

Yesterday afternoon, the House Financial Services Committee of which I am a member, passed a bill on a mostly party-line vote to create a National Housing Trust Fund, or as I like to call it, the National Housing Slush Fund. This fund is supposed to help build 1.5 million new units of affordable hou... Yesterday afternoon, the House Financial Services Committee of which I am a member, passed a bill on a mostly party-line vote to create a National Housing Trust Fund, or as I like to call it, the National Housing Slush Fund. This fund is supposed to help build 1.5 million new units of affordable housing; the problem is that the Democrats who designed this bill ended up creating a new bureaucracy and taxing many of the same people they are trying to help.

First, at a cost of at least \$1 billion per year, this program draws money out of a slush fund created by, guess what...a new tax on every mortgage in the Fannie Mae and Freddie Mac portfolios. These government sponsored enterprises, which have a mandated mission to help provide home loans to low and middle income families, would be taxed to the tune of \$3 billion over the next 5 years. You think those costs won't be passed along to those low and middle income families making affordable housing more expensive? Also, the Slush Fund would use excess premiums from the Federal Housing Administration's loan guarantee program, which helps many first time homebuyers, to the tune of \$350 million a year. This is one of the few programs in the federal government that actually puts money into the Treasury.

Second, the Slush Fund creates a new bureaucracy that duplicates an already existing program within the Department of Housing and Urban Development (HUD). The HOME program at HUD makes grants to qualifying applicants who are in the business of constructing affordable housing. Guess what the Slush Fund does – yep, that's right – the exact same thing. I wonder how many more units they could have built with the new administrative costs created by the Slush Fund.

Lastly, the way this program doles out money is a cause for concern. Instead of making all grants directly to entities that actually construct affordable housing, the Slush Fund can make grants to intermediaries even if they have only a small interest in affordable housing. Many of these organizations also have grassroots political activist wings and considering this money from the Slush Fund is fungible, taxpayer dollars could be used to promote political activities.

This National Housing Slush Fund is just another example how the majority party in Congress is not interested in lessening the burden on the American taxpayer, but rather appeasing constituent groups through larger government programs. If they were truly interested in creating affordable housing, we should probably cut the loan rates rather than throw more money at the problem.