

PRESS RELEASE

Congressman Gary G. Miller
42nd District, California



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Miller Hails Passage of Economic Stimulus Package

Washington, DC – This afternoon, the House of Representatives voted 385 to 35 to approve an economic stimulus package that includes housing provisions long championed by Congressman Gary Miller. Specifically, the bill passed today includes language that will increase the conforming loan limits for the Federal Housing Administration (FHA) and the government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac. Following House passage, Congressman Miller issued the following statement:

“For years, Chairman Frank and I have worked to create affordable housing opportunities for families across the country by increasing the FHA and GSE conforming loan limits. With the average home price in high cost areas like California, New York, and Massachusetts, exceeding the current loan limit, homeowners and homebuyers in these areas have been unable to utilize these important federal housing programs. The loan limit increases included in the economic stimulus package will make safe, conforming mortgage loans available for entry-level homebuyers in all areas of the country.”

Established in 1934, the FHA provides mortgage insurance for prospective homebuyers. The GSEs, Fannie Mae and Freddie Mac, also contribute to American homeownership by purchasing mortgage loans from lenders, providing lenders with the capital they need to make additional mortgage loans. Both programs, however, are barred by law from insuring or purchasing loans above a certain size – the conforming loan limit – making them virtually irrelevant in high-cost areas of the country, like Southern California. In the 42nd District of California alone, the number of FHA-insured loans fell from over 7,000 in 2000 to just 80 in 2005, a decrease of 99 percent in just five years.

The legislation passed today will increase the conforming loan limit for the FHA from \$362,000 to as much as \$730,000, depending on an area’s median home price. The conforming loan limit for Fannie Mae and Freddie Mac will likewise increase from \$417,000 to a maximum of \$730,000, again depending on an area’s median home price.

In California, where the median price of housing is currently \$470,000 in Los Angeles County and \$565,000 in Orange County, this long overdue change will enable more families to achieve and maintain the dream of homeownership.

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