



# Hill Notes

## February 2008

### Affordable Housing



*“The lack of safe, affordable housing requires a renewed commitment to increase the supply of quality housing and to preserve, maintain, and improve existing housing through public/private partnerships, especially with religious groups and community organizations. The USCCB continues to oppose unjust housing discrimination and to support measures to meet the credit needs of low-income and minority communities.” #81*

#### **Forming Consciences for Faithful Citizenship:**

A Call to Political Responsibility from  
the Catholic Bishops of the United States  
2007

The U.S. housing market is in deep trouble. Last year, home sales plummeted and housing starts and prices fell, as inventories of unsold vacant houses and foreclosures set records. Over the last ten years, the American market was flooded with ‘new’ financial products for borrowers with problem credit and low initial payments to anxious buyers desperate to enter a hot housing market.

Harvard University’s Joint Center for Housing Studies found “housing affordability remains a pervasive problem.” The Center cited a record number of American families spending in excess of 30 percent of their income for housing.

#### **Why is the Catholic Church involved in housing issues?**

Catholic Social Teaching has long recognized housing as a basic human right. Through its parishes, diocesan structures, and Catholic Charities agencies, the Catholic community is one of the largest providers of shelter in the nation. For decades, the federal government through the Department of Housing and Urban Development has encouraged and funded a variety of Church sponsored housing- particularly senior housing, transitional housing, homeless shelters, and some family units.

#### **Do the Catholic Bishops support any particular legislation to address the ‘housing crisis?’**

The United States Conference of Catholic Bishops (USCCB) actively and strongly supports a National Housing Trust Fund as “a genuine opportunity to let the American people know that the shelter needs of low-income families are a national priority.” The trust fund would create an ongoing, permanent, dedicated and sufficient source of revenue to build, rehabilitate and preserve 1.5 million units of housing for the lowest income families over the next 10 years. Last October, the U.S. House of Representatives passed H.R. 2895, the National Affordable Housing Trust Fund Act of 2007. A similar bill (S. 2523) has been introduced in the Senate.

#### **What have Bishops said about the subprime problem?**

The Catholic Bishops insisted in a letter to Congress that “[e]fforts to revitalize neighborhoods and to expand homeownership among low income families are being threatened by abusive lending practices. These practices, termed predatory lending, trap far too many unsophisticated

and vulnerable people, often the elderly, into high cost loans that frequently lead to foreclosure after stripping any equity from the home. The Catechism of the Catholic Church condemns this sort of speculation, this usury, as morally illicit.” (#2409)

**Has Congress passed effective predatory lending legislation?**

No. The House of Representatives passed The Mortgage Reform and Anti-Predatory Lending Act of 2007 (H.R. 3915), which, unfortunately, lacks adequate enforcement mechanisms and unnecessarily preempts state laws. Also under consideration in the House is legislation (H.R. 3609) that would allow some borrowers to restructure their debts in bankruptcy court under Chapter 13, an option available to most other debts, but not primary home mortgages.

The Senate Banking Committee is considering the Home Ownership Preservation and Protection Act of 2007 (S. 2452) which establishes new protections for all consumers, especially families who get subprime loans or non-traditional mortgages. It provides strong remedies and allows state attorneys general to enforce the law, while not overriding state laws.

**What should Congress do?**

First, the Senate should follow the House’s lead and quickly pass the National Affordable Housing Trust Fund Act. Congress also needs to establish protection for consumers who rely on subprime loans or other non-traditional mortgages. Strong and effective protections are needed for homeowners vulnerable to predatory lending practices and provide bankruptcy protection to troubled homeowners. This should be done without a federal preemption of stronger state and local anti-predatory lending laws.

For more information: contact Thom Shellabarger at the USCCB, 202-541-3189 or [tshellabarger@usccb.org](mailto:tshellabarger@usccb.org)