

**SUBJECT:** Expanding home loan program for law enforcement and fire fighters

**COMMITTEE:** Urban Affairs — favorable, without amendment

**VOTE:** 6 ayes — Talton, Wong, A. Allen, Bailey, Blake, Rodriguez  
0 nays  
1 absent — Menendez

**WITNESSES:** For — Ron DeLord, Combined Law Enforcement Associations of Texas; Mike Higgins, Texas State Association of Fire Fighters  
Against — None  
On — David Long, Texas State Affordable Housing Corporation

**BACKGROUND:** The Fire Fighter and Police Officer Home Loan Program, created by HB 1247 by Ritter in the 78th Legislature, provides low-rate 30-year fixed-rate mortgage loans and 5 percent down payment assistance for first time homebuyers who are employed by municipalities as full-time police officers or firefighters. The program, nicknamed “Homes for Heroes,” is administered by the Texas State Affordable Housing Corporation (TSAHC). TSAHC receives \$25 million under the state’s ceiling for private activity bonds per year through 2014 to fund the program, of which 20 percent must be set aside for a 12-month period to make targeted loans to areas of chronic economic distress. In the 2004 program, 83 loans were made with approximately \$9 million used for these loan originations.

**DIGEST:** HB 1007 would change the name of the Fire Fighter and Police Officer Home Loan Program to the Fire Fighter and Law Enforcement or Security Officer Home Loan Program. It would allow corrections officers, county jailers, and public security officers to participate in the program as well as expand the program for peace officers and firefighters to include those not working in municipalities. The bill also would change the program’s income requirements so that an eligible person could earn no more than the greater of 115 percent of area median family income or the maximum amount allowed under a section of the federal tax code.

The bill would require that any remaining balance of funds issued under the prior program eligibility requirements be made available for all participants eligible under the expanded eligibility definitions.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS  
SAY:**

In the 2004 home loan program, approximately \$16 million in funding was not utilized to help make the dream of home ownership a reality for many of the men and women who keep our streets and homes safe. By expanding the program, HB 1247 would demonstrate the state's appreciation for the work of these public servants and help more families take advantage of assistance to purchase their first homes.

The loan program would act as a tool in recruiting and retaining law enforcement officers and fire fighters. As public servants, compensation for these individuals often does not equate with the service they provide to their communities. The program would give an incentive for qualified individuals to serve communities in areas that lack these valuable employees.

The income restrictions under the program would ensure that loans went only to individuals who truly needed them. Because entitlement to the program is limited to available funding, it would not drain sources of funding for other programs should the full \$25 million be exhausted.

**OPPONENTS  
SAY:**

This bill would add more eligible participants to a program that does not require tenure within law enforcement or a fire department for program eligibility. There is a risk that valuable training and loan dollars would be expended on those who accepted jobs only to take advantage of a low-interest loan and then left their jobs shortly thereafter. A program expansion should not take place without a statutory safeguard against such abuse.

**OTHER  
OPPONENTS  
SAY:**

While this bill slightly would relax the maximum income requirement for some participants, it would not go far enough to ensure that deserving public servants benefited from the program. Several communities have committed to paying fire fighters and law enforcement competitive salaries that would put them over the new income eligibility requirement. Communities that pay these valuable public servants the compensation

they deserve should not be excluded from the benefits of a loan program that receives money from across the state.