

Housing Recovery

Objective: Support legislation to stimulate the housing market, including reform of the Federal Housing Administration (FHA) and government-sponsored entities (Fannie Mae/Freddie Mac) and new homebuyer tax credits.

Background: As suppliers to the home building industry, NLBMDA's member companies have been significantly impacted by the downturn in the housing sector. The economic stimulus package passed by Congress earlier this year was a significant first step in reviving the economy. NLBMDA urges Congress to continue to focus on the housing market. Housing is a leading driver of domestic economic growth, and a wealth of policy options exist to help the sector recover and allow the companies in the housing supply chain to regain their ability to provide jobs and build stronger communities.

Raising the Federal Housing Administration (FHA) loan limits is an important first step to boosting the affordability of homes and should be extended beyond the one-year extension in the stimulus package. Additional proposals, such as home buying tax credits and further FHA and government-sponsored enterprise (GSE) reforms, should be given serious consideration this year to further improve housing affordability and mortgage availability. Home buying tax credits are a particularly useful tool to stimulate home purchases to reduce the current oversupply of new homes and reinvigorate housing and the industries that rely on a strong housing sector.

Current Status: Both the House and Senate have passed FHA reforms (H.R. 1852, S. 2338), but remain in disagreement over several major components, including the mortgage caps and zero-down payment loans. Another proposal (H.R. 3609) that would allow bankruptcy judges to modify mortgages has passed the House Judiciary Committee but not yet advanced to the floor. An attempt to reach cloture on a similar proposal in the Senate (S. 2636) fell short by a vote of 48-46 on February 13, with 60 votes required to proceed to debate. Senate Majority Leader Harry Reid (D-NV) has announced his intention to return to the issue when the Senate returns from Spring Recess the week of March 31.

Committee Jurisdiction: House Financial Services, Senate Finance Committees

Contact: Colleen Rocha Levine, Director of Government Affairs, colleen@dealer.org or 202.367.1169.

March 2008