

Spotlight on Housing

- **President Obama wants to provide relief to homeowners now because we can't wait for Congress to act.** The President announced on Thursday that the Administration had reached a landmark settlement with the nation's largest banks that will "speed relief to the hardest-hit homeowners, end some of the most abusive practices of the mortgage industry, and begin to turn the page on an era of recklessness that has left so much damage in its wake."¹ This agreement will dedicate \$20 billion for relief to homeowners – specifically for principal reduction, refinancing for homeowners underwater, principal forbearance for unemployed borrowers, and other programs.² It also provides \$1.5 billion in cash payments to borrowers whose homes were sold or taken in foreclosure.³ This agreement comes on the heels of President Obama's housing plan he laid out last week.

- **Mitt Romney believes in the market, but flips.** "Don't try to stop the foreclosure process. Let it run its course and hit the bottom,"⁴ Romney declared last month. "I want to get the government out of the housing business, let the market work."⁵ While his 59-point economic program makes no mention of housing,⁶ Romney dismissed concerns that unfair or inappropriate lending practices had contributed to the crisis and argued for removing recent regulatory rules, saying "Right now, with Dodd-Frank, we made it harder for banks to renegotiate mortgages."⁷ In Florida he reiterated that "corporations are people," saying "Well, the banks aren't bad people. They're just overwhelmed."⁸ Proceeding to Nevada, another state with extremely high foreclosure rates, Romney started to reverse course. "The idea that somehow this is going to cure itself all by itself is probably not real. There's going to have to be a much more concerted effort to work with the lending institutions," he said.⁹
- **Rick Santorum echoes market-based approach, retreats from earlier positions.** "Markets have to find their bottom,"¹⁰ said Santorum. Asked in September if the unregulated market had contributed to the crash, Santorum disagreed. In a 2010 op-ed, Santorum blamed the housing crisis on Fannie Mae and Freddie Mac, saying they had taken on risks "to accomplish Democrats' affordable-housing goals."¹¹ However, as recently as 2005 Santorum supported increasing home ownership for a wider spectrum of Americans, saying he wanted Fannie and Freddie to take "a more active role in creating housing opportunities for low and moderate income families."¹²
- **Newt Gingrich attacks regulations, Romney.** "He owns a Goldman Sachs subsidiary that forecloses on Floridians. He is surrounded by lobbyists who are paid by Fannie Mae and Freddie Mac to stop reform,"¹³ said Gingrich last month in a searing attack on Romney. Gingrich, who made \$1.6 million consulting for Freddie Mac, told Politico: "Let's be clear, you're watching ads paid for with the money taken from the people of Florida by companies like Goldman Sachs, recycled back into ads to try to stop you from having a choice in this election."¹⁴ Gingrich also attacked financial sector reforms following the crash, saying "If they would repeal it [Dodd-Frank] tomorrow morning, you would have a better housing market the next day."¹⁵
- **Ron Paul says government program not 'the answer'.** "We need to get out of the way,"¹⁶ said Paul. Arguing against the possibility of government programs solving the housing crisis, he said in Nevada, "Although it's very easy to look at the housing crisis in Nevada and particularly Las Vegas and say, 'that is the issue: All we have to do is wave a wand, give somebody some money and solve the housing trouble,' it isn't the answer."¹⁷

NEA Believes

Communities and schools have borne the brunt of a housing crisis they didn't create. Many Americans do not realize that more than 40 percent of all education funding is derived from local property taxes.¹⁸ The more people who can keep their homes the better it is for local communities. Subsidies and incentives for working families who are underwater on their mortgages provide much needed relief to those who are struggling to make ends meet; but it also helps school districts, which benefit from strong community tax bases.

¹ Remarks by the President on the Housing Settlement, WhiteHouse.gov, 2/9/12

² Mortgage Plan Gives Billions to Homeowners, but With Exceptions, NYTimes, 2/9/12

³ Mortgage Plan Gives Billions to Homeowners, but With Exceptions, NYTimes, 2/9/12

⁴ Romney Avoids Nevada's Housing Market Problems with a Tactic That Could Work – for Now, Money Morning, 2/3/2012

⁵ Republicans' stance on housing recovery carries risks, Reuters, 1/19/2012

⁶ *Ibid*

⁷ Foreclosure-Ridden Florida Listens for Republican Housing Plans, Bloomberg, 1/26/2012

⁸ Candidates unloved in FL town hit by foreclosures, AP, 1/26/2012

⁹ Romney Seems To Reverse Housing Policy, Calls For Action To Limit Foreclosures, Think Progress, 1/23/2012

¹⁰ Republicans' stance on housing recovery carries risks, Reuters, 1/19/2012

¹¹ Santorum Runs from Record on Fannie, Freddie Housing Goals, American Banker, 1/9/2012

¹² *Ibid*

¹³ Florida Primary Voters Want Housing Crisis Solutions, Zillow Blog, 1/30/2012

¹⁴ Newt punches Mitt over Goldman Sachs cash, foreclosures, Politico, 1/26/2012

¹⁵ After Obama Speech, Three Arguments for Housing, AP, 1/26/2012

¹⁶ GOP Candidates Agree Less Government Will Help Housing Crisis, Northeast Cobb Patch, 1/24/2012

¹⁷ Even in foreclosure-plagued Nevada, candidates are sidestepping housing crisis, Las Vegas Sun, 2/3/2012

¹⁸ School Finance, Education Week, 6/20/2011