

Homeownership Under Attack

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For many people, owning a home is part of the American Dream. Homeownership builds stronger communities, provides a solid foundation for family and personal achievement and improves quality of life for millions of people. It is truly the cornerstone of the American way of life.

Today, the nation faces an unprecedented assault on housing that threatens to derail nearly 100 years of national policy promoting the value of homeownership. Most Americans want change that will mend the housing market, create jobs and boost the overall economy. Improving consumer education to help buyers know what they can afford and avoid being taken advantage of and establishing prudent underwriting standards can move us in the right direction. But policymakers are proposing far more radical changes that would threaten the dream of homeownership for millions of current and future Americans.

Eliminating the Mortgage Interest Deduction

Abolishing or limiting the mortgage interest deduction would impose a huge tax increase on millions of middle-class home owners and send shockwaves through the economy. It would further depress home values, leaving more home owners underwater and fueling even more foreclosures.

To educate the public on the importance of preserving the deduction as a cornerstone of American housing policy, the National Association of Home Builders (NAHB) has created a consumer-oriented web site:
www.SaveMyMortgageInterestDeduction.com.

Mandating Minimum 20-Percent Downpayments

Six federal agencies are proposing a national Qualified Residential Mortgage Standard that would require a minimum 20-percent downpayment and other stricter qualifications, which would keep homeownership out of reach for most first-time home buyers and middle class households. NAHB estimates that it would take 20 years for the typical family to save enough money for a 20-percent downpayment on a median-priced single-family home, and other research has found it would take even longer.

Low-downpayment home loans have been originated safely for decades and are not what drove the housing lending crisis. Subprime, no-doc and other alternative mortgage products crashed our economy. Studies show that most of the problems can be fixed by enacting prudent underwriting standards to make sure that home buyers can actually afford their mortgage. NAHB is a strong supporter of such standards.

Denying Credit for New Housing Production

When lenders refuse to make loans for new home building projects, and under pressure from banking regulators, are even calling in performing loans, everyone suffers. Workers get laid off, sound projects go uncompleted and economic growth is stifled. This lack of credit is crippling the housing industry and preventing construction of new homes in markets that need and want them.

The latest quarterly survey from NAHB shows that more than half of the single-family home builders and developers indicated they had decided to put any new

construction or land activity on hold until the financing climate improves. A full-fledged housing and economic recovery will not take hold until we resolve this ongoing credit crunch. Restoring the flow of credit to home builders will not only help put America back to work, it will also provide badly needed tax revenues that local governments need to recover and thrive, and strengthen the economic health of countless communities.

With lawmakers back in their home districts until January 17, NAHB is urging its members and the public to contact their members of Congress to push two key issues: the passage of **H.R. 1755**, home construction lending legislation, and **H. Res. 25**, the resolution to protect the mortgage interest deduction. These two pieces of legislation need to be at the forefront of the congressional agenda in 2012. In order for the housing industry to gain solid footing, we need Congress to act now.

For more information on these and other important housing issues, visit www.nahb.org or www.SaveMyMortgageInterestDeduction.com.