



Strengthen and Stabilize the Housing Market

The way Americans think about housing has changed. As both a root cause and ongoing effect of the current economic downturn, mortgage delinquencies and home foreclosures are driving policy makers at every level of government to revisit their roles in promoting homeownership and affordable housing. Decent, affordable housing remains essential to the American dream for all families. The challenge for the federal government, in partnership with state and local governments, is to resolve the crucial questions raised by the collapse of the housing market. To the extent we can limit the damage to our neighborhoods posed by rising foreclosures, reform the housing finance system, and once again ensure that citizens can find decent affordable homes, we will strengthen not only our communities, but also our local, regional, and national economies.

Message to Congress

- *Despite laudable efforts, foreclosures continue to rise and remain an obstacle to economic recovery.* According to the Mortgage Bankers Association, the number of homes in or at risk of foreclosure in 2008 stands above 2.2 million. In response, cities and towns are being forced to board up and secure more vacant and abandoned homes, while property values and tax revenues are declining.
- *Cities need federal support to stabilize the local housing market.* Cities and towns stand to lose an estimated \$6.6 billion in tax revenues due to foreclosures. Moreover, local governments will need to find new resources to accommodate the increase in crime-prevention and sanitation needs associated with abandoned and vacant housing.
- *Housing reform must include support for community and economic development.* The success of neighborhood stabilization and community revitalization efforts depend on federal, state, and local partnerships committed to improving the living conditions for families. That partnership is reflected in federal programs such as the Community Development Block Grant, the HOME Investment Partnership, and the Neighborhood Stabilization Program. These programs help cities build and rebuild neighborhoods of choice where families want to live.

Request to Congress

- **Take steps to ensure** the availability of capital for mortgage financing and refinancing and continue to encourage lenders and loan servicers to work out unsound loans as an alternative to foreclosure.
- **Protect** homebuyers from predatory lending by ensuring that mortgage brokers are effectively regulated and that mortgage loans are well-suited to the financial means of the homebuyer.
- **Fully fund** programs that stabilize and enhance neighborhoods, such as the Community Development Block Grant program.