

## Social progress at risk in Congress

### Affordable-housing fight poses threat to nonprofits, the poor.

Rick Cohen for [philanthropyjournal.org](http://philanthropyjournal.org)

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Pending federal legislation addressing the oversight of so-called "governmentally-sponsored enterprises," aimed at Fannie Mae and Freddie Mac, contains important messages for nonprofits on accountability, advocacy and free speech.

Fannie's and Freddie's corporate accounting problems, resulting in mandated corrections in their profit statements and the resignations or retirement of key executives, prompted Congress to take up the issue of oversight of governmentally-sponsored enterprises, known as GSEs.

Despite both groups' substantial accomplishments in improving the availability of home-mortgage financing through their secondary-market functions, legislators from both parties complained that Fannie and Freddie should be compelled to do more to assist low- and moderate-income housing.

House and Senate Democrats, notably Democrats Barney Frank of Massachusetts and Jack Reed of Rhode Island, inserted language calling for the groups to put 5 percent of their profits into an affordable-housing trust fund, which community development corporations, financial intermediaries and other nonprofit housing developers could tap for critical housing subsidies.

But something happened along the way.

Conservatives got the affordable-housing trust fund language pulled out of Senate Bill 190 as a transgression against free-market principles, even though Fannie and Freddie, though fabulously profitable for-profit corporations, are hardly stunning products of unfettered free enterprise, since they function with implicit government guarantees.

In the House, Financial Services chair Michael Oxley, an Ohio Republican, succeeded in a bipartisan effort to retain the affordable housing fund provisions in House Resolution 1461, so Republican arch-conservatives launched a different assault.

Activists from the right-wing Republican Study Committee charged that the fund could be used as a slush fund for nonprofit activists like ACORN and, amazingly, Habitat for Humanity, plus an array of organizations serving minorities, such as the NAACP and the National Council of La Raza, to engage in partisan political advocacy, lobbying, and voter registration activities.

The fund's bipartisan supporters confronted that issue by excluding any possible use of the affordable-housing-fund dollars for lobbying or voter registration, treating the private governmentally-sponsored-enterprise funds as the equivalent of federal dollars.

That didn't satisfy the Republican right, so the Republican Study Committee's most recent feint is to prevent any recipient of GSE affordable-housing-fund dollars from doing lobbying or voter registration with any of their funds, even privately raised dollars.

Sound like the Istook Amendment? You bet.

Oxley and his Republican and Democratic House allies thought they might overcome latent right-wing hostility to anything that allowed Fannie and Freddie to survive, much less prosper, by floating language that the affordable-housing-fund moneys might be dedicated to Hurricane Katrina relief and reconstruction, taking the place of the missing federal dollars that should be dedicated to the region.

Democrats seem to have bought into the Katrina feint, but the Republican Study Committee activists haven't and still are taking aim at the lobbying rights of affordable-housing-fund applicants, and lo and behold, Oxley caved into their demands.

The new language that Oxley and the Republicans have proposed would make nonprofits ineligible for the affordable-housing-fund dollars if they had engaged in nonpartisan voter registration for the 12 months prior to their application and if they were associated with an organization such as a 501(c)4 that engaged in voter registration activities or election communications expenditures.

The fact that those are entirely legal activities or affiliations for 501(c)3 nonprofits is irrelevant to the right-wing opponents.

It is important to note that the advocacy and voter registration prohibitions proposed by the Republicans would apply only to nonprofits, not to for-profits, a nice anti-nonprofit ideological touch.

Maybe this won't come to a head until 2006, given the Senate bill's lack of affordable-housing-fund language, though the House plans to take up the RSC language the week of October 24.

But there are multiple warning signals here for nonprofits.

The right wing's willingness to take aim at the free-speech rights of nonprofits, even those of similar conservative leanings, continues unabated, regardless whether the subject matter is housing subsidies or Head Start or educational services for the disabled or any other federal program.

And politicians of both parties appear inclined to choose political expediency, like taking the governmentally-sponsored-enterprise fund and dedicating it to Katrina relief and reconstruction.

That pits Katrina victims against the longstanding needs of other disadvantaged American families, rather than doing the hard work of generating the kinds of revenues and making the program appropriations necessary to address longstanding needs and respond to emergencies like Hurricanes Katrina and Rita.

And it includes the additional consequence of denying nonprofits their fundamental rights of free speech, free association and public-policy advocacy.

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