Opening Remarks

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RANKING MEMBER PANEL SERIES

A Way Forward for Housing Finance Reform: Finding Sustainable Solutions to Ensure Access, Affordability, and Taxpayer Protection

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Remarks as Written

Good morning. As the Ranking Member of the Financial Services Committee, I am very pleased to welcome all of you to the first in a series of bipartisan panel briefings I plan to organize during the 113th Congress to discuss emerging issues in housing and financial services.

During the last Congress, I hosted three of these panels, and found the interaction between the panelists, the Members in attendance, and the audience to be a very good compliment to the work we do more formally in the Committee. This type of setting allows for a more conversational dialogue to occur, and it can help inform us as we engage in Committee hearings and mark-ups.

For the first panel discussion of this new Congress, I felt it was important for Members to engage on the issue of housing finance reform – and specifically, how we can build a new system that ensures access and affordability while also protecting taxpayers.

As most of you in this room likely know, our housing recovery is continuing to take shape, after several brutal years in the wake of the financial crisis. Home prices dropped precipitously from 2007 through 2011, but are now stabilizing or even rising in many markets.

Housing construction is likewise increasing, and a record number of households were able to refinance under HARP in the last year. Freddie Mac and Fannie Mae posted $11 billion and $17.2 billion in income last year, respectively. And the President's budget, released earlier this week, noted that the Treasury Department can expect to receive $183 billion in payments from Fannie and Freddie through the year 2023. That would be on top of the $55 billion in dividends the Enterprises have already paid Treasury as of the end of 2012.

At the same time, the President's budget showed that legacy loans from the crisis era continue to strain the Federal Housing Administration (FHA), though we won't know the full implications for the budget until the end of the fiscal year.

Now, I say all of this not to suggest that we can get complacent. Instead, I think that now that we're beginning to emerge from a period of grave fragility, it's precisely the time to think about how we can reshape the secondary mortgage market.

While I welcome the Financial Services Committee's attention to FHA specifically, my hope is that we can engage in housing finance reform on a *comprehensive basis* during the 113th Congress. I also hope that the reform we ultimately pursue can build on the important work we accomplished in the Wall Street Reform Act, including the "ability to repay" provision, and also requiring that securitizers have "skin in the game" for the loans they package and sell.

Our panelists here today each have unique perspectives on how we can best *comprehensively* rebuild the secondary mortgage market. I think that they share my view that there must be some role for government in the new system, and that complete privatization of the GSEs would have dire consequences for the future of American homeownership.

And this is consistent with my conversations with many stakeholders in this debate –ranging from the community banks I met with during the District Work Period, to credit unions, to fair lending organizations, to Realtors, to multi-family lenders and owners, to low-income housing advocates.

A consensus is emerging that only through some sort of public/private partnership can we maintain access to the 30 year, fixed-rate mortgage: a unique and deeply beloved product for American families. And I also believe that without some sort of government role, it would be harder for smaller institutions like credit unions and community banks to participate in the secondary market.

And finally, we must consider how we can best provide affordable rental housing options for those families for whom homeownership is not a preferred or sustainable housing choice.

The panelists today each have different approaches for how they would achieve these goals. I'm very curious to hear more, including both their shared principles and their different approaches for operationalizing these principles in their plans.

The goal of this panel is to emphasize the imperative for reform, inform our Members, and hopefully spur the Committee to continue this dialogue through the hearing and mark-up process.

So with that said, I am very pleased to introduce our panelists for today's event.