SFC
Structured Finance Coalition

Congressional Insiders Club

MEMBER SPOTLIGHT

U.S. Congressman Josh Gottheimer (D, NJ-5)

Josh Gottheimer represents New Jersey's Fifth Congressional District and was sworn in on January 3, 2017.

In Congress, Josh serves on the House Financial Services Committee where he works on three Subcommittees: the Capital Markets, Securities, and Investments Subcommittee, the Oversight and Investigation Subcommittee, and the Terrorism and Illicit Finance Subcommittee.

In February 2017, Josh was elected Co-Chair of the bipartisan Problem Solvers Caucus, where he works to bring the group of 24 Democrats and 24 Republicans together across party lines to find areas of agreement on key issues including lowering taxes, cutting burdensome and unnecessary regulation, lowering health insurance premiums, and improving infrastructure to help the American people.

What role should the Federal government play in housing finance, specifically as it relates to the Government Sponsored Enterprises (Fannie Mae and Freddie Mac)?

A guarantee clearly plays an important role in our housing finance system — helping ensure liquidity, affordability, and accessibility in the loan market. There have been multiple GSE constructs proposed over the years, but I'm most focused on ensuring northern New Jersey has affordable access to mortgage credit in a stable and disciplined marketplace. Where possible, I want to empower our private sector and shed unnecessary risk from the government.

Now that Fannie Mae and Freddie Mac are in their 10th year of Conservatorship, what is Congress' role in determining their future, and how does that interact with the role currently being played by regulatory agencies like the FHFA?

The housing market is nearly 25 percent of our domestic economy and deeply intertwined internationally. And as the housing crisis laid bare, the sector can have tremendous impact from Wall Street to Main Street. The New Jersey housing market is still recovering 10 years later and retains the unfortunate distinction of being a leader in foreclosures. While FHFA and other agencies may play a role in exploring ideas and concepts for the next iteration of housing finance, it's imperative that Congress has a voice in the ultimate outcome. The implications are too large for elected representatives to ignore. Unfortunately, thus far we've been stymied from real and lasting reform by partisan gridlock. We can't keep kicking the can down the road. This is why I'm particularly proud to be a Co-Chair of the Problem Solvers Caucus, a group of Democrats and Republicans that work together to try to break the gridlock and get these must-pass bills through.

Where do rules, regulations, and regulatory oversight in the housing finance market need to be strengthened? Where should they be pared back or right-sized?

Right now, I'm focused on the housing market's failure to provide accessible and affordable loans. Depository institutions have been under increasing pressure to back out of Federal Housing Administration (FHA) insured loans market. In 2000, banks and credit unions comprised 80 percent of FHA insured loans. Today, that number is down to 20 percent, with non-bank financial companies making up the difference. Without reliable lending off bank deposits, I'm concerned we're going to have a particularly severe affordability and access problem when the credit cycle turns. We need to bring depository institutions back into mortgage lending by providing more certainty on enforcement. It's why I've introduced the bipartisan Fixing Housing Access Act.

MEMBER SPOTLIGHT, CONTINUED

What role should the legislative branch play in ensuring healthy and robust capital markets for American families and businesses?

One of our greatest strengths in this country is our well-functioning capital markets. Capital formation has helped everyone from big and small businesses to our homeowners. Congress plays a role in protecting consumers, but also ensuring businesses can continue to innovate and access the capital they need. In short, I want to be confident seniors and other investors aren't being preyed on, while our businesses and consumers can tap the markets as needed.

What do you think are the most important aspects of the recently passed financial regulatory reform package, from the perspectives of economic growth and U.S. consumers' access to credit?

I'm proud to have co-led a number of the bills that were enacted in the package. The package included important, but often overlooked, consumer protections like free credit freezes and provisions to stop senior scams. It also served to hone and improve our banking regulations put in place by the Dodd Frank Act nearly a decade ago. Particularly, it took significant steps to reduce the regulatory burdens on our community banks and regional banks. Smart policies like expanded 18-month examination cycles ultimately are a better allocation of our limited regulatory resources. Additionally, allowing the Federal Reserve to better tailor bank regulations for mid-size banks will in the end help regulators focus on the riskier banks.

With regard to Basel capital and liquidity standards, how do we ensure that U.S. institutions are not put at a disadvantage vis-à-vis their international competitors?

We need to regularly re-visit regulations to ensure our economic competitiveness and financial stability. Our domestic banks have succeeded well abroad in recent years and I'm hopeful we can continue refining a system that allows them to compete successfully.

This question and answer session was completed by Congressman Gottheimer. The opinions expressed are the author's own and do not necessarily reflect the views of the Structured Finance Coalition or the Structured Finance Industry Group.

For questions, please contact Coalition@sfindustry.org or call (202) 524-6300.