

Brown 'Open to Figuring Out' GSE Reform

By Ian McKendry, American Banker, December 1, 2016

The debate over housing finance reform appears to have new life as both Democrats and the next administration appear ready to take up the issue.

"I am very open to figuring out how we do this. I am just not sure where the [Trump] administration is," said Sen. Sherrod Brown, D-Ohio., on Thursday while referencing comments Treasury Secretary-designate Steve Mnuchin made a day earlier.

Mnuchin said that the issue was on his top 10 list of things to deal with, pledging to "get it done reasonably fast."

Any legislative proposal to reform the housing finance system will likely originate in the Senate Banking Committee and may depend on how well Brown — the top Democrat on the panel — and Sen. Mike Crapo, R-Idaho., who is expected to chair the committee, work together.

Brown sounded optimistic in his comments at the National Association of Affordable Housing Lenders' Policy and Practice Conference.

"It will be a better day with Sen. Crapo. I say it's a better day because he actually realizes that the name of our committee isn't Banking Committee. It is Banking, Housing and Urban Development Committee," said Brown.

Brown said he favored exploring new ways to expand affordable housing which would likely require government support and face opposition from Republicans.

"I think we started by asking the wrong questions," said Brown, pointing to past efforts to restructure the government-sponsored enterprises. "We were talking less about people and accessible mortgages and all of that and more about Fannie and Freddie and I think the conversation was a bit upside down."

Brown said the Obama administration "didn't push it real hard" after National Economic Council Director Gene Sperling left.

While Brown was skeptical of whether President-elect Donald Trump has a housing finance reform plan yet, he did believe affordable housing could be included in an infrastructure bill.

"Trump really does want to build I think," said Brown.

"Republicans have blocked us in the past because they don't want to raise revenue. We did last year with funny money. We took money out of the Federal Reserve which was not as much as it looked like and it was a bad precedent," Brown said, referring to provisions that funneled funds from a dividend that the Federal Reserve Board pays to banks to pay for infrastructure spending.