

**FOR IMMEDIATE RELEASE – June 17, 2010**

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Washington, D.C. – **Reps. Brad Miller (NC-13)** and **Rep. Joe Baca (CA-43)** offered an amendment to the Small Business Lending Fund Act that would allow healthy lending institutions to extend credit for residential construction and land development to U.S. homebuilders. The provision would apply only to loans made to "small business concerns," as determined by the Treasury and the Small Business Administration.

Currently, H.R. 5297 excludes home construction loans from the eligible pool of lending in the new lending fund.

"We will not have a strong economic recovery until small businesses can again get ordinary loans to expand and hire new workers," **Rep. Miller** said. "In past recessions, the first industry to suffer from the recession and the first industry to start to come out was residential construction, homebuilding. The housing industry won't lead us out of the current slump, but the inability of qualified homebuilders with good projects in markets with strong demand to obtain loans is only making the recession worse."

While many housing markets contain an existing home overhang, the inventory of new homes is at a 42 year low. Demand for new residential construction is real and strengthening in some

markets. Today's depressed national housing market has caused banking regulators to pressure regulated lenders, like community banks and thrifts, to reduce exposure to acquisition, development and construction (AD&C) loans and curtail their outstanding portfolios of real estate loans. As a result, many lenders are refusing to make AD&C loans for even profitable new housing projects, and under pressure from regulators have even called in performing loans. This is causing unnecessary foreclosures and losses on affordable and profitable loans.

"The construction industry is a consistent source of jobs for the American people," said **Rep. Baca**

"Unfortunately, the housing market crash has had a devastating impact on the home building industry in California's Inland Empire and thousands of other communities across our nation. I thank my colleague, Rep. Brad Miller, for working with me on this critical amendment – which helps target vital small business lending assistance to America's housing industry, a proven source of new job creation."

The Small Business Lending Fund Act will establish a \$30 billion fund to boost lending to small businesses looking to hire and expand their operations by providing additional capital to community banks. The program, which is completely unrelated to TARP, mandates accountability and oversight by Congress, the GAO, and the Treasury Department's Inspector General.

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The complete text of **Rep. Miller's remarks** on the House Floor today during debate on the amendment:

*This bill is the right idea.*

*We will not have a strong recovery until small businesses can again get ordinary loans to expand and hire new workers*

*But this bill leaves out an important industry.*

*In past recessions, the first industry to suffer from the recession and the first industry to come out was residential construction, homebuilding. There's a reason that housing starts and building permits are leading economic indicators.*

*Homebuilding will not lead us out of this recession no matter what we do. Too much of the foolishness that led to the financial crisis was connected to housing. There are some markets that are hopelessly overbuilt. The inventory of new housing is at a 42-year low, but in many markets there is a substantial overhang of existing housing and a shadow market of homes destined for foreclosure.*

*But there are many markets where there is a real demand for new housing.*

*And we won't have much of a recovery if we don't bring residential construction along. Homebuilding has been 16 percent of our economy, our GDP. We can't tell 16 percent of our GDP just to hang out for a while until we get things figured out.*

*Because of foolish real estate lending a few years ago, many community banks are under great pressure from banking regulators to scale back all real estate lending, including sensible projects where there is a market for new housing. Community banks are even calling in performing acquisition, development and construction loans.*

*We've gone from indiscriminate real estate lending to an indiscriminate refusal to lend that is killing jobs.*

*We've lost 3 million jobs in home construction and related industries in the last five years. The jobs we've lost are jobs for the working man: carpenters, plumbers, electricians, masons, painters, roofers, and on and on.*

*We've got to put those Americans back to work. In the words of Alan Jackson: "There's nothing wrong with a hard hat and a hammer; Kind of glue that sticks this world together."*

*This amendment adds "construction and land development loans" to the loans qualify as "small business lending" under the SBLF program so we can put the working man back to work.*

*God bless the working man...and woman.*

*I now yield the balance of time to Mr. Baca.*