



Why Obama and Romney won't talk about housing

The candidates may fear offending banks, and a distracted press just ignores the issue.

Marilyn Lewis - 10/25/2012

Who's the best candidate to fix the economic mess? That's supposed to be the big theme of this presidential election. But you won't catch Republican candidate Mitt Romney or President Barack Obama making a peep about housing.

The housing and mortgage bubbles were behind the Great Recession. In spite of the bidding wars you hear about in a few cities, housing still is in deep trouble. It's just less deep than a few years ago.

"I find that shocking" that neither candidate mentions housing market issues, Nobel Prize-winning economist Joseph Stiglitz told [Reuters](#). "It is one of the things that precipitated the crisis."

Stiglitz and other observers charge that both candidates are afraid of offending the banking industry, which contributes to both parties. Bank of America, for example, has made \$2.13 million in contributions this year, 26% of it to the Democratic party and 74% to the GOP, according to [24/7 Wall St.](#)

Goldman Sachs has spent \$4.77 million on party donations, 29% to the Democrats and 71% to the Republicans.

What stops them?

Here's the housing scorecard to date:

- Americans have lost \$7 trillion in home equity since housing tanked, says [DS News](#).
- Some 3.8 million homes have been lost to foreclosure and an additional 1.3 million are in the foreclosure pipeline, according to [CoreLogic](#).
- A fifth of households, with about \$689 billion in mortgages, are under water -- their loans are worth more than their homes, Corelogic says.

- Qualified borrowers can't get mortgages, and that effectively locks them out of what is arguably the only consumer benefit to come from the recession, discounted housing.

In short, there's plenty for the candidates to talk about and lots of room for them to disagree. Why don't they?

"In some sense, they don't want to offend the banks," Stiglitz said. The banks, he said, are "a major problem to doing something about the problem."

"There are some good ideas about the restructuring of mortgages, but neither candidate is addressing them," Stiglitz said.

PBS put the question to two experts whose views on housing policy closely resemble the candidates'.

Mark Calabria, the director of financial regulation studies at the Cato Institute, said he'd like the housing downturn to be allowed to run its course, free of government intervention, a position he said Romney initially adopted and then abandoned. "I think he started to recognize the politics of it after that," Calabria said.

Calabria said:

There is no way to just bring that wealth back. Ultimately, you need to have that market recover. And that is going to be painful.

Reporters' failure

Jim Carr, senior fellow at The Opportunity Agenda, a policy and advocacy group, says government should do more. Administration programs have had a "significant" effect but "we need to step up the game on the foreclosure mitigation initiatives, and really stem this foreclosure crisis."

Carr added:

I think one of the reasons is that candidates haven't been held accountable by the press, by the media. You look at the fact we have had three presidential debates and not a single question on the state of the housing market.

The GOP divide

Housing's touchy for both candidates, since some voters want government help and others are tired of bailing out their neighbors. Added Calabria:

I will note as well a lot of the real estate industry, the realtors and homebuilders tend to be very small businesses that tend to be very pro-Republican. So, partly, what Romney is trying to balance is, I don't want to irk the Tea Party folks by saying I'm going to go out and give bailouts and try to lift up the housing market. But at the same time, I don't want to talk it down too much because my friends in the real estate industry, they want to see the market prices go up.