

H.R. 1461- GSE Reform and Affordable Housing Fund

H.R. 1461 started out as a bipartisan measure to reform the oversight of Fannie Mae, Freddie Mac and the twelve Federal Home Loan Banks. The bill also established a new non-taxpayer financed Affordable Housing Fund for low-income families. A portion of the profits of Freddie Mac and Fannie Mae would be dedicated to the production, preservation, and rehabilitation of rental housing and first-time homebuyers in urban and rural areas. The fund is expected to provide more than \$2 billion in critically needed funds for affordable housing over five years. The bipartisan bill included safeguards to ensure that grant funds are used solely for housing, and provided a priority for housing programs the hurricane-damaged areas of the Gulf Coast.

However, a small group of conservative Republicans were not satisfied with a bipartisan bill that passed the Financial Services Committee 65-5, with a three-to-one bipartisan majority of the committee voting against a move to strike the affordable housing program. They found a sympathetic ear in the House Republican leadership, who delayed action on the bill until significant changes were added. This demand included restricting non-partisan voter registration and efforts to encourage voting, and punishing groups for performing these constitutionally protected services and exercising their free speech rights.

Specifically, the new provisions will make it virtually impossible for church and religious organizations to qualify for Affordable Housing Funds, and make it almost impossible for other non-profits to work within these restrictions. For example:

Primary purpose - The bill contains a provision requiring a non-profit applying for a grant to have as its *sole* primary purpose the provision of affordable housing. This restriction renders ineligible most churches and faith-based groups, many of which directly engage in housing programs for seniors, as well as most local social welfare groups and many nonprofits that build housing for the disabled and elderly. Since the “primary purpose” for many religious organizations and churches is faith, housing cannot be the primary role of the church.

Restrictions on civic activities - A non-profit organization is ineligible if they engaged in non-partisan voter registration and get-out-the-vote activities 12 months prior to applying for the grant. Housing groups, senior citizen groups, disability organizations, and faith-based groups will be forced to choose between funding for low-income housing and engaging in non-partisan civic activities *even* with their own funds. Groups may be conflicted because some state grants require organizations to provide voter registration services as a condition of the grants.

Efforts to remove restrictions defeated - In floor consideration of the bill on October 26th, a motion to strike the “primary purpose” requirement and the prohibition on non-partisan voter registration and get-out-the-vote activities **failed** on virtually a straight party line vote of 200-220. All but three House Republicans voted to keep these restrictions in the bill, despite objections from faith-based groups across the country.