

## STATEMENTS BY MEMBERS OF CONGRESS ABOUT WATT DECISION

Dec 11 2014

### [Corker Statement on FHFA Decision to Fill Affordable Housing Funds](#)

WASHINGTON – U.S. Senator Bob Corker (R-Tenn.), a member of the Senate Banking, Housing and Urban Affairs Committee, today commented on a Federal Housing Finance Agency (FHFA) [decision](#) to direct Fannie Mae and Freddie Mac to begin making contributions to the Housing Trust Fund and the Capital Magnet Fund, affordable housing funds established in 2008. The FHFA previously suspended payments to the funds due to the financial instability of the government-sponsored enterprises (GSEs).

“It is beyond irresponsible to restart these affordable housing allocations without first dealing with the underlying problems at Fannie Mae and Freddie Mac,” said Corker. “These two entities would not be generating one penny of revenue without taxpayer backing, and until the American taxpayers are taken off the hook for a future bailout, FHFA should continue to suspend payments to these funds.”

During the 2008 financial crisis, Fannie Mae and Freddie Mac were taken into government conservatorship and given a \$188 billion capital injection from taxpayers to stay afloat. As a result, the private market almost completely disappeared, and nearly every loan made in America today comes with a full government guarantee. Despite this unsustainable situation, there still has been no real reform to our housing finance system.

A [recent FHFA stress test](#) projected that Fannie Mae and Freddie Mac could require a \$190 billion taxpayer bailout to keep them afloat during a future crisis.

### **FHFA Director Delivers Lump of Coal to Every Taxpayer**

**Washington, Dec 11** - Financial Services Committee Chairman Jeb Hensarling (R-TX) today issued the following statement concerning Federal Housing Finance Agency Director Mel Watt’s decision to begin payments from Fannie Mae and Freddie Mac to the Housing Trust Fund and the Capital Magnet Fund:

“In taking this action, Director Watt is making a grave mistake that harms hardworking taxpayers and violates both the letter and spirit of the law.

Today's announcement was clearly timed for the end of the congressional session in a transparent effort to evade scrutiny and frustrate congressional oversight. That will not happen because the Financial Services Committee will call Director Watt to testify as soon as the next session of Congress begins in early January. Fannie Mae and Freddie Mac were at the epicenter of the 2008 financial crisis that threw millions of Americans out of work and destroyed trillions of dollars of household wealth. The nearly \$200 billion bailout of Fannie and Freddie is still the biggest, costliest taxpayer-funded bailout in history, and contrary to what some claim, they have yet to 'repay' taxpayers one thin dime. Diverting assets to housing trust funds instead of repaying taxpayers or stabilizing Fannie and Freddie's finances only makes matters worse. Director Watt's decision to activate the Fannie and Freddie slush fund may be an early Christmas present for Acorn-like, liberal housing activists, but it's a lump of coal in the stocking of every American taxpayer."

December 11, 2014

U.S. Representative Ed Royce (R-CA) released the following statement in response to the Federal Housing Finance Agency's (FHFA) **announcement** that it will divert money to the Housing Trust Fund and the Capital Magnet Fund pursuant to the Agency's interpretation of the Housing and Economic Recovery Act of 2008 (HERA):

"Contrary to what Fannie and Freddie apologists claim, the GSEs have yet to repay any of the taxpayer-funded bailout funds they received, which makes today's announcement by the FHFA outrageous. Money coming in from the GSEs should go to the taxpayers instead of a slush fund for ideological housing groups to play around with."

Rep. Royce, a senior member of the House Financial Services Committee, authored the **Pay Back the Taxpayers Act of 2014** to specifically prohibit contributions by Fannie Mae and Freddie Mac to the Housing Trust Fund and the Capital Market Fund while the institutions are in conservatorship or receivership.

Rep. Royce also joined House Financial Services Chairman Jeb Hensarling (R-TX) in a writing a **letter** to FHFA Director Mel Watt urging the continuation of the FHFA's five-year-old policy of suspending contributions to the Housing Trust Fund and the Capital Magnet Fund.

Additionally, during consideration of the FY 2015 Transportation, Housing and Urban Development Appropriations bill, the House **unanimously adopted** an amendment authored by Rep. Royce which prohibits the GSEs from distributing funds to both the Housing Trust Fund and the Capital Magnet Fund.

# Neugebauer Blasts FHFA Decision to Fund Housing Trust Fund, Calls for Oversight

Dec 11, 2014

**WASHINGTON** – Rep. Randy Neugebauer (R-TX), Chairman of the House Financial Services Subcommittee on Housing and Insurance, released the following statement today after the Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to allocate funding for the Housing Trust Fund and the Capital Magnet Fund:

“I am outraged by Director Watt’s decision to fund the Housing Trust Fund at a time when taxpayers remain on the hook for the operations of Fannie and Freddie. To add insult to injury, today’s decision comes at the eleventh hour just before Congress finishes its legislative work for the 113th Congress. The timing could not be more suspect.

“Recent history should serve as a reminder that failed government housing policy can have catastrophic consequences for hardworking American taxpayers and the overall health of our economy. This is déjà vu all over again. Director Watt may have forgotten the path of destruction left by the GSEs, but the American people have not. \$16 trillion in wealth destruction which shattered dreams of early retirement for millions, countless boom and bust cycles that have wreaked havoc on the emotions of families across the country, and nearly \$200 billion of taxpayer funded bailouts that plunged the nation further into debt. I look forward to working with my colleagues on the House Financial Services Committee to hold the Agency accountable and conduct further oversight.”

## Rep. Ellison Statement on National Housing Trust Fund and Capital Magnet Fund

Dec 11, 2014

**WASHINGTON**—Rep. Keith Ellison (D-MN) released the following statement today after the Federal Housing Finance Agency (FHFA) announced it will fund the Housing Trust Fund and the Capital Magnet Fund.

“I am thrilled by the decision of the Federal Housing Finance Agency to implement the Housing and Economic Recovery Act of 2008 and provide about \$500 million a year or more to create affordable rental housing for thousands of extremely low-income families,” Rep. Ellison said. “We currently have a shortage of 8 million units affordable for extremely low-income families. The Housing Trust Fund and the Capital Magnet Fund make major progress toward meeting this need. These will provide desperately

needed revenue to offset recent spending cuts and the sequester that have left long wait lists for affordable housing in communities across the nation.”

“FHFA Director Mel Watt and his team are to be commended for providing good news to the millions of families with uncertain housing and the tens of millions living in high-poverty neighborhoods,” Rep. Ellison said.

“The FHFA’s decision to release funds to the NHTF is a major achievement for Congressman Ellison, housing advocates, developers and providers,” Chip Halbach, Executive Director of Minnesota Housing Partnership, said. “With this funding, many homeless families and families in jeopardy of experiencing homelessness will be able to secure housing that is affordable to them. This is a day worth celebrating.”

“Funding for the National Housing Trust Fund and Capital Magnet Fund are critical elements in the nation’s effort to rebuild housing opportunities in communities that suffered the most in the recent housing crisis,” Frank Altman, President and CEO Community Reinvestment Fund, USA, said. “Many families are still struggling to obtain decent affordable housing, and we at Community Reinvestment Fund applaud the FHFA for its decision to capitalize the National Housing Trust Fund.”

*Rep. Ellison previously led a letter signed in July by 78 House Democrats urging funding of the Housing Trust Fund and the Capital Magnet Fund.*

*The Funds receive a transfer of funds by Fannie Mae and Freddie Mac based on their new business. This dedicated source of revenue enables the Housing Trust Fund to provide communities with funds to build, preserve, and rehabilitate rental homes that are affordable to families with incomes below about 30 percent of area median income -- about \$24,000 in Minneapolis. The funds could be used for the real costs of building and managing affordable developments such as loans, equity investments, grants, interest rate subsidies, real property acquisition, site improvements, demolition, financing, operating costs to offset the low rents and reasonable administrative costs.*

*The Capital Magnet Fund (CMF) awards grants to nonprofit housing organizations and community development financial institutions to develop affordable housing, economic development and community service projects. Before the previous FHFA Director suspended contributions, the CMF received \$80 million which leveraged more than \$1 billion in investments. Minnesota CDFIs such as Community Reinvestment Fund or Volunteers of America could receive investment funds to strengthen local economies.*

## **Senators Applaud FHFA’s Move to Fill Affordable Rental Housing Funds**

**Regulator’s move means affordable rental housing funds Reed created in 2008 law could receive hundreds of millions of dollars to increase supply of affordable rental housing nationwide**

12/11/2014 —

**WASHINGTON, DC** – After the Federal Housing Finance Agency (FHFA) took a major step toward making affordable renting housing more available to American families, U.S. Senators Jack Reed (D-RI), Barbara Boxer (D-CA), Elizabeth Warren (D-MA), and Bernie Sanders (I-VT) today applauded FHFA’s decision to end the temporary suspension of contributions to the National Housing Trust Fund (NHTF) and the Capital Magnet Fund (CMF). The CMF was also designed to increase investment in related economic development activities or community service facilities, such as workforce development centers.

“This is a smart step toward strengthening our economy and increasing the supply of affordable rental housing across the country. It will allow more renters to find the homes they need at prices they can afford and will help with economic development initiatives in low income or rural areas,” **said Senator Reed**, who first began working on affordable housing trust fund legislation back in 2000 and led the effort to create the NHTF and the CMF in 2008 as part of the Housing and Economic Recovery Act.

"I am delighted by Director Watt's decision to fully fund the Housing Trust Fund and Capital Magnet Fund which will help millions of families find affordable rental housing," **said Senator Boxer**.

"FHFA's decision to restart funding for the National Housing Trust Fund and Capital Magnet Fund is great news for families in Massachusetts and around the country," **said Senator Warren**. "Making sure people have access to housing must be a top priority, and these important funds will provide hundreds of millions of dollars each year to increase the supply of affordable rental housing for families in need."

“This is really excellent news,” **added Senator Sanders**. “It is no secret that over the past decade, incomes have not come close to keeping pace with the escalating costs of housing. At a time when millions of families are struggling to get by, and when many households are spending 50 percent or more of their limited income on housing, the Trust Fund will provide resources to build the affordable housing we desperately need and create thousands of good-paying jobs.” Sanders first introduced Housing Trust Fund legislation in 2001 when he served in the House of Representatives.

To date, neither the NHTF nor the CMF have been consistently funded as intended. However, because FHFA has determined that the financial operations of Fannie Mae and Freddie Mac have stabilized to a sufficient level, the FHFA has determined that they may now begin setting aside money for the affordable-rental housing funds.

Affordable rental housing has become scarce for extremely low-income households, defined as those who make no more than 30 percent of the median family income in their communities. The National Low Income Housing Coalition estimated that in 2012 there were only 3.2 million rental housing units that were available and affordable for the 10.3 million extremely low-income rental households that need them.

## Waters Lauds Action to Support Housing Trust Fund

December 11, 2014

**Washington, D.C. – Congresswoman Maxine Waters** (D-CA), Ranking Member of the House Financial Services Committee, praised today's **announcement** by Federal Housing Finance Agency (FHFA) Director Mel Watt that he will finally fund the Housing Trust Fund, a permanent federal fund that focuses on providing support to states to build, preserve and ultimately increase the supply of affordable rental housing for extremely low- and very low-income families, including homeless families.

Waters, a coauthor of the legislation that created the Trust Fund, released the following statement:

"Today is a tremendously important day for the American people. I am thrilled that Federal Housing Finance Agency Director Mel Watt has decided, in keeping with his statutory mandate, that it's time to fund the Housing Trust Fund and the Capital Magnet Fund. In the richest country in the world, it is unconscionable that there are 7.1 million American households for whom safe and decent housing is neither affordable nor available. By allocating a tiny percentage of Fannie Mae and Freddie Mac's profits to these Funds, we have the chance to improve the lives of millions of American children, families, people with disabilities and the elderly. This dedicated funding source is even more crucial given the continued attacks on the public housing and voucher programs that have taken place in recent years, led by House Republicans. I applaud Director Watt for following the law, and lifting the prohibition on these contributions."

Congresswoman Waters fought to authorize the Housing Trust Fund and the Capital Magnet Fund, which also support homeownership, during the debate over the Housing and Economic Recovery Act of 2008. Working with her House and Senate Democratic colleagues, Waters built support for the Funds, eventually leading to them being signed into law by President George W. Bush. Contributions to the Funds were suspended after Fannie and Freddie's conservatorship in 2008. In the intervening years, the GSEs have become tremendously profitable, returning a combined \$37 billion in profits to the taxpayers.

# JOHNSON STATEMENT ON FHFA ANNOUNCEMENT TO FUND HOUSING TRUST FUND AND CAPITAL MAGNET FUND

December 11, 2014

**WASHINGTON** – Senate Banking Committee Chairman Tim Johnson (D-SD) released the following statement regarding today's announcement by the Federal Housing Finance Agency to direct Fannie Mae and Freddie Mac to allocate funding for the Housing Trust Fund and the Capital Magnet Fund.

"Today's announcement by the Federal Housing Finance Agency to fund the Housing Trust Fund and the Capital Magnet Fund is good news for millions of Americans seeking affordable and permanent housing. These Funds have received bipartisan support since first being authorized in 2008, and will help address the challenges facing states, non-profit organizations, and the housing industry as they seek to build and maintain housing that is within reach of working families, the elderly, and our veterans. I applaud Director Mel Watt for his leadership on this issue and continued dedication to improving housing opportunities for low-income families across our nation."

