STATEMENT OF HELEN KANOVSKY

NOMINEE, HUD GENERAL COUNSEL

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

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Mr. Chairman and distinguished Members of the Committee, thank you for considering my nomination and for the opportunity to appear before you today.

I am honored to have been nominated by President Obama to be the General Counsel of The Department of Housing and Urban Development. I also want to thank Secretary Shaun Donovan for asking me to serve as General Counsel to the Department of Housing and Urban Development. Secretary Donovan is an extraordinary public servant and an extraordinary man. I would be thrilled to have the opportunity to advise him and his team.

I am particularly honored to appear before you here in the Senate Banking and Housing Committee Hearing Room where my interest in Housing began a little more than thirty-five years ago. There were a number of interesting Hearings occurring the summer of 1973. There was no C-Span, no CNN and for good or ill, there were no televisions in the Senate offices. If a Senator wanted to know what was going on on the floor or at a Committee Hearing and could not be there personally, the Senator sent a staffer. I was the most junior staff member for the Senator 100th in Seniority and a member of this Committee, Joseph Biden of Delaware. Chairman Proxmire held a Hearing on manufactured housing -- mobile homes – and I still remember the film the Committee viewed showing people's homes blowing away in a storm. I went back to the Dirksen Building and told Senator Biden that the government needed to do something.

Now 35 years later there is a stronger storm, a financial tsunami that threatens not just our housing finance system but our entire economy. Again the government needs to act. I hope to be a part of that government.

I went from Senator Biden's staff to the Harvard Law School and after a short time in private practice I went to HUD as a special assistant to Secretary Patricia Roberts Harris and then I went with her to the Department of Health, Education and Welfare, which became the Department of Health and Human Services. After a stint in the private practice of law, in 1986 I went to work for Skyline Financial Services Corp, which was created by the U.S. Bankruptcy Court in Alexandria, VA to workout the EPIC bankruptcy, part of the Maryland Savings and Loan collapse and a precursor to the Savings and Loan collapse nationwide. We were dealing with $1.5 billion in defaulted loans and 20,000 properties nationwide. And we thought we had a big problem!

We successfully wound down the inventory of homes and concluded the workout. In doing so we created an asset management company superbly situated to purchase and manage properties from the Resolution Trust Corporation. In 1990, GE Capital bought Skyline and created just such a company, of which I was the General Counsel. With much of that work completed, I left GE Capital Asset Management and joined the ALF-CIO Housing Investment Trust in 1995, as General Counsel there. I also began a long association with the National Housing Conference, of which I am currently honored to serve as Chair.

In 1998-99 I was here as Senator John Kerry's Chief of Staff when he served on this committee and as Ranking Minority Member of the Housing Subcommittee. I returned to the HIT in 1999 where I served in various capacities, currently Chief Operating Officer and General Counsel. I am proud of my many years at the HIT. The Trust is a registered investment company and operates pursuant to the rules and regulations of the Securities and Exchange Commission. We deploy our $3.4 billion in investments in housing. We do not employ leverage and we have never invested in subprime single family loans. Last year our gross return was 5.68%; 5.25 net to our investors. We are a conservative fund pursuing competitive returns for our investors, good union jobs in the construction industry and economic development in communities across the nation. Only government service would entice me to leave.

I am a lawyer, a manager, a policy wonk and a believer that more now than ever housing is where policy, regulation, financial institutions, capital markets, profit and non-profit developers, builders and workers join to provide not necessarily a house, but home for every American family. We celebrate this year the 60^{th} Anniversary of the Housing Act of 1949. That Act set the goal of "A decent home and a suitable living environment for every American Family."

The Senators and representatives who wrote that language meant it. The housing crisis, the foreclosure crisis are enormous challenges to that goal, but they bring us to a new focus on housing and public policy and provide a forum to once more enunciate the goal and commit to its achievement. It would be an honor and a privilege to serve as General Counsel of the Department of Housing and Urban Development.

Mr. Chairman, I want to thank you and the committee once again for this opportunity to appear before you and I am prepared to answer any questions you may have.