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A Quiet Dealmaker Works for Pained Homeowners

By **David M. Herszenhorn**
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PROVIDENCE, R.I. — Senator Jack Reed of Rhode Island, a studious, introverted former Army Ranger, is one of the Democratic Party's eminent voices on military affairs. But in neighborhoods hit hard by foreclosures, like the West End of Providence, it is Mr. Reed's lesser-known expertise on housing policy that is proving critical these days.

In the West End, with its 19th-century Victorians and clapboard triple-deckers, dozens of homes are up for auction and dozens more have been seized by banks. And Rhode Island, which has the fourth-highest unemployment rate in the country behind Michigan, California and Alaska, is among the top 10 states for subprime foreclosures.

Rhode Island's housing woes receive little notice compared with the more serious plight of states like Florida and Nevada. Similarly overlooked is Mr. Reed's central role in clinching an agreement on a foreclosure rescue bill last month — the latest sign of his rising stature as a quiet dealmaker respected by colleagues in both parties. Mr. Reed's name even appears on some lists as a potential running mate for Senator Barack Obama, the presumptive Democratic nominee.

It was Mr. Reed who accompanied Senator Christopher J.

Dodd, Democrat of Connecticut and chairman of the banking committee, to meet with Senator Richard C. Shelby of Alabama, the committee's top Republican, when they brokered the final terms of the foreclosure rescue plan, which will widen access to federally insured mortgages without tapping taxpayer money.

The Senate could bring the bill to the floor as early as Tuesday, Democrats said. And if Congress, as its sponsors hope, sends the bill to President Bush before the July 4 recess, it will be Mr. Reed who emerges as one of the big winners on Capitol Hill, not only by securing aid for troubled borrowers back home but also because the legislation creates an affordable housing fund that he has been fighting for since he won a second term in 2002.

"He is to be commended for his tenacity, for his never-give-up," said Mr. Shelby, who, like Mr. Reed, prefers to flex his legislative muscle behind the scenes.

Senator Charles E. Schumer, Democrat of New York and a fellow member of the banking committee, said Mr. Reed pressed for years to create the affordable-housing fund, and finally found the perfect moment.

"Once again," Mr. Schumer said, "Jack does it in his quiet, steadfast way, and it is extremely effective."

Mr. Reed, 58, is perhaps best known for his repeated efforts last year to set a deadline for the withdrawal of

American military forces from Iraq. He is a graduate of the United States Military Academy at West Point, but his diminutive height — 5 feet 7 inches on a good day, he says — makes his Special Forces background seem both improbable and all the more intimidating.

He has taken frequent trips to Iraq on which he goes out in the field with troops and surveys territory and operations that would most likely be off limits were it not for his close relationships with so many commanders.

Mr. Reed is a former paratrooper retired from active duty as a captain, did time as a professor at West Point and is a member of the academy's Board of Overseers. All in all, his military credentials have some Democrats speculating about him as a potential vice-presidential nominee or, more likely, as a secretary of defense in an Obama administration.

Such speculation is muted somewhat by the fact that the governor of Rhode Island is a Republican and would name Mr. Reed's successor to the Senate, an unappealing prospect for Democrats who are hoping to widen their razor-thin majority in this year's elections.

Mr. Reed has had a passion for housing issues throughout his career. Beginning in the early 1980s when, as a young lawyer, he did pro bono work for Amos House, a Providence soup kitchen and social service agency, and continuing after his election to the Rhode Island Assembly, the House and finally the Senate.

"There is sometimes a tendency to assume that everyone in this great country has adequate housing," Mr. Reed said in an interview. "But when you go to certain places, certain

neighborhoods, both urban and rural, you find out that's not the case, and I think we have to do much more."

In Mr. Reed's view, a permanent affordable-housing trust fund is one way to do more. And, as it turns out, the account was crucial to a deal on the foreclosure rescue plan.

While the House, led by Representative Barney Frank, Democrat of Massachusetts and chairman of the Financial Services Committee, approved a rescue package with broad bipartisan support in early May, it seemed for a while as if a similar deal would not be possible in the Senate.

Mr. Shelby had insisted that taxpayers not pay for the plan to avert foreclosures, arguing that the vast majority of homeowners who pay their bills should not have to bail out irresponsible borrowers, who might have bought a home that they could not afford, or greedy lenders who made risky loans after loosening underwriting standards.

With pressure mounting for the banking committee to act, Mr. Dodd and Mr. Reed slipped out of the raucous Senate chamber on a Thursday afternoon last month and walked over to Mr. Shelby's office. Outwardly, the hulking Mr. Shelby with his Alabama twang and the short Mr. Reed with his gentle New England accent could not seem more different. In many ways, though, they are kindred spirits in the clubby culture of the Senate in that both are appropriators, that special subset of lawmakers who serve on the Senate's most powerful committee, which allocates spending. Both prefer toiling quietly in the background and view the respect of colleagues as more valuable currency than publicity.

The breakthrough came when Mr. Shelby accepted Mr. Reed's affordable-housing account as the way to cover the homeowner rescue package. The fund will be financed with \$500 million to \$900 million a year in fees from Fannie Mae and Freddie Mac, the mortgage finance giants. It will cover costs related to helping as many as a half-million borrowers avoid foreclosure by refinancing into federally insured mortgages.

After three years, the foreclosure-prevention fund will revert to Mr. Reed's original plan — a housing trust fund for the poorest Americans, people who could not afford to buy a house in the first place.

Mr. Reed and many other lawmakers view addressing the housing crisis as a crucial step toward stabilizing the wider economy.

“Average Americans, you know, they don't have any traction economically,” Mr. Reed said. “That was always in the back of their mind and sort of part of their financial plan, which is, If I really got into a problem, at least I have the equity in my home, I can use that. Now, they don't know if they do, and in many cases they don't.”

Mr. Reed attributes some of his interest in housing issues to his own experience of growing up in Cranston, R.I., where his father was a school janitor and later a custodial supervisor for the school system. His family, including an older brother and younger sister, lived in a house with his aunt and his grandfather. Home was always a safe, stable place, he said.

In 2005, Mr. Reed married Julia Hart, a staff member in a Senate office that arranges foreign trips for lawmakers. The ceremony was at West Point. They have a 17-month-old daughter, Emily. As a state lawmaker in the 1980s, Mr. Reed led a commission that investigated a corruption scandal involving the Rhode Island Housing and Mortgage Finance Corporation, a state agency that was supposed to make affordable loans to low-income Rhode Islanders. Mr. Reed at the time was able to hire a single staff member, Neil Campbell, who has worked for him ever since and is now his chief of staff in the Senate.

In 1989, as he prepared to run for Congress, Mr. Reed went to Washington to join a march against homelessness, an issue that continues to be a priority.