

TESTIMONY

Of

**Louis P. Cannon
President, D.C. State Lodge
Fraternal Order of Police**

On

**Sections 222 – 224 of H.R. 3995, the
“Housing Affordability for America Act of 2002”**

Before the

**Committee on Financial Services
Subcommittee on Housing and Community Opportunity
United States House of Representatives**

24 April 2002

Good afternoon Madam Chairman, Ranking Member Frank and members of the Subcommittee, and thank you for holding this important hearing. My name is Lou Cannon, and I am an Inspector with the United States Mint Police, and the President of the Fraternal Order of Police District of Columbia Lodge. I am here today on behalf of Steve Young, National President of the Fraternal Order of Police, and the more than 300,000 members of our organization, to offer testimony in support of sections 222 – 224 of H.R. 3995, the “Housing Affordability for America Act of 2002.” The legislation currently before this Subcommittee contains a three-pronged approach to increasing homeownership among our nation’s police, fire and EMS personnel, and we are extremely grateful for the leadership of Congresswoman Roukema on this issue. I would also like to take this opportunity to thank the other members of the full Committee who have cosponsored this legislation, including Representatives Leach and Green, for their continuing support and efforts.

The Fraternal Order of Police is no stranger to this issue. Since its inception in 1997, our organization has been proud to support and work with the Department of Housing and Urban Development (HUD) on the “Officer Next Door” Program. Through this initiative, HUD makes certain single family homes available to law enforcement officers for \$100 down, and at a 50 percent discount off the purchase price. In the 106th Congress, the F.O.P. also supported the inclusion of public safety homeownership

assistance language in H.R. 1776, the “American Homeownership and Economic Opportunity Act of 2000.” Early in the First Session of this Congress, we were also pleased to join Representatives LaFalce and Leach for the introduction of H.R. 674, the “Homeownership Opportunities for Uniformed Services and Educators (HOUSE) Act,” legislation which contains provisions similar to those in Section 222 of H.R. 3995.

As we begin this new millennium, it is more important than ever to find innovative ways to improve the ties between America’s law enforcement officers and the communities they serve. And like most Americans, police officers and other public employees work hard to realize the dream of owning their own home. But because these men and women often sacrifice higher paying jobs in the private sector to serve our communities, it is often difficult to make this dream a reality. This legislation will help pave the way to realizing these two goals, making it easier for police officers to purchase homes, and in the process, improving the safety and security of cities across the nation. This is particularly important in those areas which have a lack of affordable housing, an obvious barrier to community revitalization efforts.

While the high cost of housing in many areas does affect officer morale, it also has a noticeable impact on the ability of local governments to recruit and retain public safety personnel, and on the ability of the individual officer to make a difference in his or her community. Most police officers who have chosen to make a career of law enforcement also become involved in the life of the neighborhoods they serve. Through volunteer and community outreach activities, these dedicated public employees give of themselves in a way that is unique compared to other professions. The three programs contained in H.R. 3995 are designed to facilitate these activities, and all represent a

tremendous tool for local communities to employ in their efforts to recruit and retain fully trained and qualified personnel.

The first initiative provides for the establishment of reduced down payment requirements under the National Housing Act for mortgage loans to police officers and other public safety personnel to purchase homes within the jurisdiction that employs them. By authorizing 1 percent down FHA mortgage loans, local governments can use this program as an incentive to those who are considering a career in public service. In addition, under this bill the customary 1.5 percent up-front FHA premium is deferred, reduced by 20 percent for each year of public service to the community, and waived entirely after five years of continuous service. This provision will serve to encourage police officers and other public employees to continue to work in their local communities.

The second initiative, contained in Section 223 and entitled the “Community Partners Next Door Program,” provides discount and down payment assistance for teachers and public safety officers from fiscal year 2002 through 2006. Specifically, this provision authorizes a 50 percent discount for those police officers, firefighters and EMS personnel purchasing certain homes designated as “eligible assets,” and who agree to use the home as their primary residence for at least three years. Under current law, this means that public safety personnel would be eligible to purchase any HUD-owned single family home located in a locally – designated revitalization area. These are neighborhoods that have many vacant properties, and have been selected by the locality for economic development efforts. Like the “Officer Next Door” Program, public safety personnel who purchase one of these eligible properties using an FHA-insured mortgage would also receive a reduced downpayment of only \$100. Section 223 further authorizes

the sale of these properties to units of local government and non-profit associations, who can then resell or transfer that property directly to the officer; again improving their ability to recruit and retain these vital public servants.

The third and final program under the legislation authorizes the Secretary of Housing and Urban Development to carry out a three-year pilot program to assist Federal, State and local public safety officers purchase homes in locally-designated high crime areas. Like section 223, this provision requires officers to agree to use the home as their primary residence for at least three years. Eligible public safety personnel would then qualify to purchase a home in one of these communities with no downpayment required, using an FHA-insured mortgage loan, and would further be exempt from paying for private mortgage insurance. If the purchase price exceeds the reasonable value of the property, then the downpayment that would be required is the difference between this “reasonable value” and the purchase price.

Choosing to purchase a home in one of these areas does present challenges for the police officers who participate, however, these are essentially no different from the ones which an officer must face in his or her daily work. Those who make a conscious decision to participate in the pilot program authorized by Section 224 will do so because of their desire to play an even greater role in the future of their communities. Like the other two initiatives, this will not only help police officers achieve homeownership, but by purchasing homes in troubled neighborhoods, it will also assist communities begin the process of reclaiming these distressed areas from the effects of crime.

All three of these programs contained in the “Housing Affordability for America Act” are designed to strengthen local communities and assist public safety officers and their families achieve the dream of homeownership. More importantly, they recognize

the sacrifices these brave men and women make day after day working to “protect and serve” their fellow citizens, and the even greater role they can play in their communities. This legislation builds on the success of the “Officer Next Door” program by improving community policing efforts in cities across the nation, and will enhance our ability to keep our neighborhoods safe from the scourge of crime and violence.

In light of the positive impact this legislation will have in cities across the nation, I would also like to point out a provision which the F.O.P. believes should be amended during the future markup of H.R. 3995. Under the definition of “public safety officer” found in Section 222, the term is defined as specifically excluding Federal law enforcement officers from participation. Although these officers would qualify for homeownership assistance to purchase property located in high crime areas, they would be ineligible for the other two programs. The current “Officer Next Door” initiative operated by HUD, which is similar to the provisions of Section 223, allows Federal, State and local law enforcement officers to participate. Therefore, we request that the definition in Section 222 be amended to ensure that nothing will affect the participation of Federal law enforcement officers in any program authorized by this legislation.

On behalf of the membership of the Fraternal Order of Police, let me thank you again for affording us the opportunity to testify before the Subcommittee here today. We also thank you, Madam Chairman, for your work on this issue and your commitment to America’s Federal, State and local law enforcement officers.

I would be pleased to answer any questions you may have at this time.