

Mel Watt unqualified to lead FHFA

By: Kerri Ann Panchuk – May 1, 2013

The president's reported pick of Congressman Mel Watt, D-N.C., to lead the Federal Housing Finance Agency is likely to be stalled by the simple fact that Watt is not qualified for the job based on a job description created by Republicans and Democrats back in 2008.

Yes, that's right. Forget the confirmation hearing, he doesn't even have the right resume, a former policymaker said in an interview with HousingWire.

Mark Calabria, a director of financial regulation studies at the Cato Institute, and a staffer on the Senate Banking Committee during the creation of the FHFA, says both parties created the top position at the FHFA with a financial regulator in mind, not a politician with ideology.

"There are statutory requirements for a director," he said. "It requires you to have financial regulatory management experience."

He added, "I am pretty sure it's not going to be an easy nomination. Watt would politicize the agency in a way that in my opinion would harm the agency."

But let's go back to the part where he's not qualified.

I pulled the statute from 2008.

The Housing and Economic Recovery Act of 2008 created the FHFA as the GSE conservator that it is today and created a job description for the director.

The law states the director has to "have a demonstrated understanding of financial management or oversight, and have a demonstrated understanding of capital markets, including the mortgage securities markets and housing finance."

Watt as a member of the House Financial Services Committee is a lawmaker who certainly has touched housing legislation as well as consumer and financial regulations. However, Calabria sees him as inherently unqualified for the position based on the statute asking for a director who has financial oversight and management experience.

"There is language in there about the requirements," Calabria said, adding that Democrats and Republicans largely agreed with the statutory language at the time.

Calabria expressed shock that the statute wasn't viewed with a more critical eye before Watt became the president's reported top pick.

"For someone who negotiated all of that, I took it seriously at the time," Calabria added. He expects the question of qualifications to be an easy issue for opponents of Watt's nomination to raise in front of the Senate.