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Written Testimony of

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Before the

United State House of Representative
Subcommittee on Insurance, Housing and
Community Opportunity

Hearing Regarding

The Impact of Overhead High Voltage Transmission
Towers and Lines on Eligibility for Federal Housing
Administration (FHA) Insured Mortgage Programs

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Chairman Miller, Ranking Member, and members of the Subcommittee; my name is Marion Proffitt. I have been a REALTOR® for 20 years, I am a Broker Associate for ERA Prime Properties here in Chino Hills, and I am past President of the Tri-Counties Association of REALTORS®.

I am here to testify on behalf of the more than 150,000 member of the California Association of REALTORS® (C.A.R.). We thank you for the opportunity to present our views at today's hearing on high voltage transmission towers and Federal Housing Administration (FHA) financing. It is an honor to be able to testify to the Subcommittee on this important issue that will have a profound impact on so many homeowners and homebuyers here in Chino Hills.

For twenty-years I have practiced real estate in this community, and while I do some work with investors, my primary clients are principal homebuyers. This has provided me the opportunity to witness how the Chino Hills' housing market is impacted by the availability and the absence of FHA financing. Over that time, I have also seen the impact that a home's proximity to the power lines can have on marketability and price.

I would like to start by addressing the question on what the impact would be if FHA financing were not available to certain neighborhoods in Chino Hills? Simply, if FHA removes the ability of homebuyers to utilize FHA financing on properties near the easements in question, those homes will be forced to sell at a discount to similar nearby properties that do qualify for FHA financing. My fellow agents and I know this to be fact because we see it every day in the current condo market where many condo complexes have chosen not to become FHA approved because of burdensome and costly new FHA rules. The homeowners selling their condos in non-FHA approved complexes must sell their units for less than those in FHA approved complexes. Sellers of homes near these easements will face a similar fate should FHA remove their eligibility.

We also believe other homeowners and sellers will suffer because these non-FHA approved homes may now be used as comparable for all homes in the area. Other fallout from the removal of FHA financing on a property would be to all but eliminate the ability of first-time homebuyers to purchase that property, as FHA loans are now the preferred choice of financing for first-time homebuyers.

A final point I would like to touch upon regarding FHA financing in Chino Hills is our loan limits. First, I would like to thank the members here today and others in Congress for extending the FHA loan limits again. However, you may be surprised to know one of the struggles we face in Chino Hills is

our low FHA loan limit of \$500,000. While more than adequate for some communities, the fact is homebuyers looking at Chino Hills also look at Diamond Bar, located in Los Angeles County, and Brea, located in Orange County; and both benefit from a loan limit of \$729,750. The higher loan limit is important because FHA is no longer just for first-time homebuyers or people with less than stellar credit. Many move-up homebuyers who otherwise would have used the equity in their current home as downpayment on their next home now find themselves with little to no equity. FHA is the last safe and affordable low downpayment option for buyers.

Lastly, while C.A.R. does not possess statistics to show what the impact on pricing may or may not be due to a home's proximity to the power lines; I can tell you from my twenty-years of experience that for some homebuyers it does matter. Just recently I took an investor to see a property that backed up to an easement and its mere location next to that easement was enough for them to say "no." However, this isn't the case for every buyer, many have no problem living next to the power lines, but there are many buyers I have worked with that require a discounted sales price or will refuse to buy one of the properties.

I would like to close by emphasizing that Chino Hills is first and foremost a community that many families seek out because of its safe neighborhoods, excellent schools, and family friendly atmosphere. My family has been fortunate to call Chino Hills home for the last twenty-five years and we hope the FHA and Congress will recognize how important safe and affordable home financing options like FHA is in maintaining this beautiful community.

Thank you again for holding these hearings and for inviting me to speak. I look forward to answering any questions the Subcommittee may have.