



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 6, 2008
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5818 – Neighborhood Stabilization Act of 2008

(Rep. Waters (D) CA and 27 cosponsors)

The Administration is strongly committed to helping Americans stay in their homes. The President has taken swift action by launching the *FHASecure* initiative and facilitating the creation of the HOPE NOW Alliance. The Administration also continues to seek constructive solutions – such as legislation to modernize the Federal Housing Administration – to address the disruptions in the housing markets and help more Americans stay in their homes. Unfortunately, H.R. 5818, the Neighborhood Stabilization Act of 2008, would constitute a costly bailout for lenders and speculators and would delay the economic recovery it purports to advance. If H.R. 5818 were presented to the President, his senior advisors would recommend he veto the bill.

H.R. 5818 would constitute a bailout by authorizing loans and grants to States for the redevelopment of abandoned and foreclosed homes. The principal beneficiaries of this type of plan would be private lenders – who are now the owners of the vacant or foreclosed properties – instead of struggling homeowners who are working hard to stay in their homes.

The Administration is also concerned that H.R. 5818 would create an additional incentive for more lenders to foreclose rather than attempt a workout with distressed homeowners. An increase in foreclosures could well prolong the time it would take for the housing market to recover. This new program also would be slow to expend money, and thus its effects on the market would be delayed and spread out over time.

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