

JACK KEMP

As the former secretary of housing for President George H.W. Bush, I recognize that one of the best ways to combat poverty and help encourage more Americans to rise up the economic ladder is through home ownership. I also know that homeownership will play a pivotal role in the Gulf States' recovery from Hurricanes Katrina and Rita.

Unfortunately, the storms struck just as Congress is debating the future of the secondary mortgage market and considering legislation that could hinder the ability of families in the Gulf States — and communities nationwide — to build wealth through homeownership and access to affordable housing.

Congress created Fannie Mae and Freddie Mac decades ago as private-sector companies with an important public mission: to help ensure that lenders always have money available for home buyers. These government-sponsored enterprises (GSEs) have proven hugely successful in providing liquidity and innovation to the mortgage market.

In good times, the GSEs make homeownership more accessible for millions of families seeking affordable housing. In bad times like Hurricanes Katrina and Rita, the GSEs help provide a stabilizing force in the market, effectively serving as a shock absorber for the entire housing finance system.

In response to the devastation of the hurricanes, the GSEs not only donated millions of dollars in relief, they also stopped collecting mortgage payments for homeowners in affected areas for at least three months. Freddie Mac recently committed to finance up to \$1 billion in below-market mortgages by purchasing state and local mortgage

# Homeownership support needed



Jack Hornady/The Washington Times

bonds in the Gulf region.

Unfortunately, this kind of stability may be harder to achieve under a Senate bill provision that would stop the GSEs from buying and holding mortgage bonds and other types of mortgage assets in their portfolios. But it's the very presence of those investments that make it possible for the GSEs to help the nation weather tough economic times.

Some in Congress have also suggested placing a user fee on the GSEs' business lines, effectively taxing homeownership to fund spending that the federal government can't afford on its own. Once again, this would tie the GSEs' hands in an emergency. Congress is absolutely right to pass regulatory remedies following the disclosure of accounting mismanagement at both companies. But the debate has turned

partisan and, in some cases, vindictive as some are apparently seeking to punish the companies. It's time to get the debate back on track and consider ways to use the GSEs to further expand homeownership and housing opportunities as weapons against poverty.

One idea is for the GSEs, FHA and the Federal Home Loan Banks to buy storm-damaged homes from low-income owners and make them available to other low-income "homesteaders" under President Bush's proposed urban homesteading program. The original owner could use the buy-out money, together with perhaps a Section 8 housing voucher, to rebuild, relocate or use as a down payment.

Congress should also explore ways to boost organizations like Habitat for Humanity, which offer cost-effective ways to pro-

vide affordable homeownership opportunities for the most needy in our society. Habitat has built more than 200,000 homes with volunteer labor using 20-year, no-interest loans, and is hard at work building homes for storm victims. My hope would be to allow the secondary market to purchase or guarantee mortgages made by Habitat for Humanity in states affected by Hurricane Katrina.

House Financial Services Committee Chairman Mike Oxley, Ohio Republican, recognizes how organizations such as Habitat can play a prominent role in rebuilding communities. His committee overwhelmingly passed H.R. 1461, a bill that would enhance development in the Gulf region and elsewhere, while creating an independent, strong regulator for the GSEs.

H.R. 1461 offers a prudent approach, because it empowers the regulator, and not Congress, to determine how Fannie and Freddie take on risk. The Senate bill, in contrast, would arbitrarily force financially sound private companies to divest the bulk of their assets, hardly an approach that is in keeping with Republican economic philosophies. It would be a grave mistake to fundamentally restructure a housing finance system that today is helping drive the nation's economic growth.

In its upcoming floor vote, I strongly encourage the full House to follow in the committee's footsteps by giving the bill its strong support. Housing and homeownership transcend partisanship, not the other way around.

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*Jack Kemp is a nationally syndicated columnist, founder and chairman of Kemp Partners and honorary co-chairman of the Free Enterprise Fund.*