



OFFICE OF THE SPECIAL INSPECTOR GENERAL

FOR THE TROUBLED ASSET RELIEF PROGRAM

1801 L STREET, NW, 4<sup>TH</sup> FLOOR

WASHINGTON, D.C. 20220

OCT 8 2014

MEMORANDUM FOR: The Honorable Jacob J. Lew – Secretary of the Treasury

FROM: The Honorable Christy L. Romero – Special Inspector General  
for the Troubled Asset Relief Program *C. L. Romero*

SUBJECT: Engagement Memorandum – Review of the Status of the Hardest  
Hit Fund Blight Elimination Program and the Factors Affecting Its  
Implementation

As part of our continuing oversight of the Troubled Asset Relief Program (“TARP”), we are initiating an audit of the U.S. Department of the Treasury’s (“Treasury”) use of the Hardest Hit Fund (“HHF”) for the state Blight Elimination Program (“BEP”). Treasury established the HHF program to provide targeted assistance to families in states hit hard by the economic and housing market downturns. From its initial announcement in February 2010, HHF has evolved from a \$1.5 billion initiative focused on five states to a \$7.6 billion initiative including 18 states and the District of Columbia. In 2013, Treasury began approving states to use HHF funding for the demolition and removal of abandoned and condemned, or “blighted,” properties. Currently, Treasury has selected six states to receive HHF funding under BEP, allotting at least \$295 million of TARP funds.

Our audit objectives are to determine (1) the status of HHF’s BEP, (2) Treasury’s role in the program, and (3) factors affecting implementation of BEP.

We plan to start work on this audit immediately, under SIGTARP engagement code 031. We expect to perform work at Treasury in Washington, D.C., and at select state housing finance agency offices. A member of SIGTARP staff will contact Treasury staff shortly to arrange an entrance conference to discuss our scope, methodology, and timeframe.

For additional information on this engagement, you may contact me or Mr. Bruce S. Gimbel, Deputy Special Inspector General for Audit and Evaluation ([Bruce.Gimbel@treasury.gov](mailto:Bruce.Gimbel@treasury.gov) / 202-927-8978) or Ms. Jenniffer F. Wilson, Assistant Deputy Special Inspector General for Audit and Evaluation ([Jenniffer.Wilson@treasury.gov](mailto:Jenniffer.Wilson@treasury.gov) / 202-622-4633).