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OPINION

Driven by Weapons of Mass Deception

Affordable housing goals under attack

BY MARC H. MORIAL



A new housing reform proposal slated for a Senate Banking Committee vote this week could accelerate the already significant post-recession decline in homeownership among communities of color and all working and middle-class communities.

The bill, which is co-sponsored by Sens. Tim Johnson, D.-S.D., chairman of the banking committee, and Mike Crapo, R-Idaho, the ranking member, would wind down Fannie Mae and Freddie Mac and replace them with a new agency, the Federal Mortgage Insurance Corporation.

This new agency would end the affordable housing goals of Freddie and Fannie, which helped boost the percentage of African American homeownership to a pre-recession all-time high of 50 percent. The current African American homeownership rate is 43 percent, and African Americans are the only group that continues to experience a homeownership decline in the re-

covery, down 2.5 percent since 2000.

The Johnson-Crapo bill is driven by weapons of mass deception that perpetuate the myths that affordable housing goals and the Community Reinvestment Act created the housing crisis when nothing could be further from the truth. The affordable housing goals of Fannie and Freddie did not cause the crisis. In fact, according to the Fiscal Crisis Inquiry Commission, the body that was created to investigate the causes of the financial crisis, the affordable housing goals only "marginally contributed" to the crisis. But they made a tremendous impact on helping responsible borrowers purchase homes.

As a result, according to the National Community Reinvestment Coalition, during the last 10 years, more than 60 million hard-working families have benefited from the affordable housing goals.

The foreclosure crisis was not caused by irresponsible borrowers. It was caused by irresponsible financial products and a subprime lending market that were faulty and predatory in design, a result of reckless greed and doomed to fail from the start.

By repealing the affordable housing goals that have been in place

since the early 1990s – and through a reduced government guarantee – we are extremely concerned that the Johnson-Crapo bill will lead to cost increases that make homeownership unaffordable for the millions of working and middle-class Americans who have already borne the brunt of the impact of the foreclosure crisis, wiping out the majority of family wealth amassed during the last decade.

This bill would also exacerbate some of the widening economic disparities highlighted in the National Urban League's 2014 State of Black America report. For example, the black-white homeownership Equality Index is now only 60 percent, and blacks are three times as likely to be denied on a mortgage application.

Our report also shows that blacks have a median wealth of \$6,314 vs. whites at \$110,500 – a wealth equality index of a dismal 6 percent. With the critical role that homeownership plays in wealth accumulation, any further impediments to minority and low-to-middle-income homeownership will only widen that gap.

That is why the National Urban League joined with the Leadership Conference on Civil and Human Rights, NAACP, National Coalition for Asian Pacific American Commu-

nity Development, National Council of La Raza, National Fair Housing Alliance, and Center for Responsible Lending to voice our serious concerns about this bill in its current form.

Today's mortgage market excludes families of color almost entirely.

According to the most recent Home Mortgage Disclosure Act data, there were 1.3 million conventional mortgage loans made in 2012; of those, Latinos received only 69,217 loans, African-Americans received 29,405 loans, and Asian American Pacific Islanders received 2,697 loans. There were 4.9 million refinance loans made in 2012, of which Latinos received 76,038, African-Americans received 75,785, and Asian American Pacific Islanders received 10,611.

The Johnson-Crapo proposal does not adequately address this ongoing inequity nor does it provide an inclusive way forward for working and middle class communities to participate in the future housing market.

Housing finance reform is necessary. But we believe that it should be true reform – and not retrogression. Its goal should be to create a secure housing finance system that

is open and available to all credit-worthy borrowers and that provides affordable mortgages to families with lesser incomes and wealth.

Instead of expanding homeownership opportunities, the Johnson-Crapo proposal tells working and middle-class families that homeownership will be reserved for the fortunate few. It says that these families do not deserve low-cost credit; that owning a home is not important to family wealth; and that communities no longer need a stable tax base to fund schools, police, fire and libraries. That is simply wrong, and we can do better.

The National Urban League strongly urges the Senate Banking Committee to change course on this bill now, ensure the inclusion of affordable housing goals, and pass legislation that will help to ensure access to affordable mortgage credit for all creditworthy borrowers, while at the same time protecting taxpayers from bearing the cost of a housing downturn.

As it stands, working families – and the essence of the American Dream – cannot afford Johnson-Crapo.

Marc H. Morial is president and chief executive officer of the National Urban League.

A Lifetime Investment in Deserving Kids

The Neil Kelly Memorial Scholarship

BY J. BYRON KELLAR



Each spring, for the past 16 years, I have seen the youth of the world pass before my eyes. Vietnam, Ethiopia, Cambodia, Guatemala, San Salvador – and yes Portland. I have seen teenagers who have immigrated here, many fleeing poverty and persecution, face the challenges of language, customs and contemporary society. I have also seen many born here who face a different set of challenges, obstacles much more daunting than most of us would ever experience.

In this once-a-year assignment, I help decide which four among dozens of north and northeast Portland high school seniors will receive a modest \$8,000.00 (\$2,000 a year for up to 4 years) college scholarship from the Albina Rotary Foundation when so many deserve so much more.

Albina Rotary Foundation has built a modest endowment over the past 16 years that funds the Neil Kelly Memorial Scholarship.

Named after one of Portland's legendary community leaders, the scholarship is dedicated to recognizing high school seniors, who live in the Albina Rotary Service Area, for their dedication to their communities. While they all earn good grades, the higher selection criteria for our committee is their passion for community in all its forms: family, school, church and volunteer community organizations.

Though past winners have come from Jefferson, Benson, Madison, Cleveland, De LaSalle North, Central Catholic, Roosevelt, Grant, Open Meadow high schools and the McCoy Academy they have all shared a common value that puts others before themselves, a true measure of their character.

These young volunteers are involved in such diverse organizations as, National Honor Society, school mentoring programs, Habi-

tat for Humanity, Self Enhancement Inc., Oregon Food Bank, local churches, and youth groups, while often working part time and weekend jobs to assist their families. I have seen documentation of hundreds of hours of community service, which tells me these kids understand the value of; work, education and truly giving back to their communities.

Albina Rotary Foundation marks the 17th anniversary of the Neil Kelly Memorial Scholarship this year, as well as the 67th anniversary of Neil's start in our community. Our 2014 goal is to continue to build the endowment to continually increase the amount of scholarship we award our winners.

The strength of our city lies in the rich diversity of our community. These north and northeast Portland students can take genuine pride in what they accomplish now and, in time, what they will "pay forward" to our community for the next generations. Our job is to make certain they have all the encouragement we can muster.

When I first became involved

with this program I thought it was about Neil Kelly, now I know what Neil knew, it's about investing in these kids who are absolutely determined to succeed. Kids who will continue to give back to us all. There is no better investment.

Our Awards Luncheon this year

will be on May 16 from 11:45 a.m. to 1:30 p.m. at the Rose Quarter. Please RSVP Margie Davidson by email at rodandmargie@gmail.com or phone at 503-287-6930.

J. Byron Kellar is president of Albina Rotary and a member of the Neil Kelly Scholarship Committee.

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