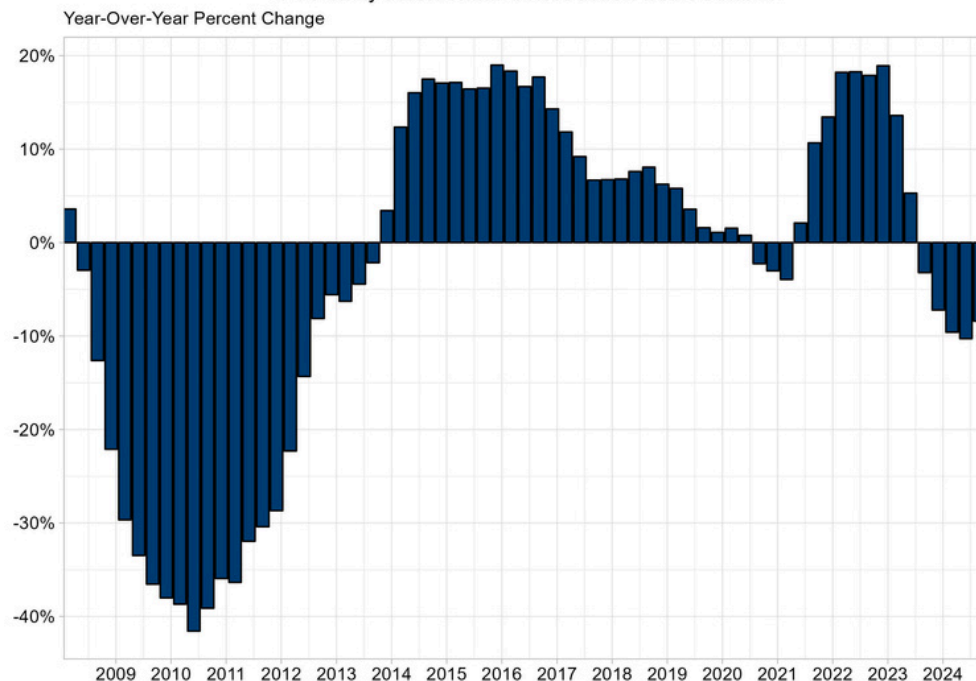


MAKING IT EASIER FOR DEVELOPERS TO FINANCE NEW HOUSING

THE ISSUE

Like home buyers seeking a mortgage, home builders and developers rely on banks for financing to build new homes and housing developments.

Banks posted a decline in the volume of total outstanding 1-4 family residential acquisition, development and construction (AD&C) loans during the third quarter of 2024 as high interest rates and tight financial conditions continue to limit residential construction.



The current amount of existing 1-4 family residential AD&C loans now stands 55% lower than the peak level of residential construction lending of \$204 billion reached during the first quarter of 2008.

Alternative sources of financing, including equity partners, have supplemented this capital market in recent years.

THE SOLUTION

Fannie Mae, Freddie Mac and the Federal Home Loan Banks should be encouraged to support a secondary market for AD&C financing that would expand financing options for builders to increase the housing supply.