

FEBRUARY 01, 2019

Chairman Crapo Releases Outline for Housing Finance Reform

WASHINGTON – Today, Senate Banking Committee Chairman Mike Crapo (R-Idaho) released an outline for housing finance reform legislation. The outline incorporates elements of many plans and principles for housing finance reform legislation that have been discussed by legislators, analysts, stakeholders and thought leaders.

“We must expeditiously fix our flawed housing finance system,” said Chairman Crapo. “My priorities are to establish stronger levels of taxpayer protection, preserve the 30-year fixed rate mortgage, increase competition among mortgage guarantors, and promote access to affordable housing. I invite my Senate and House colleagues, the Administration and all interested stakeholders to work together to enact this critically needed reform.”

Chairman Crapo’s proposal would create a permanent, sustainable new housing finance system that:

- Reduces the systemic, too-big-to-fail risk posed by the current duopoly of mortgage guarantors
 - Preserves existing infrastructure in the housing finance system that works well, while significantly increasing the role of private risk-bearing capital
 - Establishes several new layers of protection between mortgage credit risk and taxpayers
 - Ensures a level playing field for originators of all sizes and types, while also locking in uniform, responsible underwriting standards
 - Promotes broad accessibility to mortgage credit, including in underserved markets
- Background

In September 2008, Fannie Mae and Freddie Mac were placed into conservatorship. More than a decade later, the two enterprises remain in limbo. Today, Fannie and Freddie, along with Ginnie Mae, dominate the mortgage market, with more than two-thirds of mortgages backed by the federal government. These government-sponsored entities are currently earning profits, but if the housing market experiences a downturn—and it will—taxpayers could again be on the hook for billions of dollars. This perpetual conservatorship is not sustainable, nor is it in the best interest of consumers, taxpayers, investors, lenders or the broader economy.

Reforming the housing finance system has long been a priority for the Banking Committee. During the 113th Congress, the Committee made progress by advancing the bipartisan Housing Finance Reform and Taxpayer Protection Act of 2014 (S. 1217) out of committee. Since that time, there have been many thoughtful proposals put forward to reform the housing finance system, many of which share bipartisan support.

“We have engaged in a robust process over the past several Congresses on housing finance reform, holding many hearings, briefings, meetings and negotiations,” Crapo added. “The time is now to resolve this issue and I look forward to working with my colleagues as we move forward.”

[Access the outline here.](#)

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