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OPINION

Resetting the Housing Sector

Time for new leadership at finance agency

BY JEAN-MARIE CATERINA
AND JOSE GONZALEZ

Business groups with an axe to grind against the Obama Administration, like the U.S. Chamber of Commerce and the National Federation of Independent Business, like to push the idea that "uncertainty" over government actions is the monkey on the economy's back.

As small business owners who work in the housing sector, we don't buy that analysis.

The source of our continuing economic problems is not some vague cloud of "uncertainty." It is, quite the opposite, the very real certainty that if we don't do more—and soon—to hit the reset button for the housing sector, the economic recovery will continue to fall short of what we need to put millions of unemployed Americans back to work.

Almost five years after the finan-

cial crisis rocked our economy, we still haven't done anything to address one of the key drivers of the crisis: the divorced-from-reality overpricing of homes and mortgages during the housing bubble.

Since the bubble burst, nothing has been done to correct the pricing distortions that were written into mortgage contracts. The result?

Especially with the gridlock in the U.S. House and Senate over economic issues, we need President Obama to do what's in his power to get the economy back on track.

Fourteen million Americans are underwater in their homes.

This isn't just holding back the housing sector. A weak housing sector drags the whole economy down, and when consumers are stuck shipping inflated mortgage payments off to Wall Street accounts every month, that drains consumer purchasing power and weakens local economies.

A scientific survey of small business owners nationwide commissioned last year by three business networks bears this out. In that survey, 73 percent of small business owners said the drop in consumer demand as a result of the housing and mortgage crisis has hurt their businesses (and 28 percent said it has hurt a great deal).

There is, of course, a solution: reset underwater mortgages to fair market value. That will boost the housing sector, bolster consumer spending, and restore the dream of home ownership for millions of Americans who've been living an underwater nightmare for the last five years.

Why haven't we implemented this simple solution? There's a

simple answer. In two words or less: Edward DeMarco.

As acting director of the Federal Housing Finance Agency, Mr. DeMarco oversees Fannie Mae and Freddie Mac. And in that capacity, Mr. DeMarco has blocked all efforts at resetting underwater mortgages.

Indeed, despite clear evidence that writing down underwater mort-

would we give the keys back to the same people who drove the economy into the ditch in the first place?" was the gist of his appeal.

Well, now he's got a guy driving his administration's housing policy who, instead of turning the key and stepping on the gas to get the car out of the ditch, seems more intent on slashing the tires.

Especially with the gridlock in the U.S. House and Senate over economic issues, we need President Obama to do what's in his power to get the economy back on track.

As small business owners and real estate agents, we'd suggest he start by asking Mr. DeMarco to hand over the keys to his office. It's time to appoint a new FHFA director who will do what's right for homeowners, small businesses, and the economy by resetting mortgages to fair market value.

Jean-Marie Caterina is a real estate broker from Maine, and Jose Gonzalez is principal broker at Tu Casa Real Estate in Salem, Ore. Their commentary was provided by American Forum.

Sequestration more than an Inconvenience

Holding leaders accountable

BY M. LINDA JARAMILLO,

Yesterday, I heard a news commentator advise travelers to get to the airport earlier than normal. The reporter warned of the inconvenience of long security lines if our elected leaders do not reach agreement about the federal budget.

At issue are the across the board cuts in federal spending, known as sequestration. This slippery slope toward economic disaster did not just begin yesterday and it won't be solved by short term, over-night solutions that have become the mode of operation of late.



Sequestration, an element of the Budget Control Act of 2011, was meant to provide a way for the so-called "super committee" to reach a deal over a year ago. But it didn't happen.

We spent millions of dollars to elect these national leaders so I suggest that we hold them accountable for making responsible decisions that impact millions of people.

It is unthinkable that we refuse to tax the wealthiest and at the same time continue to provide tax subsidies to oil companies. It's hard to empathize with billionaires who will not be inconvenienced by paying a minimum tax on income over one million dollars.

Once again, the most vulner-

able will suffer the deepest loss if the sequester is enacted this weekend. Let me give just a few examples. Head Start will lose \$406 million resulting in 70,000 children being eliminated from the program. Public housing support is scheduled to be reduced by \$1.94 billion. The National Institutes of Health will be cut by \$1.6 billion and global health programs by \$433 million.

Furthermore, an essential step in these economic times is to create jobs; however, the sequester will go in the opposite direction sliding us back toward a recession.

According to Stephen Fuller, an economist at George Mason University, 2.14 million jobs will be lost, both defense and non-defense fed-

eral workers. If we consider the 325,693 employees in the Defense Department, the 420,529 non-defense federal workers, and those who will lose their jobs in the public and private sector due to cuts to state programs, it is more than an inconvenience to them and their families.

It is the same old story about our elected leaders who are failing to govern responsibly. Unfortunately, it has become commonplace to hear about the breakdown of negotiations between Democrats and Republicans; between the House of Representatives and the Senate; between the White House and Congress.

The divisions are so deep that accusations are slung around and

in the meantime we face an economic crisis that will have the deepest impact on the marginalized; sadly, not an unusual story.

We must get real. We must recognize that if people are out of work, if parents do not have adequate day care, if families are denied support for housing and health care, they will be cast into a tragic set of circumstances that may take years to remedy.

We must raise our voices in protest because caring for one another in the wealthiest nation in the world is the right and just thing to do. It is not an inconvenience.

M. Linda Jaramillo is executive minister for Justice and Witness Ministries for the United Church of Christ.

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EDITOR: Michael Leighton

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CREATIVE DIRECTOR: Paul Neufeldt

OFFICE MANAGER/CLASSIFIERS: Lucinda Baldwin

ADVERTISING MANAGER: Leonard Latin

STAFF WRITER/PHOTOGRAPHER: Cari Hachmann

USPS 959-680

4747 NE Martin Luther King, Jr. Blvd., Portland, OR 97211

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