

## **Putting Our Government Back on the Side of Homeownership and Prosperity**

Current efforts in Washington to restore the nation's housing finance system in the chilly aftermath of the financial crisis are a sorry spectacle and just one more discouraging sign that many of our leaders are out of touch with what's most important to the people who elected them.

Homeownership has helped move millions of working Americans squarely into the middle class. It has been a cohesive force for our families and our communities, providing economic and social stability that is the bedrock of the American Dream. For a young couple owning a home means a place to raise children, establish roots and plan for the future. For minorities who are making generational advancements in education and in the job market, homeownership conveys ascent into the mainstream and significant advantages in establishing a successful footing on the road to financial security.

Since the 1920s, government policies have given rise to a mortgage finance system that enables families to enjoy the benefits of homeownership. Affordable downpayments and capital through a government-backed secondary mortgage market have opened the door to homeownership. And an income tax deduction for mortgage interest has helped defray the cost of monthly mortgage payments, an especially important factor for younger households. The reality is that the majority of people in the country today could not have purchased a first home without strong government policies on homeownership in place. Unfortunately, too many policymakers have lost sight of that fact today as they overhaul our housing finance system.

Homeownership has come under attack from free-market proponents, who believe we should end federal backing for housing finance because the private market is the most effective conduit for the mortgage money borrowers need. This ignores the fact that the flow of capital left to its own devices goes to the highest bidder and seeks investment returns that most prospective home buyers might not be able to pay when the credit markets are not running in favor of housing.

Homeownership has also come under attack from proposals to end or curtail the mortgage interest deduction because it benefits the wealthy disproportionately, when the facts show otherwise. Analysis by NAHB and others shows that the majority of the benefit goes to the middle class and that young, first-time home buyers would be hurt the most by altering this policy.

And there are regulators who believe that a 20 percent downpayment should be required on a standard mortgage, which would impose a major obstacle to ownership and require households to save for years to accumulate the large amount of money needed. In an effort to correct the abuses of the housing boom – in which largely unregulated lenders were giving mortgages to borrowers who obviously did not have the wherewithal to repay their loans – the pendulum has swung too far in the opposite direction. Banks understand well how to document income and credit history and underwrite mortgages to avoid risky borrowers. Surely this is a saner approach than building up walls to deny the benefit of homeownership to a substantial segment of the population that has had access to homeownership for generations.

On Jan. 12, the community will rally at the state capitol in support of homeownership, an institution that has led economic progress in the U.S. for a century. For more information visit [www.rallyforhomeownership.com](http://www.rallyforhomeownership.com) The hopes and dreams of today's young and minority households are pinned on owning a home. Rising above the short-sighted views of housing's detractors, now is the time to put our government on the side of a housing-led return to economic prosperity.

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Tweet about the rally with **Rally For #Homeownership**

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