

BROOKINGS

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GSE's – What are the Options and Issues?

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Some Questions to Consider

- What are the overall public policy reasons for aiding the housing market? For example:
 - » Promoting good citizenship in various forms
 - » Increasing the efficiency of a huge market
 - » Minimizing the damage from credit cycles

Some Questions to Consider (cont.)

- What specific objectives fall out of this? For example:
 - » Increasing the range and number of those who can afford to be first-time homebuyers
 - » Reducing the average cost of a mortgage
 - » Providing a backstop to ensure substantial mortgage credit is always available

Some Questions to Consider (cont.)

- Is the solution the lowest cost method of achieving the objective?
- Would the recommended solution work in both good times and bad?
- What do the recommendations assume about the relative strengths of the public and private sectors in dealing with key aspects of housing?
- How do the recommended solutions deal with key political constraints?