

Crapo Statement at Housing Finance Reform Hearing, Part One

March 26, 2019

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at the first of two hearings on his housing finance reform outline.

The text of Chairman Crapo's remarks, as prepared, is below.

“Today, the Committee returns its focus to the state of our housing finance system.

“It has now been a full decade since the government asserted control of the government-sponsored enterprises, or GSEs, Fannie Mae and Freddie Mac.

“After ten years of market recovery, these mortgage giants remain stuck in conservatorship, with taxpayers still on the hook in the event of a housing market downturn.

“It appears that the old, failed status quo is slowly beginning to take hold again, with the government in some ways expanding its reach even further, entering new markets where it has never been before.

“Today, Fannie and Freddie, along with government-insured mortgages, dominate the mortgage market.

“Approximately 70 percent of all mortgages originated in this country are in some way touched by the federal government.

“I have long said that the status quo is not a viable option, and I consider it a top priority this Congress to find a comprehensive, legislative solution.

“During the 113th Congress, this Committee made progress by favorably reporting the bipartisan Housing Finance Reform and Taxpayer Protection Act.

“Since that time, the Committee has continued to study the issue, learn from previous iterations, and analyze a variety of proposals that have been put forward by stakeholders and policymakers.

“Last month I introduced an outline for potential housing reform legislation.

“This outline sets out a blueprint for a permanent, sustainable new housing finance system that: protects taxpayers by reducing 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; and promotes broad accessibility to mortgage credit, including in under-served markets.

“This outline is the byproduct of over a dozen hearings conducted by this Committee over the past decade.

“It also incorporates key elements of several housing finance reform plans that have been advanced by thought leaders.

“Many of those thought leaders have joined us today, and will join us tomorrow.

“We will hear from 12 witnesses over the next two days on my housing finance reform outline.

“Thank you for your willingness to appear here, and for your continued participation in this important conversation.

“Today, I am interested in discussing the viability of our framework, the impact it will have on various market participants, and to highlight the areas where work remains to be done.

“We are dedicated to getting this done, to bring to a close the conservatorship era, and to establish a durable, sustainable new housing finance system that works for all Americans.

“The time is now to resolve this issue and I look forward to working with my colleagues to that end.”

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