I look forward to making a meaningful contribution to this dialogue.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR
CORTEZ MASTO FROM PAMELA HUGHES PATENAUDE**

Q.1. President Trump's FY18 budget proposal includes several legislative proposals aimed at increasing rents on HUD-assisted households, especially households in the Section 202 Housing for the Elderly, Section 811 Housing for Persons with Disabilities, and Project-Based Rental Assistance programs. The budget states that existing hardship exemptions would apply, but HUD's own research¹ has shown that these hardship exemptions have functioned poorly, with 82 percent of housing authorities reporting that they provided hardship exemptions to less than 1 percent to families subjected to minimum rents. Further, HUD has yet to comply with a recently passed law (P.L. No: 114–201) requiring the Agency to certify to Congress that hardship exemptions are being enforced.

Do you agree with the policy proposal to experiment on increasing rents on America's poorest households, especially the elderly and persons disabilities, with what little we know about the enforcement of hardship exemptions and during a time when housing options are becoming scarcer for the over 11 million households rent burdened in this country?

A.1. I believe Federal rental policies need significant reform. The current calculation process is very complicated and I am sensitive to the belief that every assisted person should contribute some amount toward his or her rent. The policy proposal, I believe includes an "up to" qualifier to provide the Secretary with some flexibility to adjust the impact of this change. Regardless, this proposal is a first step toward a holistic reform. If confirmed, I very much look forward to working with you on policy reforms.

¹ https://www.huduser.gov/portal/publications/affhsg/srrf_2011.html

Q.2. At what rate do you estimate that hardship exemptions would be granted pursuant to the rent reform proposals outlined in the budget?

A.2. If confirmed, I commit to working with Congress and stakeholders on any enacted rental reform package. I believe any policy change should have a defined process to grant hardship exemptions. The rules should be clear and unambiguous. Thus, once clear eligibility standards are established, 100 percent of those eligible should be granted an exemption.

Q.3. Earlier this month, with Senator Rubio from Florida, I sent a letter to Secretary Carson regarding a change proposed in the President's 2018 budget as it relates to reverse mortgages. Our letter raised concerns that the President's budget may imperil widows and widowers that seek to continue living in their home after the death of their husband or wife. Can you please explain, in detail, the rationale for requesting this statutory change, how it might interact with existing, related Mortgagee Letters, and any estimated impact on both surviving spouses and the Mutual Mortgage Insurance Fund?

A.3. If confirmed, I look forward to working with you and Senator Rubio on this important issue. HUD staff informs me that in 2014, to protect the residency status of nonborrowing spouses, HUD added safeguards on newly issued reverse mortgages. The April 2014 Mortgagee Letter 2014-07 extended FHA insurance coverage to nonborrowing spouses so the period of time following the death of the last surviving mortgagor was further deferred based on the continued satisfaction of the requirements for a Nonborrowing Spouse.

As HUD advances changes to stabilize the HECM reverse mortgage program, including those to meet the minimum capital ratio goals for FHA budget purposes, I have been assured that none of the changes would result in surviving spouses losing their current contractual rights to continue to stay in their home as long as they continue to stay current on taxes, insurance and reasonably required repairs.

I am further informed that for those nonborrowing spouses on HECM contracts prior to April 2014, borrowers retain the ability to refinance to gain the protections included in new HECMs.

Q.4. In your testimony, you note that as Assistant Secretary for Community Planning and Development, you supported HUD's role in the Gulf Coast recovery after Hurricanes Katrina and Rita. As you know, HUD's role in that recovery was controversial. Most significantly, HUD was sued by the NAACP and fair housing advocates over the formula they used to compensate homeowners for storm losses. After a lengthy court battle, under the Obama administration, HUD agreed to settle claims of racial discrimination for \$62 million.² During the Presidential campaign, Secretary Carson conceded that he wouldn't know what to do if a hurricane struck.³ So HUD will be relying on you to ensure the fair and efficient allocation of disaster resources. What was your role in the Road Home

² <https://portal.hud.gov/hudportal/documents/huddoc?id=RoadHomeSettlement.pdf>

³ <http://abcnews.go.com/Politics/video/ben-carson-handle-hurricane-joaquin-34162816>

program, and what lessons did you learn from this episode that you would use at HUD, if confirmed?

A.4. The “Road Home” was the name Louisiana gave its recovery program. The State had to create an action plan and submit it to HUD for review. The language Congress included in the appropriation that funded this recovery was quite interesting. The Congress directed that the Secretary “shall waive” any provision of any statute or regulation that the Secretary administers upon a request by the State that such waiver is required to facilitate the use of such funds. This was the first time the Congress used the term “shall”. This “shall” language limited HUD’s involvement dramatically. Over the years the Congress rolled “shall” back to “may”, so HUD has much more involvement in the process than it did under my tenure as assistant secretary of Community Planning and Development and I believe this is a good evolution. Congress is still very prescriptive when it comes to the allocation of these dollars, but if confirmed, I will work to find ways to improve the timeliness of the data HUD uses to make the allocation determinations. Louisiana’s Road Home program was a very labor-intensive process. It took a long time for a recipient to work through that process and that slowed recovery down immensely. Many lessons were learned for the response to Hurricane Katrina. I would note that disaster recovery is an excellent example of where CDBG is used in a very targeted way to produce important results.

Q.5. Secretary Carson, in his listening tour across the country, has suggested that public and affordable housing developments were somehow too lavish.⁴ And earlier this month in an interview he said, “poverty is a state of mind.”⁵ I think that views like this can make it difficult for seniors, veterans, and people with disabilities to have confidence that the leadership at HUD has their best interests in mind. Do you agree with Secretary’s Carson’s views that “poverty is a state of mind?”

A.5. Secretary Carson clarified his remarks on this issue.

Q.6. Federal Housing Administration-backed loans have helped millions of Americans attain homeownership, especially first-time and minority buyers who may’ve been locked out of other sources of credit. FHA insurance also stepped into the void after the private mortgage market collapsed in 2008.

As Congress contemplates housing finance reform, will you commit to protecting the important role of FHA lending, including its low downpayments and affordable premiums?

A.6. Yes.

Q.7. To the extent that HUD maintains the Distressed Asset Stabilization Program—which sells off delinquent FHA loans in bulk to institutional investors like private equity funds—will you commit to preserving the neighborhood stabilization and borrower protection guardrails put in place in 2016?

A.7. The department is proud of the efforts made to date in strengthening DASP loss mitigation, vacant property, and neigh-

⁴https://www.nytimes.com/2017/05/03/us/politics/ben-carson-hud-poverty-plans.html?mcubz=1&_r=0

⁵<http://www.npr.org/2017/05/25/530068988/ben-carson-says-poverty-is-a-state-of-mind>

borhood stabilization elements. If confirmed, I will continue to look to improve on this program.

Q.8. The previous Administration wrote rules to ensure that all housing programs at HUD serve people without regard for sexual orientation or gender identity. These rules are particularly important for homeless youth, who disproportionately identify as LGBTQ. Will you commit to upholding nondiscrimination protections for LGBTQ people seeking housing, particularly homeless youth?

A.8. Yes.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR SCHATZ
FROM PAMELA HUGHES PATENAUE**

Q.1. As deputy secretary of HUD, you would be in charge of implementing HUD's programs.

Do you think the Administration's budget, which proposes to slash HUD's budget by \$6.7 billion (a 13 percent cut), would make it harder for you to do your job?

A.1. If the Congress were to enact a reduction at this level, the short run issues of redeploying and reallocating staff would increase the operational workload, but in the long run, it could create efficiencies.

Q.2. Given your extensive experience at HUD and knowledge of these programs, do you think cuts of this size are a good idea?

A.2. As a life-long housing practitioner and advocate I've seen the positive outcomes these programs can achieve. If confirmed, I look forward to working with Congress to create viable solutions to address the changing housing and community development needs of our Nation.

Q.3. Do you think the President's budget would increase or decrease the availability of affordable housing?

A.3. If the Congress were to appropriate funding at the proposed levels, it would take time for the current level of unobligated budget authority to spend down.

Q.4. Do you think the Federal Government should continue to fund programs to reduce homelessness and provide affordable housing?

A.4. Without question. The Federal Government should continue to fund programs to reduce homelessness, particularly among at-risk youths and veterans, and continue to support funding for affordable housing for our most vulnerable populations, including low-income seniors and persons with disabilities.

Q.5. In your experience, do you think that it is realistic to assume that State and private funds can make up for a loss of \$6.7 billion in Federal funding?

A.5. It would take time for currently appropriated funds to spend down, but it would also take time for States to adjust their budgets to reallocate their resources for this purpose. Some States have a 2-year budget process. Likewise, I think it would take some time to ramp up private sector and philanthropic participation.

Q.6. The budget proposes cutting the rental assistance program by \$2 billion through “policies that encourage work and self-sufficiency, including increases to tenant rent contributions.”

Do you agree that the Federal Government should shift \$2 billion of the cost of subsidized housing on to the low-income families that the program is supposed to serve?

A.6. I believe rent reform is a discussion worth having.

Q.7. Do you think that increasing the cost burden for low-income families will help them achieve greater self-sufficiency?

A.7. There is certainly evidence that it can happen.

Q.8. Many of the proposed cuts in the President’s budget are intended to pay for tax cuts for corporations and wealthy taxpayers. Do you think it is fair to make low-income families pay \$2 billion more for housing in order to pay for these tax cuts?

A.8. I am only familiar with the broad principles of any proposed tax reform.

Q.9. I am troubled that Secretary Carson believes that public housing creates a culture of dependency and that poverty is a “state of mind.” The evidence demonstrates just the opposite—stabilizing housing for low-income families is very effective in lifting families out of poverty.

In your prior experience at HUD, did you find that HUD’s affordable housing programs created a culture of dependency?

A.9. I am sure examples of how HUD programs can create dependency and as a platform for opportunity can both be documented.

Q.10. Do you agree or disagree with Secretary Carson’s belief that poverty is a “state of mind?”

A.10. Secretary Carson clarified his remarks in recent press interviews and before the Senate and House appropriations committees.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

LETTERS SUBMITTED IN SUPPORT OF THE NOMINATION OF KEVIN ALLEN HASSETT

The Honorable Michael Crapo
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
713 Hart Senate Office Building
Washington, DC 20510

June 6, 2017

Dear Chairman Crapo and Ranking Member Brown,

The signers of this letter join with pleasure to support the nomination of Mr. Kevin Hassett to be the Chairman of the Council of Economic Advisers. We come from all parts of Washington D.C.'s Youth Baseball Community and have served the youth of our city alongside Kevin through the Urban Baseball Foundation that he co-Founded.

Kevin and the Urban Baseball Foundation play an important role in providing DC's youth the opportunity to develop themselves through participation in America's great pastime.

Kevin has personally ensured the participation of D.C.'s youth from a diverse economic, social, and racial backgrounds, also raising and the delivering the funds to improve fields, provide coach stipends, purchase uniforms & equipment, and defraying the cost of Little League and Tournament participation for many of our players.

Kevin has maintained his commitment to D.C.'s youth baseball community as a coach and fundraiser long after his own children's participation in baseball ended. Kevin regularly calls to discuss the many achievements of the young people he has coached, supported, and watched play on the baseball diamonds of our city.

Although we know Kevin best as a civic leader committed to the development of our city's youth through baseball, we believe that his tremendous credentials as an economist and the collaborative nature with which he has led many others to commit to supporting youth participation in America's game signal a character and humanity that will serve our nation well with him as the Chairman of the Council of Economic Advisers.

Sincerely,

Paris M. Inman
Board Member DC Grays Baseball
and Administrator, DC Grays RBI - "Returning
Baseball to Inner Cities"

Gerard Hall, Sr
President and Founder
DC Knights Baseball

Gregory Roberts
District Administrator District #3
Washington DC Little Leagues

Shannon Settle
President
Southern District Little League

Supreme Aquil
President & Founder
Banneker City Little League

Mike Barbara
President
DC Grays Baseball

Keith Barnes
President & Founder
Mamie Johnson Little League

Coach Corey A. Jordan
Founder, Southern District Little League
ADA of Intermediate / Juniors Baseball,
MD District 3 Little League
Team Manager, DC Grays RBI 15U and 18U
Teams

Harry Thomas, Jr.
DC USA Softball Representative
Team Manager, DC Grays RBI Softball

Paul Donnellan
Past President
Northwest Little League

June 5, 2017

The Honorable Michael Crapo
Chairman
Committee on Banking, Housing, and
Urban Affairs
United States Senate
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and
Urban Affairs
United States Senate
713 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

We are writing to support the nomination of Kevin Hassett to be Chairman of the Council of Economic Advisers. The signers of this letter come from diverse backgrounds, and many of us have served in Democratic and Republican Administrations. While we disagree on many issues, as economists we all agree that the Nation would be well served if Kevin Hassett is confirmed as Chairman of the Council of Economic Advisers.

The Council of Economic Advisers plays an important role in providing the objective economic advice that the President needs to address our nation's economic challenges. While the signers of this letter hold a range of views on President Trump's policies, we all believe that the formulation of economic policy would be advanced by the analysis and advice that Dr. Hassett would bring to the table.

Dr. Hassett has a record of serious scholarship on a wide range of topics, including tax policy, business investment, and energy. He has engaged on an even wider range of topics in the public policy debate and in his work at the Federal Reserve and as a consultant to the Department of the Treasury during the Administrations of President George H.W. Bush and President William J. Clinton. In addition, we appreciate that Dr. Hassett has consistently made an effort to reach out to a wide range of people from across the ideological spectrum both to promote economic dialogue and to collaborate on research and public policy proposals.

For all of these reasons we believe that Dr. Hassett would be an excellent choice for Chairman of the Council of Economic Advisers and urge the Committee to move as expeditiously as possible to ensure that the Administration has the benefit of his economic advice.

Sincerely,

Alan J. Auerbach
Robert D. Burch Professor of Economics
and Law and Director, Burch Center for Tax
Policy and Public Finance
University of California, Berkeley

Martin N. Baily
Bernard L. Schwartz Chair in Economic
Policy Development and Senior Fellow in
Economic Studies
The Brookings Institution

Dean Baker
Co-Director
Center for Economic and Policy Research

Robert J. Barro
Paul M. Warburg Professor of Economics
Harvard University

Ben S. Bernanke
Distinguished Fellow in Residence,
Economic Studies
The Brookings Institution

Jared Bernstein
Senior Fellow
Center on Budget and Policy Priorities

Alan S. Blinder
Gordon S. Rentschler Memorial Professor of
Economics and Public Affairs
Princeton University

Michael J. Boskin
T.M. Friedman Professor of Economics and
Senior Fellow, Hoover Institution
Stanford University

Arthur C. Brooks
President
American Enterprise Institute

John H. Cochrane
Senior Fellow, Hoover Institution
Stanford University

Karen Dynan
Nonresident Senior Fellow
Peterson Institute for International
Economics

Janice Eberly
James R. And Helen D. Russell Professor of
Finance
Northwestern University, Kellogg School of
Management

Douglas W. Elmendorf
Dean and Don K. Price Professor of Public
Policy
Harvard University, John F. Kennedy
School of Government

Martin S. Feldstein
George F. Baker Professor of Economics
Harvard University

Jason Furman
Senior Fellow
Peterson Institute for International
Economics

William G. Gale
Arjay and Frances Miller Chair in Federal
Economic Policy and Senior Fellow in
Economic Studies
The Brookings Institution

Ted Gayer
Vice President and Director of the Economic
Studies Program and Joseph A. Pechman
Senior Fellow
The Brookings Institution

Austan D. Goolsbee
Robert P. Gwinn Professor of Economics
University of Chicago, Booth School of
Business

Alan Greenspan
President
Greenspan Associates LLC

Robert E. Hall
Robert and Carole McNeil Joint Senior
Fellow, Hoover Institution and Professor of
Economics
Stanford University

Douglas J. Holtz-Eakin
President
American Action Forum

R. Glenn Hubbard

Dean and Russell L. Carson Professor of
Finance and Economics
Columbia University, Graduate School of
Business

Randall S. Kroszner

Norman R. Bobins Professor of Economics
University of Chicago, Booth School of
Business

Alan B. Krueger

Bendheim Professor of Economics & Public
Policy
Princeton University

Edward P. Lazear

Morris Arnold Cox and Nona Jean Cox
Senior Fellow, Hoover Institution and
Davies Family Professor of Economics
Stanford University

Lawrence Lindsey

President and Chief Executive Officer
The Lindsey Group

N. Gregory Mankiw

Robert M. Beren Professor of Economics
Harvard University

Donald B. Marron

Director of Economic Policy Initiatives and
Institute Fellow
The Urban Institute

Peter R. Orszag

Vice Chairman and Managing Director
Lazard

Adam S. Posen

President
Peterson Institute for International
Economics

James Michael Poterba

Mitsui Professor of Economics
Massachusetts Institute of Technology

Christina D. Romer

Class of 1957-Garff B. Wilson Professor of
Economics
University of California, Berkeley

Harvey S. Rosen

John L. Weinberg Professor of Economics
and Business Policy
Princeton University

Cecilia Elena Rouse

Dean and Lawrence and Shirley Katzman
and Lewis and Anna Ernst Professor in the
Economics of Education
Princeton University, Woodrow Wilson
School of Public and International Affairs

Jay C. Shambaugh

Professor of Economics and International
Affairs
George Washington University

Robert J. Shapiro

Co-founder and Chairman
Sonecon, LLC

Betsy Stevenson

Associate Professor of Public Policy;
Associate Professor of Economics
University of Michigan, Gerald R. Ford
School of Public Policy

Michael R. Strain

Director of Economic Policy Studies and
Resident Scholar
American Enterprise Institute

James H. Stock

Burbank Professor of Political Economy
Harvard University

Phillip Swagel
Professor
University of Maryland

John B. Taylor
Mary and Robert Raymond Professor of
Economics and George P. Shultz Senior
Fellow in Economics, Hoover Institution
Stanford University

Laura D. Tyson
Distinguished Professor of the Graduate
School
University of California, Berkeley, Haas
School of Business

Justin Wolfers
Professor of Economics and Professor of
Public Policy
University of Michigan

Mark M. Zandi
Chief Economist
Moody's Analytics

*Affiliations listed for identification purposes
only and do not necessarily reflect the views
of the organizations listed.*

**LETTERS SUBMITTED IN SUPPORT OF THE NOMINATION OF PAMELA
HUGHES PATENAUDE**

**President**

Anthony Alfieri
RBC Capital Markets

First Vice President

Michael Gaber
WNC, Inc.

Vice President

Richard Burns
The NHP Foundation
Emily Cadik
Enterprise Community Partners, Inc.

David Carr
Churchill Square Group

John P. Casey
Meridian Investments, Inc.

Alan S. Cohen
Holland and Knight, LLP

Fred Copeman
Boston Financial Investment
Management

Larry Curtis
Winn Development

Thomas Giblin
Nison Peabody LLP

Jeffrey Kintle
Herman & Kintle Properties, Inc.

Scott Kotick
Alliant Companies

Bert Mitchell
The Community Builders, Inc.

Michael J. Novogradac
Novogradac & Company LLP

Joe Purcell
The Michaels Organization

Ryan Streddo
Red Stone Equity Partners

Phillip Stoffregen
Pedor Companies

Elizabeth Soble
U.S. Bancorp CDC

Marianne Volta
Bank of America Merrill Lynch

Jeffrey J. Woda
The Woda Group, Inc.

John Zoller
Hudson Housing Capital LLC

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Ronnie Thicken
R4 Capital LLC

Jeffrey A. Whiting
City Real Estate Advisors, Inc.

Veterans' Counsel
Richard S. Goldstein
Nison Peabody LLP

Legislative Counsel
James F. Miller
Tax Legislative Solutions, LLC

Executive Director
Victoria E. Spielman

Hand Delivery

May 25, 2017

The Honorable Michael D. Crapo, Chairman
The Honorable Sherrod Brown, Ranking Member
Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510-6075

RE: Nomination of Pamela H. Patenaude as Deputy Secretary of the
Department of Housing and Urban Development

Dear Chairman Crapo and Ranking Member Brown:

The Affordable Housing Tax Credit Coalition ("AHTCC") is pleased to write this letter in support of the nomination of Pamela H. Patenaude to be the Deputy Secretary of the Department of Housing and Urban Development. AHTCC is a national trade organization, headquartered in Washington, DC, whose members are participants in the low-income housing tax credit ("Housing Credit") industry and whose primary mission is to advocate for the preservation, expansion and improvement of the Housing Credit program. The undersigned is the Chairman Emeritus of the AHTCC and is President and CEO of CREA, LLC, a national Housing Credit syndicator based in Indianapolis, Indiana.

Although HUD does not administer the Housing Credit program, much of the multifamily housing financed, operated or assisted by HUD has been and will continue to be developed, preserved and renovated by the financing made available under the Housing Credit program. The housing and community development programs administered by HUD are often used in conjunction with the Housing Credit. Accordingly, we believe it is very important for the senior leadership of HUD to have a good understanding of how the Housing Credit and HUD programs can and should work together in order to maximize the effectiveness of each of these programs. We believe strongly that Ms. Patenaude has that knowledge and experience.

Ms. Patenaude has a lengthy and impressive record in housing, community development, real estate and public policy. In her current position as President of the J. Ronald Terwilliger Foundation and her prior position as Director of Housing Policy for the Bipartisan Policy Center, she has a keen understanding of the affordable housing crisis



facing our nation and the role that the Housing Credit and HUD programs can play in addressing that crisis. She recognizes the need for both low-income and workforce housing. From her position as an Assistant Secretary of HUD during the George W. Bush Administration, she has firsthand knowledge of how HUD functions and the manner in which national housing policy is made. We have confidence that her prior HUD experience will give her great perspective on ways in which HUD can improve its delivery of services on behalf of the taxpayers. A number of our members have worked in various capacities with Ms. Patenaude throughout her career and report to me that they have great respect and admiration for her, both professionally and personally.

The Affordable Housing Tax Credit Coalition believes that Ms. Patenaude is an outstanding choice for Deputy Secretary of HUD and we enthusiastically support her nomination for that position.

Should you have any questions, please feel free to contact AHTCC's counsel, Richard S. Goldstein at (202) 585-8730 or rgoldstein@nixonpeabody.com.

Thank you for your consideration of our views.

Very truly yours,

Jeffrey A. Whiting
Chairman Emeritus

AMERICAN
LAND TITLE
ASSOCIATION



June 5, 2017

Senate Committee on Banking, Housing, and Urban Affairs
Senator Mike Crapo, Chairman
Senator Sherrod Brown, Ranking Member

Distinguished Senators,

The over 6,000 member companies of the American Land Title Association are encouraged by the nomination of Pam Patenaude as Deputy Secretary for the Department of Housing and Urban Development. Her experience in housing policy and commitment to public service should bring critical viewpoints to inform HUD's mission.

ALTA and its members look forward to working with Ms. Patenaude to promote policies that will strengthen the nation's housing, provide consumers peace of mind when buying a home and ensure all consumers looking to purchase a home have access to affordable credit. We look forward to working with her to ensure that HUD, the Federal Housing Administration and Ginnie Mae can continue to play a vital role in supporting American communities through homeownership. We wish Ms. Patenaude great success in this role.

Sincerely



Michelle K. Korsmo
Chief Executive Officer
American Land Title Association



May 24, 2017

The Honorable Mike Crapo
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

It is with pleasure that we write to you in support of Pamela Hughes Patenaude as the nominee for the Deputy Secretary of the US Department of Housing and Urban Development. As co-founders of the Bipartisan Policy Center, we have personally witnessed Pam's commitment to advancing sound housing policies in America.

As the director of the BPC Housing Commission, Pam brought together a diverse group of national housing experts to review our nation's housing policies in the wake of the financial crisis. After a 16 month examination of the key issues in housing, the BPC Housing Commission issued a blueprint for a new housing finance system. The commission also proposed an outcome oriented approach to the distribution of federal rental subsidies that respond to the needs of our nation's most vulnerable citizens.

Pam has devoted her professional career to housing and community development where she has worked at the local, state and federal levels of government as well as the private and nonprofit sectors. These experiences have enabled Pam to develop a unique ability to view housing challenges from a big picture strategic lens.

We are confident Pam possesses the necessary skills and experience to help Secretary Carson carryout the mission of the US Department of Housing and Urban Development.

Thank you,

George Mitchell

Bob Dole

Celebrating ten years of productive partisanship.

bipartisanpolicy.org | 202-204-2400 | @BPC_Bipartisan | Washington, D.C. 20005

June 1, 2017

The Honorable Michael Crapo
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the Corporation for Enterprise Development (CFED), I am writing to express our strong support for the nomination of Pam Patenaude to be the next Deputy Secretary of the Department of Housing and Urban Development (HUD). CFED is a national, nonpartisan nonprofit organization based in Washington, D.C. that works to expand economic opportunity for all Americans by promoting and advocating asset-building policies and programs. CFED believes that many HUD programs, such as the Family Self-Sufficiency program, homeownership counseling, the Federal Housing Administration and other agency programs are fundamental to improving the financial well-being of families across the country. CFED believes that Ms. Patenaude has shown a commitment to building up communities throughout our country and urges the Committee to approve the nomination as quickly as possible.

Ms. Patenaude has demonstrated that she is qualified to help lead and manage HUD's day-to-day operations, through her decades of housing experience at the J. Ronald Terwilliger Foundation, the Bipartisan Policy Center, the Urban Land Institute, and her various roles at HUD. Ms. Patenaude can help the agency build consensus and guide the department to improve our nation's housing stock and help communities prosper. CFED believes that Ms. Patenaude will be a leader in developing and supporting bipartisan policy solutions to address America's affordable and homeownership crises, and advance ways to improve the finances of residents who rely on HUD.

CFED is confident that Ms. Patenaude is an excellent choice for Deputy Secretary of HUD. CFED looks forward to working with Ms. Patenaude and HUD upon her confirmation to ensure that all communities across America continue to receive the wealth building tools they need.



2999 Payne Avenue
3rd floor
Cleveland, Ohio 44114
p 216.574.7100
t 216.574.7130

May 11, 2017

17 MAY 22 AM 7:29

The Honorable Michael Crapo
Chairman, U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member, U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

I am writing to express my strong support for the nomination of Pamela Patenaude to serve as the next Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD). Ms. Patenaude possesses the intelligence, good judgment, leadership qualities, and communications skills to be an outstanding Deputy Secretary at HUD. I urge the United States Senate to swiftly confirm her nomination.

The current situation in housing is completely unacceptable: Today, more than 11 million families devote in excess of 50 percent of their incomes just to rent. A severe shortage of rental homes affordable to the lowest-income families is the primary culprit behind these high rent burdens. The national homeownership rate has also declined precipitously - the result of wage stagnation, regulatory policies, student loan debt, and high rents that make it difficult to accumulate funds for a down payment. Millions of creditworthy families seeking to purchase a home for the first time are today unable to realize their dream of homeownership.

Ms. Patenaude's previous experience at HUD will serve her well in this new role and will enable HUD to be even more responsive to these severe housing needs. Her recent work as president of the J. Ronald Terwilliger Foundation for Housing America's Families and as director of housing policy for the Bipartisan Policy Center have broadened her knowledge of the problem and innovative housing solutions. Once confirmed, I look forward to working closely with her and the HUD team to help meet America's pressing housing needs.

Sincerely,

Robert S. Curry
Executive Director
rcurry@chnnet.com
216-774-2340

chnnet.com





June 5, 2017

The Honorable Michael Crapo
 Chairman
 U.S. Senate Committee on Banking, Housing and Urban Affairs
 534 Dirksen Senate Office Building
 Washington, DC 20510

The Honorable Sherrod Brown
 Ranking Member
 U.S. Senate Committee on Banking, Housing and Urban Affairs
 534 Dirksen Senate Office Building
 Washington, DC 20510

Dear Mr. Chairman and Ranking Member:

The Community Mortgage Lenders of America (CMLA), a trade association for independent, community-based residential mortgage lenders is writing in support of the nomination of Pamela H. Patenaude as Deputy Secretary of the Department of Housing and Urban Development.

CMLA members serve the housing finance needs of consumers through the origination of FHA-insured, VA and Rural Housing Administration guaranteed loans as well as conventional mortgage loans. Most of CMLA's member companies are management or family-owned and consist of mortgage banking companies and community banks.

We look forward to working with Ms. Patenaude to modernize, reform and strengthen the FHA single family mortgage insurance program in order to maintain its focus on serving low, moderate-income, first-time and minority home buyers. Virtually all of our members are active participants in the FHA single family mortgage insurance program and we are proud of the fact that

the market share of small and mid-size independent lenders in the FHA program has grown significantly over the past several years.

We are also proud of the fact that commensurate with this growth in market share, the credit quality of the loans insured by FHA, as demonstrated in the Neighborhood Watch data base, are the best they have been since the inception of the data base some 19 years ago. Working with Ms. Patenaude, Secretary Carson and their team we are confident we can build upon the successful role small and mid-size independent lenders have played in the FHA mortgage insurance program to achieve even greater success in servicing the mortgage financing needs of American consumers.

Several of our members are active issuers in the GNMA mortgage backed security program. We are ready to work with Ms. Patenaude, Secretary Carson and the individual nominated to serve as President of GNMA to strengthen and modernize the GNMA program as well.

Based on Ms. Patenaude's leadership at the Bipartisan Policy Commission, the J. Ronald Terwillinger Foundation and the Urban Land Institute, as well as her outstanding work as Assistant Secretary of Community Planning and Development at the Department of Housing and Urban Development we believe she will work well with Secretary Carson and the HUD team. We are confident she recognizes the importance, and welcomes the active participation, of mid-size and small community-based lenders in serving the mortgage financing needs of Americans through both the FHA mortgage insurance program and the GNMA mortgage-backed security program.

Thank you for this opportunity to comment upon Ms. Patenaude's nomination. We would be pleased to answer any questions you or your staff might have or to provide additional information.

Sincerely,



Glen S. Corso
Executive Director



The non-profit association representing the officials providing affordable housing in Florida.

June 2, 2017

The Honorable Mike Crapo, Chairman
The Honorable Sherrod Brown, Ranking Member
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Crapo & Ranking Member Brown:

It is indeed an honor to write on behalf of the Florida Association of Housing and Redevelopment Officials (FAHRO) to recommend the confirmation of Pamela Hughes Patenaude as Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD).

As the association representing Florida's public housing agencies, charged with providing clean, safe, and affordable housing to our state's most vulnerable populations, we need partners at HUD who have the first-hand experience of implementing the policies of Washington. Ms. Patenaude not only has that experience, but also that of both the public and non-profit sectors, which makes her uniquely qualified to assist Secretary Carson in evaluating and recommending policies and seeking innovations for the betterment of HUD's portfolio of programs and services.

As public housing agencies, our members have faced persistent declining appropriations and increasing regulations, burdening them to the breaking point – threatening our critical mission to serve those families among us who are most at risk for homelessness. Ms. Patenaude's career of experience and dedication to housing America's families makes her an ideal candidate to usher through critical policy changes that will enable housing agencies to do what we do best; innovate solutions to our national housing crisis.

Thank you for consideration of our recommendations, and please do not hesitate to contact me at 850/222-6000 if we can be of any further assistance.

Respectfully,

A handwritten signature in blue ink that reads 'Corey Mathews'. The signature is written in a cursive, flowing style.

Corey G. Mathews, CAE
Executive Director



May 16, 2017

The Honorable Mike Crapo
Chairman of the Senate Banking Committee
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member of the Senate Banking Committee
713 Hart Senate Office Building
Washington, DC 20510

Re: Support for the Nomination of Pamela Patenaude as Deputy Secretary of HUD

Dear Chairman Crapo and Ranking Member Brown:

On behalf of Enterprise Community Partners, I am writing in support of the nomination of Pamela Patenaude to be Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD). We have worked closely together for many years and I can say without hesitation that Pam's deep understanding of affordable housing challenges and remarkable expertise make her an exemplary choice for the position.

Pam's nomination comes at a critical time, when America is struggling with a growing shortage of affordable homes. Her extensive experience in housing policy — including as a former adviser to Presidents Ronald Reagan and George W. Bush, director of housing policy at the Bipartisan Policy Center and president of the J. Ronald Terwilliger Foundation for Housing America's Families — will enable her to hit the ground running, immediately improving HUD's ability to strengthen communities nationwide. And as a former assistant secretary at HUD, Pam has a deep understanding of the agency's core programs and strong relationships in the field.

Pam recognizes that investments in quality, affordable homes must be a part of America's economic agenda, and she is a long-time supporter of bipartisan solutions who draws on and builds support for good ideas, wherever they are found. I am confident that if confirmed, Pam will work with state and local governments and private industry to enable HUD funds to leverage private investments to increase opportunity in communities across the country.

If you have any questions or would like to discuss my experiences working with Pam, please contact me directly at tludwig@enterprisecommunity.org or 212-284-7178.

Sincerely,

A handwritten signature in blue ink, appearing to read "Terri Ludwig".

Terri Ludwig
President & Chief Executive Officer
Enterprise Community Partners, Inc.



The non-profit association representing the officials providing affordable housing in Florida.

June 2, 2017

The Honorable Mike Crapo, Chairman
The Honorable Sherrod Brown, Ranking Member
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Crapo & Ranking Member Brown:

It is indeed an honor to write on behalf of the Florida Association of Housing and Redevelopment Officials (FAHRO) to recommend the confirmation of Pamela Hughes Patenaude as Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD).

As the association representing Florida's public housing agencies, charged with providing clean, safe, and affordable housing to our state's most vulnerable populations, we need partners at HUD who have the first-hand experience of implementing the policies of Washington. Ms. Patenaude not only has that experience, but also that of both the public and non-profit sectors, which makes her uniquely qualified to assist Secretary Carson in evaluating and recommending policies and seeking innovations for the betterment of HUD's portfolio of programs and services.

As public housing agencies, our members have faced persistent declining appropriations and increasing regulations, burdening them to the breaking point – threatening our critical mission to serve those families among us who are most at risk for homelessness. Ms. Patenaude's career of experience and dedication to housing America's families makes her an ideal candidate to usher through critical policy changes that will enable housing agencies to do what we do best; innovate solutions to our national housing crisis.

Thank you for consideration of our recommendations, and please do not hesitate to contact me at 850/222-6000 if we can be of any further assistance.

Respectfully,

A handwritten signature in blue ink that reads 'Corey Mathews'. The signature is written in a cursive, flowing style.

Corey G. Mathews, CAE
Executive Director



200 North Vineyard Boulevard, A300
Honolulu, HI 96817
Ph: 808-587-7886
Toll Free: 1-866-400-1116
www.hawaiiancommunity.net

May 19, 2017

The Honorable Michael Crapo
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of Hawaiian Community Assets (HCA) I am writing to express our strong support for the nomination of Pam Patenaude to be the next Deputy Secretary of the Department of Housing and Urban Development (HUD).

HCA is the State of Hawaii's largest HUD-approved housing counseling agency serving 1,500 families and 1,000 children with free financial education, housing counseling, and asset building programs each year. Since 2000, our organization has provided services and products through our statewide offices having assisted 5,828 low- and moderate-income children and adults obtain rentals, purchase homes, or prevent foreclosure.

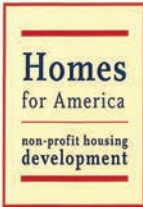
HCA believes that Ms. Patenaude's 34 years of experience in affordable housing, both in the public and private sectors, makes her an ideal candidate for the position of Deputy Secretary. Her work with HUD dates back to 1984 when she served as White House Liaison to the office of the HUD Secretary and Special Assistant for the Office of Multifamily Housing. Over the years, Ms. Patenaude's leadership roles within HUD and at the J. Ronald Terwilliger Foundation, the Bipartisan Policy Center, and the Urban Land Institute demonstrate her ability to manage the day-to-day operations of HUD. She is a thoughtful housing leader who will build consensus and help guide the department to improve our nation's housing stock and help communities prosper. I believe Ms. Patenaude will continue to support bipartisan policy solutions to address America's shortage of affordable housing and the residents that rely on HUD to support safe and supportive places to live.

In closing, HCA supports Ms. Patenaude to serve as Deputy Secretary of HUD based on her proven leadership, extensive experience, and commitment to affordable housing for all Americans. Thank you for the opportunity to share our organization's support.

Sincerely,

A handwritten signature in black ink that reads "Jeff Gilbreath".

Jeff Gilbreath
Executive Director



Kathy Ebner
President & CEO

Board of Directors

Trudy McFall
Chairman & Co-Founder

Michael Bodaken

Bradley J. Fennell

Dennis M. Conti

Charles L. Edson, Esq.

Mary Grace Folwell

James I. Humphrey, Jr.

Thomas Lantz

Richard L. Mostyn

Lisa J. Yaffe



318 Sixth Street
Annapolis, MD
21403

410-269-1222/tel
410-269-1479/fax
www.homesforamerica.org

Via Electronic Mail

May 17, 2017

The Honorable Mike Crapo
Chairman Committee on Banking,
Housing and Urban Affairs
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard Shelby
The Honorable Bob Corker
The Honorable Patrick J. Toomey
The Honorable Dean Heller
The Honorable Tim Scott
The Honorable Ben Sasse
The Honorable Tom Cotton
The Honorable Mike Rounds
The Honorable David Perdue
The Honorable Thom Tillis
The Honorable John Kennedy

The Honorable Sherrod Brown
Ranking Member, Committee on
Banking, Housing and Urban Affairs
713 Hart Senate Office Building
Washington, DC 20510

The Honorable Jack Reed
The Honorable Robert Menendez
The Honorable Jon Tester
The Honorable Mark R. Warner
The Honorable Elizabeth Warren
The Honorable Heidi Heitkamp
The Honorable Joe Donnelly
The Honorable Brian Schatz
The Honorable Chris Van Hollen
The Honorable Catherine Cortez Masto

Dear Chairman Crapo, Ranking Member Brown and Members of the Senate Banking Committee:

We are writing to express strong support for the nomination of Pamela Patenaude to serve as Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD). Due to her extensive experience in the public, private and philanthropic sector, Ms. Patenaude will be an outstanding Deputy Secretary. We urge the United States Senate to quickly confirm her nomination.

Our country is in dire need of more affordable housing. One in four families spend more than half of their monthly income on rent. The challenges will increase in the coming decade as the population ages. Ms. Patenaude brings a level of expertise and commitment to the Deputy Secretary position that will enable her to quickly and efficiently identify solutions and work in partnership across all sectors.

We look forward to Ms. Patenaude's leadership of HUD and respectfully urge your support of her nomination.

Sincerely,

Kathy Ebner
President and CEO



Housing Assistance Council

1025 Vermont Avenue, NW, Suite 606, Washington, DC 20005, Tel.: 202-842-8600, Fax: 202-347-3441, HAC@ruralhome.org

Web site: www.ruralhome.org

May 25, 2017

Chairman Mike Crapo
U.S. Senate
Committee on Banking, Housing, &
Urban Development
534 Dirksen Senate Office Building
Washington, D.C. 20510

Ranking Member Sherrod Brown
U.S. Senate
Committee on Banking, Housing, &
Urban Development
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

The Housing Assistance Council (HAC) supports the nomination of Pam Patenaude to serve as the Department of Housing and Urban Development's (HUD) Deputy Secretary. Throughout her career, Ms. Patenaude has demonstrated an understanding of the housing sector from various perspectives. And she has earned a reputation among industry stakeholders for her even-handed approach in bringing forth solutions to housing challenges.

Particularly notable to HAC and our rural partners across the country is Ms. Patenaude's understanding of rural housing. In her previous stint at HUD, Ms. Patenaude's portfolio included the Home Investments Partnership Program (HOME), Community Development Block Grant (CDBG), and Self-Help Homeownership Opportunity (SHOP) programs, all of which are critical tools to providers of rural affordable housing.

In her role as Director of Housing Policy at the Bipartisan Policy Center, Ms. Patenaude oversaw the "Housing America's Future: New Directions for National Policy" report, which included a chapter focused on "The Importance of Rural Housing". The inclusion of rural housing in this report was well-received by rural housing stakeholders, as it highlighted both the importance and uniqueness of rural housing challenges and opportunities. Ms. Patenaude also provided a forum for discussion of rural multifamily housing challenges during her tenure at the Bipartisan Policy Center.

Housing needs in rural and tribal communities are pressing. HAC is heartened that a leader of Ms. Patenaude's caliber is willing to take on a leadership role at HUD. If confirmed, Ms. Patenaude will be an asset to the Administration, and her service will benefit the vulnerable rural Americans that HAC serves.

Sincerely,

Moises Loza
Executive Director

**Building
Rural
Communities**

Southeast Office
600 West Peachtree St., NW
Suite 1500
Atlanta, GA 30308
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Fax: 404-892-1204
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Tel.: 916-706-1836
Fax: 916-706-1849
Western@ruralhome.org


Housing Assistance Council

1025 Vermont Avenue, NW, Suite 606, Washington, DC 20005, Tel.: 202-842-8600, Fax: 202-347-3441, HAC@ruralhome.org

 Web site: www.ruralhome.org

May 25, 2017

Chairman Mike Crapo
 U.S. Senate
 Committee on Banking, Housing, &
 Urban Development
 534 Dirksen Senate Office Building
 Washington, D.C. 20510

Ranking Member Sherrod Brown
 U.S. Senate
 Committee on Banking, Housing, &
 Urban Development
 534 Dirksen Senate Office Building
 Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

The Housing Assistance Council (HAC) supports the nomination of Pam Patenaude to serve as the Department of Housing and Urban Development's (HUD) Deputy Secretary. Throughout her career, Ms. Patenaude has demonstrated an understanding of the housing sector from various perspectives. And she has earned a reputation among industry stakeholders for her even-handed approach in bringing forth solutions to housing challenges.

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Sincerely,

Moises Loza
 Executive Director

**Building
 Rural
 Communities**

Southeast Office
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 Atlanta, GA 30308
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Western Office
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 Tel.: 916-706-1836
 Fax: 916-706-1849
Western@ruralhome.org



Social Mission.
Private Enterprise.

May 22, 2017

Dear Chairman Crapo and Ranking Member Brown:

I am writing to express the support of Housing Partnership Network for the nomination of Pamela Hughes Patenaude to serve as Deputy Secretary of the Department of Housing and Urban Development. I encourage your Committee to quickly approve her nomination and move it through the Senate.

Housing Partnership Network is a business alliance of high-performing affordable housing developers and lenders. The members' businesses include affordable housing development, lending, property management and housing counseling. HPN has 97 members in 50 states that collectively have developed and preserved 373,600 homes, and have served 9.8 million low-income people through housing, community facilities and services. Through HPN, the members' senior leadership comes together with their peers to exchange information, solve problems, and share best practices. Their collaborations have spawned member-owned businesses like a property insurance company and a real estate investment trust that advance innovations in the practice of affordable housing and community development.

Ms. Patenaude's nomination deserves your support because she has the leadership experience and personal commitment to affordable housing to improve the operations of the Department and make progress solving America's shortage of safe, decent affordable housing. As you know, more than 11.4 million American households pay more than 50% of their incomes on rental housing, leaving little left for food, health care, transportation, and other necessities. The growing shortage of rental housing needs to be addressed by the joint efforts of the private, public and nonprofit sectors.

Ms. Patenaude is well-suited to bring together the diverse partners needed to work to improve America's housing and community development system. She is collaborative and able to listen to diverse points of view. The fact that she has prior experience working in senior positions at the Department means that she will be able to address the challenges at the Department much more quickly than someone who needed to learn the programs. Ms. Patenaude's work at the J. Ronald Terwilliger Foundation for Housing America's Families, the Bipartisan Policy Center, and

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Boston, MA 02108
617 720 1999 #

820 First Street, NE, Suite 760
Washington, DC 20002
202 743 7966 #

housingpartnership.net



the Urban Land Institute gives her decades of experience working with leaders in the affordable housing field to craft new solutions to longstanding housing challenges.

We encourage your Committee to give Ms. Patenaude's nomination swift and positive consideration so she can begin helping Dr. Carson address America's shortage of affordable housing. Please let me know if you would like to discuss this further.

Sincerely,

A handwritten signature in black ink that reads "Thomas Bledsoe".

Thomas Bledsoe.
President & CEO

CC: Members of the Senate Committee on Banking, Housing and Urban Affairs



MORTGAGE BANKERS ASSOCIATION

May 11, 2017

The Honorable Mike Crapo
Chairman
Committee on Banking, Housing
and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and
and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

On behalf of the Mortgage Bankers Association, I am writing to enthusiastically endorse the nomination of Pamela Hughes Patenaude to serve as the next Deputy Secretary of the U.S. Department of Housing and Urban Development.

I've had the privilege of knowing Pam for many years, most recently through her outstanding work — at both the J. Ronald Terwilliger Foundation and the Bipartisan Policy Center — to address our nation's critical housing finance and affordable housing needs. Throughout our work together, I have found her to be extraordinarily knowledgeable of the challenges facing our nation, and dedicated to bringing people together in support of common-sense solutions.

Pam, of course, is no stranger to housing issues. She possesses an unrivaled background honed over a 30-year career that included two prior tours of duty at HUD. Her experience at HUD has given her a unique understanding of the challenges facing the department, as well as the critical role it plays in helping millions of American families.

If confirmed to serve as Deputy Secretary, Pam will face a daunting task to improve HUD's operations and make the department a more effective partner for the people and stakeholders it serves. Chief among those challenges, MBA believes HUD needs to address several critical priorities in its management of the Federal Housing Administration, including enhancing the FHA's efficiency and technology deployment, clarifying existing lender guidance, and ensuring the long-term financial stability of the FHA program.

I'm certain HUD will benefit from Pam's deep public and private sector experience. MBA urges this committee and, in turn, the full Senate to approve her nomination and we look forward to working with her in this new role.

Sincerely,

A handwritten signature in black ink, appearing to read "D. H. Stevens".

David H. Stevens, CMB
President and Chief Executive Officer

Multifamily Lenders Council

11555 N. Meridian Street Suite 400 Indianapolis, IN 46032

(317) 569-7420

June 5, 2017

The Honorable Michael Crapo
Chairman
U.S. Senate Committee on
Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on
Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

The Multifamily Lenders Council ("MLC") is writing in support of the nomination of Pamela H. Patenaude for the Position of Deputy Secretary of the Department of Housing and Urban Development.

MLC is a consortium of geographically dispersed, independent mortgage bankers that utilize the Federal Housing Administration's insurance programs to finance affordable, workforce and market rate rental housing across the country. Founded in 2013, the mission of the Council is to advocate for effective and efficient FHA multifamily programs by (1) working with Members of Congress to provide information on the FHA multifamily programs' history and success as well as suggest improvements, and (2) working with HUD to streamline processes, increase production and maintain fiscally responsible programs.

We look forward to working with Mrs. Patenaude to improve the FHA multi-family mortgage insurance program so that it can serve the ever-growing need of workforce and affordable rental housing across America. Mrs. Patenaude has been a good friend, advocate, and leader for affordable housing. She understands HUD and its mission. She wants to focus on making HUD work for modest- and low-income Americans. MLC has worked with her in her previous roles and we know that she recognizes the affordable housing crisis in the rental market and how HUD can help. She has spent decades working on solutions with stakeholders.

Working with Dr. Carson, Mrs. Patenaude, and their team we are confident we can build upon the successful role small and mid-size independent multi-family lenders have played in the FHA mortgage insurance program to achieve even greater success in servicing the mortgage financing needs of America's rental communities.

Thank you for this opportunity to comment on Mrs. Patenaude's nomination. We would be pleased to answer any questions you or your staff might have or to provide additional information.

Sincerely,



Michael Petrie, CMB
President



May 22, 2017

The Honorable Michael Crapo
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

I am writing to express the unqualified support of Mutual Housing California for the nomination of Pam Patenaude to be the next Deputy Secretary of the Department of Housing and Urban Development (HUD).

Mutual Housing California is a nonprofit community development association that currently houses more than 3,000 low income people in permanently affordable housing that builds strong and stable communities through resident participation and leadership development. We operate 19 mutual housing communities in both urban and rural areas within and surrounding Sacramento, California.

The nomination of Ms Patenaude for Deputy Secretary at HUD comes at a critical time when we are facing an affordable housing crisis throughout America. We view the opportunity to have someone as experienced, committed and qualified for that position as Ms Patenaude as an opportunity to bring leadership and innovation to supporting those throughout our country who are working to address that crisis while making our communities stronger.

Her previous work at HUD, the J Ronald Terwilliger Foundation, the Bipartisan Policy Center and the Urban Land Institute all point to Ms Patenaude's qualifications and long-standing commitment to addressing our current housing shortage through bipartisan solutions.

In light of the above, we urge the Committee to approve Ms Patenaude's nomination as expeditiously as possible.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rachel Iskow", written over a horizontal line.

Rachel Iskow
Executive Director



May 18, 2017

Sen. Mike Crapo, Chairman
Sen. Sherrod Brown, Ranking Member
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman and Sen. Brown:

The National Association of Affordable Housing Lenders (NAAHL) enthusiastically supports the nomination of Pamela Hughes Patenaude as Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD).

NAAHL is the national alliance of leading banks, community development financial institutions (CDFIs), and other private capital providers committed to affordable housing and inclusive neighborhood revitalization. Partnerships between responsible private capital providers and government at all levels – especially HUD – are essential to affordable homeownership and rental housing, as well as to strong urban, rural, and suburban neighborhoods in every state. Private capital multiplies the impact of limited public resources and adds market discipline and expertise to these partnerships. HUD provides secondary financing through HOME, CDBG, and Choice Neighborhoods, mortgage liquidity through FHA and Ginnie Mae, and rental assistance so private capital can flow responsibly, reliably, and consistently. A list of NAAHL's sustaining members is attached.

An ideal HUD Deputy Secretary should have deep experience in affordable housing and community development policy and practice; fully understand how HUD works programmatically and operationally; a history of bringing together a wide range of interests with divergent perspectives around a common agenda; and a proven leadership record.

Pam Patenaude excels in all respects.

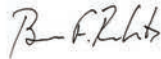
- She has 35 years of experience and commitment to affordable housing and community development in a range of roles – as a builder, state and federal government official, researcher, and policy leader. She has lived the practice and policy of affordable housing from the perspectives of both the public and private sectors. She will be able to balance the full range of considerations necessary to good decision-making and management at HUD.

1025 Connecticut Avenue, NW, Suite 710, Washington, DC 20036
(202) 293-9850 | naahl.org

- Her experience at HUD under President Reagan and President George W. Bush will be a great asset in taking on the complex job of Under Secretary. She knows how HUD works, where its strengths lie, and how to address its challenges and opportunities.
- As director of the Bipartisan Policy Center's Housing Commission, co-chaired by Kit Bond, Henry Cisneros, Mel Martinez, and George Mitchell, Pam built a broad consensus for forward-looking policies. This work reflects her outstanding leadership and management skills and also provides a set of ideas for consideration by Congress and the Trump Administration.

We are grateful that Pam Patenaude has agreed to serve a third tour of duty at HUD. We are confident she would be an outstanding Deputy Secretary and we urge the committee to consider her nomination timely and favorably. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "B. F. Roberts". The signature is fluid and cursive, with a large initial "B" and "R".

Benson F. Roberts
President and CEO

NAAHL Sustaining Members

Ally
American Bankers Association Foundation
American Express
America's Federal Home Loan Banks
Bank of America
Bank of New York Mellon
BB&T
BMO Harris Bank
Capital One
Citi
The Community Development Trust
Community Investment Corporation
The Community Preservation Corporation
Community Reinvestment Fund, USA
E*TRADE
Fifth Third Bank
Goldman Sachs
Housing Partnership Network
JPMorgan Chase
LISC/National Equity Fund
Low Income Investment Fund
Massachusetts Housing Investment Corporation
Massachusetts Housing Partnership
Morgan Stanley
MUFG Union Bank, N.A.
NeighborWorks America
Northern Trust
Ohio Capital Corporation for Housing
Pembroke Capital Management LLC
PNC Community Development Banking
Raza Development Fund
Rocky Mountain Community Reinvestment Corporation
Santander Bank, N.A.
Silicon Valley Bank
TD Bank, Community Development
U.S. Bank
Wells Fargo
Woodforest National Bank



National Association of Home Builders

1201 15th Street NW
Washington, DC 20005

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F 202 268 8374
GMacDonald@macdonald-
companies.com

Granger MacDonald
2017 NAHB Chairman of the Board

June 5, 2017

The Honorable Mike Crapo
Chairman
United States Senate Committee on
Banking, Housing, and Urban Affairs
239 Dirksen Senate Office Building
Washington, DC 20510-7010

The Honorable Sherrod Brown
Ranking Member
United States Senate Committee on
Banking, Housing, and Urban Affairs
713 Hart Senate Office Building
Washington, DC 20510-7010

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the National Association of Home Builders (NAHB), I am pleased to offer our strong support for the nomination of the Honorable Pamela Hughes Patenaude to be Deputy Secretary of Housing and Urban Development (HUD).

NAHB has worked with Ms. Patenaude throughout her long professional career, both in her multiple roles at HUD where she administered key housing programs for our industry to her more recent positions as Director of Housing Policy for the Bipartisan Policy Center and as President of the J. Ronald Terwilliger Foundation for Housing America's Families. Throughout her government and private sector career, Ms. Patenaude has proven herself to be an expert in the housing field, and someone with a keen eye for identifying industry-wide issues and providing viable solutions. NAHB has full confidence in Ms. Patenaude for this critical position at HUD, and believes she will bring an aggressive new approach to reducing bureaucratic requirements while achieving strong program results with limited taxpayer resources.

As housing goes, so goes the economy. To ensure the housing recovery continues to move forward, it is essential to have a leader like Ms. Patenaude who is committed to promoting pro-housing policies that support homeownership, providing rental housing opportunities for hard-working American families, and removing regulatory barriers that are needlessly raising housing costs across-the-board.

NAHB looks forward to working with Pam Patenaude in her role as HUD Deputy Secretary in 2017 and beyond.

Best regards,

A handwritten signature in black ink, appearing to read "Granger MacDonald".

Granger MacDonald

cc: Senate Committee on Banking, Housing, and Urban Affairs



National Association of Housing and Redevelopment Officials

630 Eye Street NW, Washington DC 20001-3736
(202) 289-3500 Toll Free: (877) 866-2476 Fax: (202) 289-8181

Senator Michael Crapo, Chair
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

June 1, 2017

Dear Chairman Crapo,

On behalf of the almost 20,000 agency and individual members of the National Association of Housing and Redevelopment Officials, I am writing to support the nomination of Pamela Hughes Patenaude as the Deputy Secretary for the Department of Housing and Urban Development (HUD).

Ms. Patenaude's extensive experience with affordable housing and community development issues, both in the non-profit sector and at HUD, will be an asset and a strong resource in carrying out HUD's mission. Her career spans more than 30 years in the housing, community economic development, real estate, and public policy areas. She is the president of the J. Ronald Terwilliger Foundation for Housing America's Families, a nonprofit education and research organization dedicated to illuminating America's affordable housing crisis. Before this, she served as Director of Housing Policy for the Bipartisan Policy Center (BPC). During her tenure, the BPC published a report, "Housing America's Future: New Directions for National Policy," which proposed diverse solutions to address current housing challenges. Ms. Patenaude also served as Executive Vice President of the Urban Land Institute, and as Founding Executive Director for the Terwilliger Center for Workforce Housing.

In particular, Ms. Patenaude has valuable prior HUD experience. Earlier in her career, she served as the Assistant Secretary for Community Planning and Development; she also served as HUD's Assistant Deputy Secretary for Field Policy and Management. We believe her extensive knowledge of HUD, as well as its programs, practices, and procedures, makes her an exceptionally strong candidate. She is prepared for the job.

Given her prior experience and credentials, we believe Ms. Patenaude will be a highly qualified member of the HUD leadership team, and one who will bring her experience into the room as complicated housing matters are deliberated. We encourage swift action on her appointment.

Sincerely,

Adrienne Todman
NAHRO CEO

Stephen W. Merritt, PHM, President; **Carl S. Richie, Jr.**, NCC, NAHRO Fellow, Senior Vice President; **Julie Brewen**, Vice President-International Research and Global Exchange; **Donna Brown-Rego**, Vice President-Member Services; **Donovan Duncan**, Vice President-Community Revitalization and Development; **Duane Hopkins**, Vice President-Professional Development; **Richard Leco**, PHM, Vice President-Commissioners; **Regina Mitchell**, SPHM, PHM, Vice President-Housing; **Adrienne Todman**, Chief Executive Officer.

e-mail: nahro@nahro.org

website: www.nahro.org



William E. Brown
2017 President

Dale A. Stinton
Chief Executive Officer

GOVERNMENT AFFAIRS DIVISION

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Joe Ventrone, Vice President & Deputy Chief
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Janie Gregory, Deputy Chief Lobbyist

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WWW.NAR.REALTOR

June 2, 2017

The Honorable Michael Crapo
Chairman
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
713 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

The more than 1.2 million members of the National Association of REALTORS® (NAR) strongly support the nomination of Pam Patenaude as Deputy Secretary for the Department of Housing and Urban Development (HUD). Her experience and expertise will greatly benefit the Department and the American people.

Ms. Patenaude's familiarity with the policy arena and with housing specifically makes her an outstanding choice for this position. Her years of public service, both at HUD and in the nonprofit sector have shown her dedication to the housing industry and her vast knowledge that will serve us all well at HUD. She has consistently engaged in the issues and is willing to work in a bipartisan fashion to find solutions to our nation's housing problems.

Ms. Patenaude began her career at the New Hampshire Housing Authority, so she has a great understanding of how state and local housing issues are impacted by federal policy. She also has knowledge of the successful use of public-private partnerships to help resolve the lack of affordable housing in many communities, something that Secretary Carson has singled out as a priority.

NAR asks for your swift confirmation of Pam Patenaude as Deputy Secretary of HUD, and looks forward to working with her to obtain decent, safe, affordable housing for all our citizens.

Sincerely,

William E. Brown
2017 President, National Association of REALTORS®

cc: U.S. Senate Committee on Banking, Housing, and Urban Affairs



REALTOR® 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.



One Battery Park Plaza
24 Whitehall Street,
Suite 710
New York, NY 10004
Tel 212.682.1106
Fax 212.573.6118

May 23, 2017

The Honorable Michael Crapo
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

I am writing on behalf of the National Development Council (NDC) to express our strong support for the nomination of Pam Patenaude to be the next Deputy Secretary of the Department of Housing and Urban Development (HUD). The National Development Council is the nation's most experienced nonprofit working in the field of housing and community development. Our mission is to raise capital and direct it to economically underserved communities to create affordable housing, living wage jobs and rebuild public infrastructure. Currently NDC works with over 100 municipal and nonprofit clients nation-wide, providing them with the tools and resources needed to address and correct critical housing and income inequality issues within their communities. The swift confirmation of Ms. Patenaude will send a signal to our urban and rural constituents that Congress values experience and endorses a bipartisan approach to addressing the shortage of affordable housing, crumbling infrastructure and lagging job creation in America's poorest communities.

Ms. Patenaude's experience gained over the years working with the R. Ronald Terwilliger Foundation, the Bipartisan Policy Center and the Urban Land Institute and HUD as Assistant Secretary for Community Planning and Development, demonstrates that she is exceptionally qualified, and is the perfect choice to become Deputy Secretary of the United States Department of Housing and Urban Development. We know Ms. Patenaude to be a thoughtful and tireless worker, who will continue to promote and support bipartisan policy solutions to address America's affordable housing shortage and the lack of investment in distressed communities nation-wide.

The National Development Council believes Ms. Patenaude to be an excellent choice to serve as Deputy Secretary of HUD, and we stand ready to work with her upon her confirmation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel Marsh III", is written over a horizontal line.

Daniel Marsh III
President & CEO



May 19, 2017

The Honorable Mike Crapo
Chairman Committee on Banking,
Housing and Urban Affairs
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member, Committee on
Banking, Housing and Urban Affairs
713 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

I am writing to express the support of the National Housing Trust for the nomination of Pamela Patenaude to serve as the next Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD). Ms. Patenaude's decades of experience in the public, private and philanthropic sectors have equipped her with the expertise and leadership skills to be a strong Deputy Secretary. We encourage the U.S. Senate to confirm her nomination swiftly.

Our country is facing a rental housing affordability crisis. One in four renters spend more than half of their monthly income on rent. Available rental assistance programs serve only one in four eligible residents. A shortage of affordable rental housing is at the root of this crisis and is worsened by declining homeownership rates. These challenges will only increase in the coming decade as the senior population swells and the large Millennial generation continues to form households. Effective solutions to the affordability crisis and strategic investment to create opportunity in America's communities will require commitment, expert leadership, and partnerships across the private, public and nonprofit sectors.

Based on her years working in affordable housing, we are confident that Ms. Patenaude fully appreciates the critical importance of HUD's mission and the challenges we face. She has the knowledge, experience and commitment to help guide the agency in addressing these challenges. Ms. Patenaude has worked effectively with colleagues across all sectors, perspectives and ideologies to identify the best approaches and achieve better outcomes for the people served by housing assistance.

Ms. Patenaude is a person of the utmost integrity and has a passion for public service. She is a leader committed to the mission of HUD and knowledgeable in its programs and operation. We would be fortunate to have her as our HUD Deputy Secretary. If the Senate confirms her, we look forward to working closely with Ms. Patenaude, Secretary Carson, and the HUD team to help meet America's pressing housing needs.

Sincerely,

A handwritten signature in cursive script that reads "Michael Bodaken".

Michael Bodaken
President
National Housing Trust

NCCDC

Northern Cambria Community Development Corporation

4200 Crawford Avenue, Suite 200
Northern Cambria, PA 15714

Phone (814) 948-4444
Fax (814) 948-4449

May 25, 2017

The Honorable Michael Crapo
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of Northern Cambria Community Development Corporation, I am writing to express our dedicated support for the nomination of Pam Patenaude to be the next Deputy Secretary of the Department of Housing and Urban Development (HUD). NCCDC is a non-profit dedicated to growing our community; making it a good place to live, work, do business and raise children. Through real estate development, NCCDC has established a management and/or ownership portfolio that consists of 21 different properties in 11 Pennsylvania counties that has created 246 housing units, attracted 10 commercial business tenants, and generated nearly 100 jobs. Northern Cambria Community Development Corporation believes that Ms. Patenaude has shown a commitment to building up communities throughout our country and urges the Committee to approve her nomination as expeditiously as possible.

Ms. Patenaude has demonstrated that she is qualified to help lead and manage HUD's day-to-day operations, through her decades of housing experience working at the J. Ronald Terwilliger Foundation, the Bipartisan Policy Center, the Urban Land Institute, and her various roles at HUD. Ms. Patenaude is a thoughtful housing leader who will build consensus and help guide the department to improve our nation's housing stock and help communities prosper.

Furthermore, we believe that Ms. Patenaude embraces a firm commitment to addressing the affordable housing crisis facing America, including the unique challenges in rural communities. We believe that she will continue to support bipartisan policy solutions to address America's shortage of affordable housing and the residents that rely on HUD to support safe and supportive places to live.

In closing, NCCDC believes that Ms. Patenaude is an excellent choice to serve as Deputy Secretary of HUD. With Ms. Patenaude's experience, commitment and qualifications we are confident that she will continue to be a leader and an innovator. NCCDC stands ready to work with Ms. Patenaude and HUD upon her confirmation to ensure that all communities across America continue to receive the support they need.

Sincerely,



Matt Barczak
Executive Director
Northern Cambria Community Development Corporation

NCCDC

Northern Cambria Community Development Corporation

4200 Crawford Avenue, Suite 200
Northern Cambria, PA 15714

Phone (814) 948-4444
Fax (814) 948-4449

May 25, 2017

Senator Patrick Toomey
U.S. Senate
Washington, DC 20510

Dear Senator Toomey:

On behalf of Northern Cambria Community Development Corporation, I am writing to express our dedicated support for the nomination of Pam Patenaude to be the next Deputy Secretary of the Department of Housing and Urban Development (HUD). NCCDC is a non-profit dedicated to growing our community; making it a good place to live, work, do business and raise children. Through real estate development, NCCDC has established a management and/or ownership portfolio that consists of 21 different properties in 11 Pennsylvania counties that has created 246 housing units, attracted 10 commercial business tenants, and generated nearly 100 jobs. Northern Cambria Community Development Corporation believes that Ms. Patenaude has shown a commitment to building up communities throughout our country and urges the Committee to approve her nomination as expeditiously as possible.

Ms. Patenaude has demonstrated that she is qualified to help lead and manage HUD's day-to-day operations, through her decades of housing experience working at the J. Ronald Terwilliger Foundation, the Bipartisan Policy Center, the Urban Land Institute, and her various roles at HUD. Ms. Patenaude is a thoughtful housing leader who will build consensus and help guide the department to improve our nation's housing stock and help communities prosper.

Furthermore, we believe that Ms. Patenaude embraces a firm commitment to addressing the affordable housing crisis facing America, including the unique challenges in rural communities. We believe that she will continue to support bipartisan policy solutions to address America's shortage of affordable housing and the residents that rely on HUD to support safe and supportive places to live.

In closing, NCCDC believes that Ms. Patenaude is an excellent choice to serve as Deputy Secretary of HUD. With Ms. Patenaude's experience, commitment and qualifications we are confident that she will continue to be a leader and an innovator. NCCDC stands ready to work with Ms. Patenaude and HUD upon her confirmation to ensure that all communities across America continue to receive the support they need.

Sincerely,


Matt Barczak
Executive Director

Northern Cambria Community Development Corporation



June 2, 2017

The Honorable Michael Crapo
Chairman
U.S. Senate Committee on
Banking, Housing, and Urban Affairs
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on
Banking, Housing, and Urban Affairs
713 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

I am writing on behalf of the National Leased Housing Association (NLHA) to express our strong support for the nomination of Pam Patenaude for the position of Deputy Secretary for the Department of Housing and Urban Development (HUD). The National Leased Housing Association (NLHA) was formed in 1972 and is committed to public and private sector interaction as the most pragmatic means of meeting this nation's rental housing needs.

Ms. Patenaude's distinguished career in the field of affordable housing is extensive and impressive and her experience will serve HUD well. NLHA has worked with Ms. Patenaude over the years both during her previous time at HUD and again when she was directing the housing activities of the Bi-Partisan Policy Center. We have found her to be extremely knowledgeable, pragmatic and committed to issues surrounding the provision of affordable housing.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Denise B. Muha".

Denise B. Muha
Executive Director



www.nlihc.org
 Dedicated solely to achieving socially just public policy that assures
 with the lowest incomes in the United States have affordable and decent homes
 1000 Vermont Ave, NW, Suite 500 | Washington, DC 20005
 Tel 202.662.1530 | Fax 202.393.1973

May 16, 2017

The Honorable Michael Crapo
 Chairman, Committee on Banking,
 Housing, and Urban Affairs
 U.S. Senate
 Washington, DC 20515

The Honorable Sherrod Brown
 Ranking Member, Committee on Banking,
 Housing, and Urban Affairs
 U.S. Senate
 Washington, DC 20515

To Chairman Crapo and Ranking Member Brown,

On behalf of the National Low Income Housing Coalition (NLIHC), I write to encourage you and your Senate colleagues to confirm Pam Patenaude as deputy secretary of the U.S. Department of Housing and Urban Development (HUD). Ms. Patenaude is a strong leader with decades of experience cultivating bipartisan solutions to America's affordable rental housing crisis. She has deep knowledge of, experience with and appreciation for the critical programs she will oversee.

NLIHC is dedicated solely to ensuring that people with the lowest incomes in the United States have affordable and decent homes. Our members include state and local housing coalitions, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, public housing agencies, private developers and property owners, local and state government agencies, faith-based organizations, residents of public and assisted housing, and concerned citizens.

Ms. Patenaude's nomination comes at a critical time. NLIHC's recently released report, *The Gap: A Shortage of Affordable Homes*, shows that the U.S. has a shortage of 7.4 million affordable rental homes available to the lowest income people. Every state and congressional district is directly impacted by the growing housing affordability crisis. Because of chronic underfunding of rental housing assistance programs, just one in four of the poorest people in America get the housing assistance they need.

NLIHC and our members look forward to working with Ms. Patenaude, when confirmed, to preserve, improve and expand the critical programs necessary to end homelessness and housing poverty for the millions of families who struggle to pay their rent each month.

Sincerely,

A handwritten signature in cursive script that reads "Diane Yentel".

Diane Yentel
 President and CEO



June 5, 2017

The Honorable Michael Crapo
Chairman
U.S. Senate Committee on
Banking, Housing, and Urban Affairs
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on
Banking, Housing, and Urban Affairs
713 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

It is with honor that we write on behalf of the National Multifamily Housing Council (NMHC) and National Apartment Association (NAA) to express strong support for the nomination of Pamela Patenaude as Deputy Secretary at the Department of Housing and Urban Development (HUD).

Ms. Patenaude has dedicated her career to creating quality housing that is affordable and attainable for all Americans. In her capacity as President of the J. Ronald Terwilliger Foundation for Housing America's Families, she has brought attention to the affordable housing crisis in America. Prior to this, she helped set a new direction for national housing policy as Director of Housing Policy at the Bipartisan Policy Center. Ms. Patenaude also has extensive experience at HUD, serving as both Assistant Deputy Secretary for Field Policy and Management and Assistant Secretary for Community, Planning and Development during President George W. Bush's Administration.

With the number of households renting apartments at almost 19 million, it has never been more important that private industry and lawmakers come together in support of pro-growth policies that make it easier for American residents and families to find housing that fits their unique needs and circumstances. NMHC and NAA have worked with Ms. Patenaude over the course of her career and can attest to her commitment, integrity and critical knowledge of the issues impacting the housing industry. Ms. Patenaude will be a tremendous benefit as HUD and the real estate industry work together to provide homes for American families, whether they choose to rent or buy.

NMHC and NAA support the swift confirmation of Ms. Patenaude before the Senate Committee on Banking, Housing and Urban Affairs. We look forward to working with Secretary Carson and his team to develop and implement balanced housing policies that recognize the importance of rental housing.

Sincerely,

Douglas M. Bibby
President
National Multifamily Housing Council

Robert Pinnegar
President & CEO
National Apartment Association

cc: U.S. Senate Committee on Banking, Housing, and Urban Affairs



Michael Crapo, Chair
 Sherrod Brown, Ranking Member
 US Senate Committee on Banking, Housing, & Urban Affairs

June 1, 2017

Dear Senators Crapo and Brown,

On behalf of my organization, I write this letter in support of Pamela Hughes Patenaude's nomination to the position of Deputy Secretary, US Department of Housing and Urban Development (HUD). We have come to know Ms. Patenaude personally and professionally over the last several years and it is that experience that moves us to write in support of her nomination.

Reinvestment Fund is one of the nation's premier community development financial institutions. Over 30 years, we have invested more than \$1.9 billion across America supporting affordable housing, childcare centers, charter schools, fresh food retail and arts and culture spaces. We also do rigorous research aimed at measuring our own impacts as well as creating analytics that support making data-based housing and community development investment decisions by government, philanthropy and the private (for- and not-for profit) sectors.

Over the years, our research group has worked closely with HUD to analyze the impact of some of its programs (e.g., the federal Neighborhood Stabilization Program) as well as to provide data and analytic support for many of its CDBG grantee communities (e.g., Baltimore, Pittsburgh, Detroit, Philadelphia, New Orleans, St. Louis and Houston). As CDBG resources decline, the ability to make smart, data-based decisions becomes increasingly important to assure efficient and effective impacts.

Ms. Patenaude has been a member of our Policy Advisory Board, a group that convenes four times a year and provides oversight and guidance to our Policy Solutions research group. In that capacity Ms. Patenaude has offered great insights and constructive suggestions about how to ensure that the policy research we do is objective, rigorous and actionable. Her insights into how policy is made and how government implements that policy – owing to her experience as Director of the Housing Commission at the Bipartisan Policy Center and her two periods of service in HUD – were greatly valued by us and the communities with which we work. Ms. Patenaude's ability to see the analyses we conduct through the eyes of government, policymakers and philanthropy added considerably to the relevance and applicability of our work. Reinvestment Fund is better able to serve the communities where we invest because of Ms. Patenaude's dedication to effective and efficient government through the use of data in decision making and program assessments.

In conclusion, Reinvestment Fund wholeheartedly supports Ms. Patenaude for the position of Deputy Secretary of HUD.

Sincerely,

Donald Hinkle-Brown
 President and CEO
 Reinvestment Fund



Via Electronic Mail
May 17, 2017

Collaborate. Innovate. Accelerate.

The Honorable Mike Crapo
Chairman Committee on Banking,
Housing and Urban Affairs
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard Shelby
The Honorable Bob Corker
The Honorable Patrick J. Toomey
The Honorable Dean Heller
The Honorable Tim Scott
The Honorable Ben Sasse
The Honorable Tom Cotton
The Honorable Mike Rounds
The Honorable David Perdue
The Honorable Thom Tillis
The Honorable John Kennedy

The Honorable Sherrod Brown
Ranking Member, Committee on
Banking, Housing and Urban Affairs
713 Hart Senate Office Building
Washington, DC 20510

The Honorable Jack Reed
The Honorable Robert Menendez
The Honorable Jon Tester
The Honorable Mark R. Warner
The Honorable Elizabeth Warren
The Honorable Heidi Heitkamp
The Honorable Joe Donnelly
The Honorable Brian Schatz
The Honorable Chris Van Hollen
The Honorable Catherine Cortez Masto

Dear Chairman Crapo, Ranking Member Brown and Members of the Senate Banking Committee:

I am writing in support of the nomination of Pamela Hughes Patenaude as Deputy Secretary of Housing and Urban Development.

I have worked in the field of housing and community development for more than forty years, including service as Executive Assistant to HUD Secretary Carla Hills, a legal practice at Latham & Watkins that included work in affordable housing, and the founding and leadership for a dozen years of Stewards of Affordable Housing for the Future (SAHF). SAHF is a consortium of nonprofit developer/owners that is working to make its portfolio of 130,000 rental homes for seniors, people with disabilities and families with children a platform for residents to improve their lives.

In all of these roles, I have seen how important it is for HUD's team of senior appointees to include members who have experience in HUD's complicated programs and the operations of the agency and who work effectively across political divides. The role of the HUD Deputy Secretary particularly demands those cross-cutting strengths.

Pamela Patenaude is exactly that sort of person. As Assistant Secretary of HUD for Community Planning and Development, she demonstrated a broad knowledge of HUD's programs, a reputation for listening,

Stewards of Affordable Housing for the Future



and a skill at working effectively with all of HUD's constituencies. As evidenced by her resume, she has extensive experience in the public, private and nonprofit sectors and has shown a deep commitment to affordable housing and to cost-effective ways of providing it.

I worked most closely with Ms. Patenaude and her team when she headed the staff of the Bipartisan Policy Center's Housing Commission. As Staff Director, she worked effectively with the members of the Commission from both political parties and sought and received ideas and advice from many of us outside the Commission. She was open to multiple perspectives, but also had an important role in bringing the Commission together around a set of recommendations and producing a final report entitled *Housing America's Future: New Directions for National Policy* that contributed importantly to thinking in the field.

Ms. Patenaude would be an excellent Deputy Secretary, and I urge that the Banking, Housing and Urban Affairs Committee recommend her confirmation to the full Senate.

Thank you for your consideration.

A handwritten signature in dark ink that reads "William C. Kelly, Jr." in a cursive script.

William C. Kelly, Jr.
Founder and Strategic Advisor
Stewards of Affordable Housing for the Future

Collaborate. Innovate. Accelerate.

Stewards of Affordable Housing for the Future

750 9th Street NW Suite 650, Washington, D.C. 20001-4793 • P (202) 737 - 5970 • www.sahfnet.com



May 25, 2017

The Honorable Mike Crapo
 Chairman
 Committee on Banking, Housing & Urban Affairs
 U.S. Senate
 239 Dirksen Senate Office Building
 Washington, DC 20510

The Honorable Sherrod Brown
 Ranking Member
 Committee on Banking, Housing & Urban Affairs
 U.S. Senate
 713 Hart Senate Office Building
 Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

U.S. Mortgage Insurers (USMI), on behalf of our member companies, offer this letter of support for Pam Patenaude, nominee for Deputy Secretary for the Department of Housing and Urban Development (HUD). USMI encourages members of the Senate Banking Committee to approve Mrs. Patenaude's nomination and to move it expeditiously to the Senate floor. Mrs. Patenaude has a history of housing experience, knowledge and insights, both in the private and public sectors, and will be a valuable asset to the nation's housing system serving at HUD.

The Department of Housing and Urban Development plays an important role in the housing finance system, ensuring that Americans have access to affordable and safe mortgage products both through affordable rental and through affordable single-family programs. One area of important focus for HUD is the Federal Housing Administration (FHA). USMI understands and supports the important value that FHA can play as a complimentary role to the conventional mortgage market. However, for far too long, there has been little-to-no housing coordination among various housing agencies nor among the government-insured markets (FHA, VA, USDA), and the conventional lending market, backed by private capital such as private mortgage insurance. This lack of consistent and transparent housing policy creates market confusion, increases instability, and increases risk to the financial system and to American taxpayers—all the while diminishing access to mortgage finance credit.

Mrs. Patenaude understands the housing finance system and the need for a coordinated, consistent and transparent approach to federal housing policy across government channels. Her leadership on these important issues will ensure that Americans have greater access to mortgage finance credit for borrowers, while at the same time, increasing private capital in mortgage finance and reducing taxpayer risk exposure.

USMI looks forward to working with Secretary Ben Carson and with Pam Patenaude in her new role and encourages your support for her confirmation.

Sincerely,

Patrick Sinks
 Chairman
 U.S. Mortgage Insurers



June 5, 2017

The Honorable Michael Crapo
Chairman
U.S. Senate Committee on Banking, Housing, and Urban Affairs
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on Banking, Housing, and Urban Affairs
713 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

The Community Home Lenders Association (CHLA) writes to express our strong support of the nomination of Pamela Hughes Patenaude to serve as Deputy Secretary for the Department of Housing and Urban Development (HUD).

If confirmed, Ms. Patenaude would bring more than 30 years of proven leadership in housing, community and economic development, real estate, and public policy to the Department where she previously served as an Assistant Secretary for Community Planning and Development.

Most recently, Ms. Patenaude served as president of the J. Ronald Terwilliger Foundation for Housing America's Families, a national nonprofit education and research organization focused on the affordable housing crisis in America. Prior to co-founding this foundation, she served as director of housing policy for the Bipartisan Policy Center where she led a 21-person commission to help set a new direction for national housing policy.

Ms. Patenaude's demonstrated record of working on a bi-partisan basis to address our nation's critical affordable housing challenges, as evidenced by her roles with the Terwilliger Foundation and Bipartisan Policy Center, would be of great benefit to Secretary Carson, the Department, and the public. And, her experience in working with HUD's nearly 8,000 employees as well as its wide array of stakeholders makes her especially well-suited for the position of Deputy Secretary.

Therefore, CHLA is pleased that the Committee is holding a confirmation hearing and asks for your support for a quick confirmation of Pam Patenaude as Deputy Secretary of HUD, so that she can assist in carrying out HUD's mission of ensuring decent, safe, affordable housing.

Sincerely,

COMMUNITY HOME LENDERS ASSOCIATION



May 17, 2017

The Honorable Mike Crapo
 Chairman Committee on Banking,
 Housing and Urban Affairs
 239 Dirksen Senate Office Building
 Washington, DC 20510

The Honorable Richard Shelby
 The Honorable Bob Corker
 The Honorable Patrick J. Toomey
 The Honorable Dean Heller
 The Honorable Tim Scott
 The Honorable Ben Sasse
 The Honorable Tom Cotton
 The Honorable Mike Rounds
 The Honorable David Perdue
 The Honorable Thom Tillis
 Masto
 The Honorable John Kennedy

The Honorable Sherrod Brown
 Ranking Member, Committee on
 Banking, Housing and Urban Affairs
 713 Hart Senate Office Building
 Washington, DC 20510

The Honorable Jack Reed
 The Honorable Robert Menendez
 The Honorable Jon Tester
 The Honorable Mark R. Warner
 The Honorable Elizabeth Warren
 The Honorable Heidi Heitkamp
 The Honorable Joe Donnelly
 The Honorable Brian Schatz
 The Honorable Chris Van Hollen
 The Honorable Catherine Cortez

Dear Chairman Crapo, Ranking Member Brown and Members of the Senate Banking Committee:

I am writing to express my strong support for Pamela Patenaude's nomination for Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD). I urge the United States Senate to confirm her nomination; as the country's affordable housing crisis continues, and in many places worsens, I can think of no person better equipped to handle the housing challenges we face.

As President and CEO of Mercy Housing, the country's largest nonprofit provider of affordable housing, I can attest to the gravity of these challenges. Every time we open a new affordable housing community, the number of applicants dwarfs the number of available units. The sheer volume of applications is staggering: earlier this year, when we opened Othello Plaza in Seattle, Washington, we received nearly 2,100 applications for 108 apartments, and when we opened a community for seniors in San Francisco in 2014 we received nearly 5,000 applications for 90 homes in just two weeks.

The story is the same from coast to coast: rents are rising, wages are stagnant, and millions of people are struggling to make ends meet.

Ms. Pautenaude is uniquely suited to help address the affordable housing crisis. With more than 30 years of housing experience in the public, private, and philanthropic sectors, she has proven



adept at bringing people from all over the political spectrum together to come up with practical solutions. Her thorough knowledge of HUD's mission, policies, and operations, coupled with her outstanding record of inspired leadership, would make her an invaluable asset to HUD, to taxpayers, and to the millions of people HUD serves.

Sincerely,

Jane Graf

President and CEO of Mercy Housing





June 8, 2017

U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Chairman, Senator Mike Crapo (R-ID)
Ranking Member, Senator Sherrod Brown (D-OH)

Re: Nomination of Pamela Hughes Patenaude, Deputy Secretary, HUD

Dear Chairman Crapo and Ranking Member Brown:

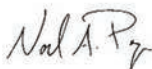
On behalf of the members of the NALCAB Network, we are pleased to support the nomination of Pamela Hughes Patenaude as Deputy Secretary of the Department of Housing and Urban Development (HUD). Ms. Patenaude has over 25 years of experience in housing in a variety of roles in housing including Assistant Secretary of Community Planning and Development, the Urban Land Institute's Terwilliger Center on Housing, and most recently as President of the J. Ronald Terwilliger Foundation for Housing America's Family. Her clear passion for housing and communities along with her many years of service at HUD have uniquely prepared her for this role.

NALCAB – National Association for Latino Community Asset Builders represents and serves a geographically and ethnically diverse group of more than 125 non-profit community development and asset-building organizations that are anchor institutions in our nation's Latino communities. NALCAB's mission is to build assets in Latino families, communities and organizations. NALCAB's work advances economic mobility for low- and moderate-income people.

NALCAB members are experts in implementing responsible, market-based strategies for strengthening underserved communities, rebuilding the ladder of economic mobility for low- and moderate-income Americans and supporting the economic integration of immigrants. NALCAB members are real estate developers, business lenders, economic development corporations, community development credit unions, and consumer counseling agencies, operating in 40 states and DC.

Ms. Patenaude has worked to build more homes for working families, reform of the Community Development Block Grant program, and built bipartisan support for the nation's rental housing crisis. Because of her commitment to many of the policies and programs we support, NALCAB urges the Senate to swiftly confirm Ms. Patenaude. We look forward to working with her to support critical programs that promote homeownership and small business entrepreneurship.

Sincerely,



Noel Poyo
Executive Director



www.endhomelessness.org
 IMPROVING POLICY | BUILDING CAPACITY | EDUCATING OPINION LEADERS

1518 K Street, NW, Second Floor | Washington, DC 20005
 Tel 202.638.1526 | Fax 202.638.4664

May 30, 2017

Senator Mike Crapo
 Chair
 Senate Banking Committee
 Dirksen Senate Office Building, SD-239
 Washington, DC 20510

Senator Sherrod Brown
 Ranking Member
 Senate Banking Committee
 Hart Senate Office Building, SH-713
 Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

I am writing on behalf of the National Alliance to End Homelessness, to express the Alliance's support for the nomination of Pamela Patenaude to the position of Deputy Secretary of the Department of Housing and Urban Development.

The Alliance has worked with Ms. Patenaude in her previous position at HUD during the George W. Bush Administration; and during her time at the Bipartisan Policy Center, when I served on the Center's Housing Task Force. The Alliance has observed her work in other contexts as well. From that experience we have become familiar with the following attributes:

She understands the problem of housing affordability and the possibilities for solutions. In recent years there has been a growing understanding of the impact of homelessness and housing instability, not only on the people experiencing them, but on our whole society and economy. Their impact on schools, on the medical care system, on the wellbeing of children, and on costs to taxpayers has become apparent to leaders at the local, state, and national levels. Ms. Patenaude has been steeped in the resulting debate about how to address these issues, in a manner that is consistent with the goals and worldviews of people from the full range of political identities.

She has a deep understanding of HUD's programs and what they can accomplish. Both from her time in the leadership team at HUD during the Bush Administration, and in her experiences before and after, Ms. Patenaude has become familiar with the various HUD programs and how to get the most out of them. It was during her time as the Assistant Secretary for Community Planning and Development that there was a concerted effort to make HUD's homelessness programs, which came under her oversight, much more focused on performance and results, leading to increases in effectiveness and efficiency.

She is attuned to the mission of HUD. Ms. Patenaude has a longstanding personal commitment to meeting the housing and community development needs of Americans. Her willingness to accept this difficult and important job is yet another indicator of that commitment.

As always, we at the National Alliance to End Homelessness are ready to assist this Committee with its important work related to homelessness. Please contact me if you need further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Nan Roman", with a stylized flourish at the end.

Nan Roman
President and CEO
National Alliance to End Homelessness



June 5, 2017

The Honorable Michael Crapo
Chairman, U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member, U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

The National Council of State Housing Agencies (NCSHA) is pleased to express our strong support for the nomination of Pamela Hughes Patenaude to serve as Deputy Secretary of the United States Department of Housing and Urban Development (HUD). We commend President Trump for this outstanding choice. We ask the Committee to approve and the full Senate to confirm quickly Patenaude's appointment, so she can get to work immediately with HUD Secretary Carson on the many serious affordable housing challenges our country confronts.

NCSHA and our member state Housing Finance Agencies (HFAs) have had the privilege of working with Patenaude in many different housing capacities over several years. We are proud to claim her as one of our own, as she began her esteemed housing career working for the New Hampshire Housing Finance Authority, our New Hampshire HFA. Since then, she has worked in housing in both the public and private sectors, from many different perspectives, serving in top leadership positions at HUD, the Bipartisan Policy Center, and the J. Ronald Terwilliger Foundation for Housing America's Families.

Previously at HUD, Patenaude led the Office of Community Planning and Development and the Office of Field Policy and Management with distinction. Her later work at the Bipartisan Policy Center as Director of Housing Policy and for the Center's Housing Commission resulted in an outstanding report that powerfully presented the critical and growing affordable housing crisis gripping our country and practical proposals for addressing it. In her most recent role as President of the J. Ronald Terwilliger Foundation for Housing America's Families, Patenaude has demonstrated her commitment to and gift for raising awareness about affordable housing need and the harm it does to families, communities, and the economy.

In these positions—and in others—Patenaude has shown a deep understanding not only of federal housing programs but also of the appropriate roles of federal, state, and local government in delivering housing resources.

NCSHA and our member state HFA members have enjoyed a strong and productive affordable housing partnership with the federal government over many decades. HUD has been critical to that partnership. We are excited to work with Ms. Patenaude to build on that record.

HFAs are most widely known for their safe and sound first-time home buyer lending programs, which provide a reliable source of affordable mortgage money for working families. In addition, HFAs provide low-cost multifamily financing to facilitate the development of affordable rental homes.

HFAs are the federal government's partner in the administration of several major housing programs, including the Housing Credit, tax-exempt private activity Housing Bonds, the HOME Investment Partnerships program, and Section 8. They serve the full spectrum of housing need, from homelessness to homeownership.

NCSHA is a national, nonpartisan, nonprofit organization that represents the country's state HFAs and the HFAs of the District of Columbia, New York City, the U.S. Virgin Islands, and Puerto Rico before Congress and the Administration. NCSHA has an affiliate membership of more than 300 organizations that partner with HFAs and share their commitment to affordable housing.

We urge you to swiftly approve the nomination of Pam Patenaude to be the Deputy Secretary of HUD.

Thank you for your consideration.

Sincerely,



Barbara J. Thompson
Executive Director



May 23, 2017

The Honorable Michael Crapo:
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
U. S. Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
U.S. Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of Wilson Community Improvement Association, Inc. (WCIA), I am writing to express our strong support for the nomination of Pam Patenaude to be the next Deputy Secretary of the Department of Housing and Urban Development (HUD). WCIA is a nonprofit organization located in eastern North Carolina with a long history and experience in delivering affordable housing to very low to moderate residents in Wilson, NC and surrounding counties. We are the oldest Community Development Organization in the state, having been in operations for 49 years. We have a strong track record across the state, in the housing industry, for delivering excellent housing counseling services; developing nationally recognized single family and multi-family housing and providing top notch senior services.

Ms. Patenaude's resume speaks volumes in regards to her ability to lead and manage HUD's day-to-day operations, help guide the department to improve our nation's housing stock, and help communities prosper.

As a rural agency that depends heavily on support from HUD to provide housing and supportive services for North Carolina; we whole-heartedly ask you to approve the nomination of Ms. Patenaude as the next Deputy Secretary of the Department of Housing and Urban Development.

Sincerely,

*Barbara C. Blackston, Broker
Executive Director
Wilson Community Improvement Association, Inc. (WCIA)*



NRMLA and NH&RA Support Appointment of Pam Patenaude

On behalf of the membership of both the National Reverse Mortgage Lenders Association and the National Housing & Rehabilitation Association, I wanted to express our strong support for the nomination of Pam Patenaude as the Deputy Secretary for the Department of Housing and Urban Development.

Pam Patenaude has been a good friend, advocate, and leader for affordable housing. She understands HUD and its mission. She wants to focus on making HUD work for low-income Americans. NRMLA worked with her when she was at the Bipartisan Policy Commission. NH&RA worked with her during her time at the Terwilliger Foundation. She recognizes the affordable housing crisis and has spent the last decade working on solutions. We are grateful for her understanding of our issues and the need for seniors to have the option and support to age in place.

A handwritten signature in black ink that reads "Peter Bell". The signature is written in a cursive style.

Peter Bell
President & CEO
NRMLA
NH&RA