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"Right-to-Rent": A Simple, Sensible Idea That Dysfunctional Washington Is More Than Happy to Let Die

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Last week, I [wrote](#) about the D.C. dictum that when it comes to leadership and reform, "the important thing is just to be caught trying." This weekend, I got an up-close view of the concept being put into action.

While waiting to [take part](#) in a panel discussion on *This Week With Christiane Amanpour*, I watched as Christiane introduced a pre-taped [interview](#) with John Boehner, mentioning that he had shown her a laminated [flyer](#) listing all the "jobs" legislation he'd tried to get enacted. Talk about trying to be caught trying. And he wasn't leaving anything to chance -- he'd even laminated his efforts!

This is the latest clownish manifestation of a growing Washington phenomenon. It's now a monthly ritual: jobs numbers for the previous month come out, they're labeled "disappointing," and there's a lot of hemming and hawing and throat clearing and pronouncements about how "something really must be done," and about how vitally important it is to "get America back to work." Last week was no different: the latest numbers showed that the economy [added](#) only 80,000 jobs in October, while the unemployment rate took a barely perceptible dip from 9.1 percent to 9 percent. But don't blame John Boehner -- he's got a *laminated* flyer!

You can feel the resignation settling into the establishment -- a sense of inevitability about an unending horizon of 8 or 9 percent unemployment. A sense that this -- and the fact that more than 6 million people have now been [unemployed](#) for more than six months -- is a natural condition like the weather, something that just happens to us and which we can't do anything about.

But, in reality, this level of unemployment isn't just happening. Decisions are being made on a regular basis -- in some cases to do things, in other cases not to -- that are prolonging the economic crisis. And there are plenty of steps we can take that go way beyond being

caught trying and laminating flyers -- steps that actually enjoy support from both sides of the political spectrum and that would produce tangible positive results in the day-to-day lives of millions of people. The problem is that we have a broken system in which even good, sensible ideas never make it to market. They get proposed, they get support in policy circles, they even get introduced in Congress. And then... they die.

A perfect example of a sensible, widely-praised idea that has nevertheless gone nowhere is an idea I [touted](#) in the *This Week* green room segment after the show: Right-to-Rent. It's a concept first [proposed](#) in 2007 by Dean Baker of the Center for Economic and Policy Research, and endorsed by Andrew Samwick, an economics professor at Dartmouth and the former chief economist on George W. Bush's Council of Economic Advisors.

Under the plan, after a home is foreclosed on, the homeowners would be given the option to stay in the house paying a fair market rent determined by an independent appraiser. Aside from keeping families from being forced out of their homes, it would also stop the myriad array of problems that follow every foreclosed house -- including the fact that foreclosures drive down the value of surrounding homes. "The own to rent plan is a simple and low cost way to help moderate income homebuyers," wrote Baker when he first introduced the idea. "It doesn't require any tax dollars and does not set up a new government bureaucracy to manage the housing market." As Andrew Samwick [put it](#): "If the government is going to intervene in the aftermath of this meltdown, I haven't seen a better proposal than this one." Samwick and Baker later [co-authored](#) an op-ed about the plan.

The *National Review's* Reihan Salam has also [expressed](#) openness to the idea: "It does seem like a decent way to prevent foreclosures from spiraling out of control and blighting neighborhoods without creating yet another bailout for the financial sector."

The idea was [endorsed](#) by the *New York Times*. It was [included](#) as one of the *American Prospect's* "eight policy -- and political -- wins that are achievable for Obama right now."

It was [supported](#) by Simon Johnson, former chief economist of the IMF and a professor at MIT. And Felix Salmon has been one of the idea's biggest champions. "This plan might not single-handedly end the recession," he [wrote](#) in 2009, "But it would certainly help."

It was [introduced](#) in the House by Rep. Raúl Grijalva of Arizona in 2008 as the Saving Family Homes Act and [re-introduced](#) in 2010 by Grijalva and Rep. Marcy Kaptur of Ohio as the Right to Rent Act. And during congressional hearings, it was supported by the Cato Institute's Arnold Kling.

The idea picked up the support of Senators [Dick Durbin](#) and [Chuck Schumer](#).

In April this year, Grijalva re-introduced it, [saying](#): "Housing shouldn't be a politically charged issue -- this is a basic question of fixing a problem we can't ignore. Democrat, Republican or independent, we're all here in Congress to represent our constituents and

make sure the federal government is acting in their best interests. Right now, we can't afford to pretend those interests are served by us doing nothing." Doing nothing while pretending to serve the people's interest -- in other words, trying to be caught trying.

In the meantime, the idea was [implemented](#) -- in Ireland. A pilot program there will allow 10,000 people to take part. That might sound small, but, as Dean Baker pointed out to me, that would be equivalent to 700,000 homeowners here.

And even if our government won't embrace the idea, the private sector can. In April, Felix Salmon [wrote](#) about a Cincinnati-based [company](#) called American Homeowner Preservation, which is utilizing the right-to-rent concept in a for-profit model. Run by real estate entrepreneur Jorge Newbery, the company finds a buyer for a house facing foreclosure, convinces the bank to do a short sale, and works out an agreement with the buyer to allow the former owner to stay in the house as a renter. "This looks like a win-win for all concerned," wrote Salmon. "The owner gets to stay in their house, the bank gets to avoid the expense of foreclosure proceedings, and the investor gets decent returns. Clever!"

It would be great to see that cleverness on a national scale -- and quickly -- because it's clear that the foreclosure crisis and the misery it brings won't be ending any time soon. In a column on the housing crisis, Joe Nocera [wrote](#) that as many as 10 million of the 55 million outstanding mortgages in the U.S. are likely going to default. Those are devastating numbers.

We know it's going to happen. We know the problems that will result. And we know of a very reasonable idea that would help mitigate those problems.

So the question is: will our leaders -- either political or business -- take the wheel and turn it before we hit the iceberg?

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