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What Do Republican Presidential Candidates Say on Foreclosure Crisis? Not Much.

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As we've detailed, President Obama's plans to help homeowners have come up short time and again. We recently looked at Obama's latest proposals, most of which are unlikely to make a major dent in the crisis.

So, how about the Republican presidential candidates: What do they say should be done about the foreclosure crisis?

They don't say much. As newspapers in hard-hit states like Florida, Nevada, California and Ohio have been quick to point out, none of the candidates has made the foreclosure crisis a policy priority.

Mostly, the candidates have argued that the housing market needs to heal on its own, without government interference. Rick Santorum and Congressman Ron Paul have suggested tax breaks for some homeowners.

Here's our in-depth guide to how Santorum, Mitt Romney, Paul and Newt Gingrich say they would approach the issue as president, as well as an evaluation of their claims.

Think we missed an important statement? Let us know.

Rick Santorum: 'Let capitalism work,' but let homeowners write off home losses on their taxes.

Former Pennsylvania Sen. Rick Santorum has proposed allowing people who owe more on their mortgages than their homes are worth to sell their houses and deduct their losses from their taxes.

The details of Santorum’s plan aren’t clear, and the campaign did not respond to our multiple requests for comment.

One tax law expert, James Maule of Villanova University School of Law, said a tax write-off “would not do much for the majority of people who are in financial trouble.”

Right now, taxpayers who sell their primary residences at a loss can’t deduct that loss from their taxes. Changing the tax law wouldn’t do much good, Maule said, because people who are struggling with their mortgages often have little or no income, so giving them a tax deduction actually wouldn’t help.

Other than that, Santorum says we just need to “let capitalism work,” as he put it in a Republican debate in Tampa, Fla., on Jan. 23. “Allow these banks to realize their losses. And create an opportunity for folks who have houses to realize their losses and at least help them out.”

Santorum also has said his plan would help the housing market “find its bottom.”

“This is something I think is important temporarily to put in place to allow people the freedom to be able to go out and get out from underneath these houses that they’re holding onto and at least get some relief from the federal government for doing so,” he said at the Jan. 23 debate.

But according to some experts, housing prices might be close to hitting bottom already — and thus on their way to rebounding already.

It’s also worth noting that a 2007 law provides a tax exemption for homeowners who negotiate debt relief on their mortgages, including through short sales. It’s unclear whether this law and Santorum’s plan might overlap.

Earlier, in Nevada, one of the states where the foreclosure crisis has been most severe, Santorum emphasized “free-market solutions” and cautioned citizens against looking to the government for help. According to CNN, Santorum compared the housing crisis to health care and suggested that, given the opportunity, liberals in government would implement a housing solution like “Obamacare.”

When Santorum and others call for private-sector solutions, they’re largely sidestepping a reality: The mortgage market already relies deeply on government support.

Government-owned Fannie Mae and Freddie Mac own or guarantee roughly half of all mortgages in the United States. And while both the Obama administration and Republicans want to scale back government involvement, it’s actually been growing.

Fannie and Freddie now guarantee three out of every four new mortgages. Factor in the Federal Housing Administration mortgages guaranteed by Ginnie Mae, and the percentage of mortgages backed by the government is even higher.

Mitt Romney: May be open to some homeowner aid programs but won't talk specifics.

In a videotaped interview with the Las Vegas Review-Journal's editorial board in October 2011, former Massachusetts Gov. Mitt Romney said his approach to addressing the housing market would be: "Don't try to stop the foreclosure process. Let it run its course and hit the bottom."

He said the Obama administration had "slow-walked the foreclosure process," and that the housing market would "turn around and come back up" only when foreclosures go through and those houses are put on the market, sold to investors and then rented.

Romney also has said that repealing the Dodd-Frank financial reform law, which introduced new regulations to the mortgage market, would help ease the crisis.

Economist Elliott Parker of the University of Nevada, Reno, told us that while he is not "enamored" with the Dodd-Frank regulation itself, "it is absurd to pretend that repealing Dodd-Frank would work some magic in turning around Nevada's housing catastrophe."

"Any time you establish a set of regulations there are unintended consequences," Parker told the Las Vegas Sun in October. "There may be banks that can't lend now or some people who can't get loans. But to offer that as a solution is pretty empty, and it completely ignores the magnitude of the problem that we have today."

Mark Calabria, the director of financial regulation studies at the Cato Institute, pointed out that while he agrees with Romney that the housing market needs to heal on its own, the Obama administration's general approach to the foreclosure crisis was first developed and instituted by President George W. Bush, so it's not fair to characterize the administration's programs to help homeowners as a purely Democratic strategy.

"Both Obama and Bush's housing policies have had relatively small impact. They certainly have not stopped the price decline. They've slowed the rate at which this happened," Calabria said.

Contacted for comment, a Romney campaign spokeswoman emailed a statement saying, "The only real solution to the housing crisis is to get the economy growing again at a healthy rate." The spokeswoman did not offer details about what plans Romney endorses or opposes.

Despite his "hit the bottom" rhetoric and focus on "private-sector solutions" between banks and homeowners," some of Romney's statements suggest that he might actually be open to providing government assistance to homeowners.

As Forbes pointed out recently, Romney was very supportive of Bush's attempts to aid homeowners in 2008.

"Helping reverse the housing crisis is critical," he said in 2008, praising Bush's programs to help homeowners through the Federal Housing Administration. "Loosening those requirements and expanding the ability of FHA to help out homeowners would make a big difference."

One of Romney's top economic advisers, economist Glenn Hubbard, released a plan in September suggesting that every homeowner with a Fannie Mae or Freddie Mac government-backed mortgage who is current on mortgage payments should be allowed to refinance his or her mortgage at a low rate.

Romney didn't endorse the plan but didn't reject it, either.

"I think the idea of helping people refinance homes to stay in them is one that's worth further consideration, but I'm not signing on until I find out who's going to pay and who's going to get bailed out," Romney said in October.

In January, when Romney met with a preselected group of struggling Florida homeowners in Tampa, he called their situations "tragic" and said "the banks ought to show greater flexibility in being able to renegotiate with those people who have circumstances that would justify that renegotiation."

But at the same event, he defended banks that foreclose on homeowners. "The banks are scared to death, of course, because they think they're going to go out of business," Romney said. "They're afraid that if they write all these loans off, they're going to go broke. And so they're feeling the same thing you're feeling. They just want to pretend all of this is going to get paid someday so they don't have to write it off and potentially go out of business themselves."

Many investors suspect that Romney is right: While banks continue to list mortgage investments on their balance sheets at their face values, investors worry that because of the struggling housing market and high rates of foreclosure, the actual value of what the banks own is actually far less. If true, banks could face big losses.

Other elements of Romney's defense of the banks' role in the foreclosure crisis have been more questionable.

"Now, the banks aren't bad people. They're just overwhelmed right now," Romney said at another event in Florida, according to the Los Angeles Times. "They're overwhelmed with a lot of things. One is a lot of homes coming in, that are in foreclosure or in trouble, and the other is a massive new pile of regulations."

Banks may be overwhelmed, but they also recently agreed to a $25 billion settlement over robo-signing and other fraudulent foreclosure practices. We've done extensive reporting on how homeowners have suffered from the banks' deeply dysfunctional loan servicing practices, which continued years after the foreclosure crisis began in 2007 and long before the Dodd-Frank financial regulations became law in 2010.

Ron Paul: Hands-off policy except for tax benefits for those who lose their homes.

Like other Republican candidates, Texas Congressman Ron Paul has advocated a hands-off approach to the foreclosure crisis.

"The best thing you can do is get out of the way, because you want the prices to come down so that people will start buying them again," he said at the Tampa debate in January.

"Any further federal programs designed to fix prices by pumping credit into the housing market will only compound the damage done by prior interventions," he said in an interview with the Las Vegas Review-Journal.

But Paul also laid out a series of tax benefits that he said would help the residents of Nevada, which is among the states hardest-hit by the foreclosure crisis.

Among these were "providing tax credits to those who have suffered foreclosure" in order to provide an easier path to "new, more affordable housing," and allowing homeowners "to take a capital-loss deduction if they sell a home for less than they paid for it."

Paul's campaign did not respond to a request for comment, making it difficult to compare Paul's and Santorum's tax-deduction plans.

It's worth noting that Paul, unlike Santorum, did warn about the dangers of the mortgage bubble years before it burst. "Like all artificially-created bubbles, the boom in housing prices cannot last forever. When housing prices fall, homeowners will experience difficulty as their equity is wiped out. Furthermore, the holders of the mortgage debt will also have a loss," Paul told the House of Representatives in 2002, introducing his "Free Market Enhancement Act," which would have repealed special privileges granted to Fannie Mae and Freddie Mac.

Paul also warned that taxpayers would ultimately be forced to bail out investors. Fannie and Freddie are still more than $150 billion in the red after a taxpayer bailout.

Newt Gingrich: 'Repeal Dodd-Frank.'

Like Romney, former Speaker of the House Newt Gingrich has advocated removing new regulations on the mortgage industry as a way to address the foreclosure crisis.

"If you could repeal Dodd-Frank tomorrow morning, you would see the economy start to improve overnight," Gingrich said at the January debate in Tampa.

He has not offered much beyond that point. His 21st Century Contract with America mentions the housing crisis only in the context of his goals for repealing Dodd-Frank and reforming the Federal Reserve. In a January interview with the Las Vegas Review-Journal, he repeated his debate comments almost word for word, adding, “The No. 1 thing that we can do to help the housing market is to strengthen the overall economy.”

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