

Ex-HUD Chiefs Cisneros, Kemp Say Fair Housing is Vital to Bailout

September 25, 2008

Chris Wood

MULTIFAMILY EXECUTIVE News Service

A government bailout of the housing industry or general economy will be unsuccessful in the absence of continued fair housing protections, according to the National Commission on Fair Housing and Equal Opportunity (NCFHEO), a private-sector, bipartisan group based in Washington D.C.

During a conference call from Boston earlier this week, NCFHEO co-chairs Jack Kemp and Henry Cisneros, both former secretaries of the U.S. Department of Housing and Urban Development (HUD), indicated that the commission may directly appeal to the government before the end of this year, recommending that fair housing protections be incorporated into any government bailout of the financial markets.

The commission plans to issue a wide-ranging report in December that will include major housing policy recommendations to be determined after its final regional meeting in October. But Cisneros said that he'd like to broaden the commission's mandate to address the fair housing components—or lack thereof—included in any immediate bailout plans.

"We are currently withholding official recommendations until we conclude these meetings, but we're prepared to weigh in on the timely legislation that is now being considered," Cisneros said. "I'm pleased to hear comments like those of [Rep.] Barney Frank [D-Mass.], who insisted that this not just be a bailout for the banks, but that the communities and individuals who have been hurt are considered in the legislation. Clearly, a fair housing component would be a part of that."

Commission member and Massachusetts Housing Policy Chief Tina Brooks said that much of the discussion at commission hearings has centered on better enforcement of consumer protections, particularly when it comes to mortgage lending and fair housing rights. Policy recommendations addressing such enforcement to "keep financial institutions accountable" will likely be included in the commission's December report.

Cisneros added that crisis in the financial markets—including single-family home foreclosures and the evaporation of credit availability—are having a spillover effect into the multifamily rental sector. That effect takes the form of heightened rental demand during a period of anemic supply, which in turn pushes rents, strains affordability, and puts fair housing issues on the back burner. "It all is beginning to take the dimension of very urgent discussion," Cisneros said. "So as Congress and the White House advance measures to purchase distressed paper and address the housing stock, the fair housing agenda needs to be considered in that legislation."

Kemp responded that he and Cisneros were of like minds and were determined to galvanize support from both sides of the aisle to further the fair housing agenda. "I'd be happy to make sure that whatever [bailout] passes through Congress passes with bipartisan support and cannot in any way neglect the fair housing laws of this country," Kemp said.

In addition to examining federal enforcement of fair housing laws and the foreclosure crisis, the commission also investigates the impact of urban revitalization and the effects of housing segregation on education and employment opportunities. For more information, visit NCFHEO online at www.nationalfairhousing.org.