

Attachment 3

Revise the paragraph beginning at the bottom of page XII-12 in the “Housing Crisis and Financing” section (page XII-11 in the preliminary draft of Chapter XII) as follows:

The National Association of Home Builders (NAHB) released an issue paper in 2011 reporting that credit for housing development has also tightened. Builders and developers have reported excessive credit restrictions, where lenders are not providing loans for viable new housing projects or change the terms of existing loans, leading to unnecessary foreclosures and losses on outstanding loans that had been performing prior to the lender’s actions. In addition, government sponsored enterprises (GSE), such as the Federal Home Loan Mortgage Corporation (Freddie Mac), have increased the equity requirements for loans that are purchased by the GSE. Concerns have been expressed by some in the Southeastern Wisconsin development community that the increased amount of equity required to secure financing, ranging from a minimum of 25 to 35 percent of the loan, may make new multi-family residential development cost prohibitive. This could have the effect of reducing home building activity, including new multi-family development, to levels insufficient to meet long term housing demand.