Today the Supreme Court ruled that the structure of the Federal Housing Finance Agency (FHFA) is unconstitutional. As a result, the president may now fire the FHFA director at will, and President Biden signaled on Wednesday that he will replace Mark Calabria as director of the agency. In a new analysis, AAF’s Director of Financial Services Policy Thomas Wade examines the Court’s decision and considers the implications for the FHFA, consumers, and reform of Fannie Mae and Freddie Mac.

Wade concludes:

The intent of Congress in attempting to shield the FHFA and the Consumer Financial Protection Bureau (CFPB) from political influence was not in and of itself a concern; Congress just failed in its approach to the problem. Although the Supreme Court has undoubtedly reached the correct decision, its verdict will have wide-ranging ramifications for not just the FHFA and CFPB, but all other independent agencies. Furthermore, lessons learned from the unconstitutional construction of agencies and regulations constructed hastily in response to a financial crisis are more necessary than ever.

Read the analysis.