

NAHB

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**May 27, 2010** - Legislation introduced yesterday by Reps. Brad Miller (D-N.C.) and original co-sponsors Carolyn Maloney (D-N.Y.) and Joe Baca (D-Calif.) would help alleviate the severe lack of credit for acquisition, development and construction (AD&C) financing that threatens to end the budding housing recovery before it has time to take root, according to the National Association of Home Builders (NAHB).

“We applaud these lawmakers for taking the lead to address the housing production credit crisis that is jeopardizing the housing and economic recovery now under way,” said NAHB Chairman Bob Jones, a home builder from Bloomfield Hills, Mich.

H.R. 5409, the Residential Construction Lending Act, would create a new residential construction loan guarantee program within the Department of Treasury to provide loans to builders with viable construction projects. Designed to unfreeze credit for small home building firms, the measure would expand the flow of credit to residential builders on competitive terms.

Under intense pressure from their bank examiners to reduce their exposure to development and construction loans to builders and curtail their outstanding portfolios of real estate loans, many lenders are refusing to make loans for viable new housing projects and cutting off the funding for performing loans, or calling them. This is causing unnecessary foreclosures and losses on these loans. Performing loans are also being reappraised, reducing the value of the collateral and forcing borrowers to come up with large amounts of cash to keep their loans current.

“H.R. 5409 will help restore the flow of credit to housing, provide jobs and give a meaningful lift to the economy,” said Jones. “We urge Congress to act quickly on this bill.”