



OFFICE OF THE SPECIAL INSPECTOR GENERAL

FOR THE TROUBLED ASSET RELIEF PROGRAM

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WASHINGTON, D.C. 20220

MAR 31 2015

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.R.*

SUBJECT: Engagement Memorandum – Risk factors that could impact the effectiveness of the Hardest Hit Fund (“HHF”) Blight Elimination Program (SIGTARP Audit 032)

As part of our continuing oversight of the Troubled Asset Relief Program (“TARP”), SIGTARP is initiating an audit of the risk factors that could impact the effectiveness of TARP’s Hardest Hit Fund (“HHF”) Blight Elimination Program. Treasury authorized \$7.6 billion in TARP funding to provide HHF assistance to families in states determined by Treasury to be hit hard by economic and housing market downturns. Beginning in mid-2013, Treasury began authorizing six of the HHF state housing finance agencies to shift a combined total of \$370 million of their HHF allocation away from programs aimed at individual homeowners to the demolition and greening of vacant properties. Treasury designed the HHF Blight Elimination Program to have blight elimination activity conducted by contractors and subcontractors of city or county land banks/non-profit and for-profit partners of the six participating state housing finance agencies.

The objective of this audit is to consider the risk factors that could impact the effectiveness of the HHF Blight Elimination Program.

We plan to start work on this engagement immediately, under SIGTARP engagement code 032. We expect to perform work at the Department of the Treasury, select state housing finance agency offices, and local partners involved in HHF blight elimination activities. A member of the SIGTARP staff will contact Treasury 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 / 202-927-8978), or Ms. Jenniffer F. Wilson, Assistant Deputy Special Inspector General for Audit and Evaluation (Jenniffer.Wilson@treasury.gov / 202-622-4633).