

**Statement of the
NATIONAL ASSOCIATION OF REALTORS®
To the House Financial Services Subcommittee on Housing and Community Opportunity
Hearing on Affordable Housing Needs of America's Low Income Veterans
December 5, 2007**

On behalf of the 1.3 million members of the NATIONAL ASSOCIATION OF REALTORS®, we are pleased to submit this written statement on housing America's veterans. The NATIONAL ASSOCIATION OF REALTORS® represents a wide variety of real estate industry professionals including residential and commercial real estate sales, development, property management, appraisals and syndication. The Association has a long tradition of support for innovative and effective affordable housing programs and working diligently with the Congress to fashion housing policies that ensure federal housing programs meet their mission and objectives responsibly and efficiently.

The NATIONAL ASSOCIATION OF REALTORS® is a strong supporter of housing opportunities for veterans. We commend the Subcommittee for their attention to issues impacting American veterans. Military veterans represent more than 25 percent of the U.S. homeless population, although they comprise only 11 percent of the civilian adult population¹. Our men and women in uniform deserve better. As NAR 2007 President Pat V. Combs recently said, "The homelessness rate among our veterans is unacceptable to Realtors®, who believe in building safe, healthy communities...Many of our members are veterans and active service personnel who know firsthand the struggles and sacrifices faced by those who have fought to protect our safety and freedom."

This fall NAR sponsored an event with U.S. Vets, an organization that serves the homeless veteran population. U.S. Vets works to break the cycle of homelessness by fostering individual responsibility. NAR sponsored the inaugural US Veterans Day Golf Tournament in Washington, DC. All proceeds from the event went to U.S. Vets-DC. In addition, as part of our Annual Convention, NAR President-elect Charles McMillan and First Vice President Vicki Cox Golden visited the Las Vegas office of U.S. Vets on Veteran's Day and presented them a donation to help the more than 5,000 homeless veterans living in Clark County, Nevada.

REALTORS® across the country are also doing their part to help our veterans. In November, NAR presented a 2007 Good Neighbor award to Phil Landis. Phil is a REALTOR®, a Vietnam vet, and since 2001 has been Chairman of the Veterans Village of San Diego (VVSD). VVSD provides food, clothing, housing, substance abuse treatment, mental health counseling, and job training and placement for homeless veterans. Since becoming active in the organization, Phil utilized his real estate acumen to completely reverse the financial standing of the VVSD, growing its net worth from \$1.5 million to almost \$16 million today. VVSD has 100 employees and encompasses a five-acre site with 127 treatment beds. A 112-bed facility is scheduled to open in 2008. From over 320 nominations, Phil was awarded the Good Neighbor Award this year. Phil has been in real estate for 21 years and currently is a sales associate with RE/MAX Ranch & Beach in San Diego.

Middle and lower income veterans often need assistance with finding an affordable home. NAR has been a long-time supporter of the Veterans Home Loan Guaranty program. This program, created under the GI bill, encourages private lenders to offer favorable home loan terms to qualified veterans.

¹ Vital Mission: Ending Homelessness Among Veterans, Homelessness Research Institute, November 2007.

Since its establishment in 1944, the VA home loan guarantee program has helped millions of veterans purchase and maintain homes. We believe this program is a vital homeownership tool that provides veterans with a centralized, affordable, and accessible method of purchasing homes as a benefit for their service to our nation.

NAR has consistently maintained that homeownership serves as a cornerstone of our democratic system of government, and that homeownership continues to be a strong personal and social priority in the United States. Living in one's own home is central to the concept that a person has achieved a measure of security and success in life. Congress has long recognized that the VA home loan guarantee program is a valid and valuable tool for veteran homeownership and a suitable recognition of a veteran's service to our country.

The VA home loan program has a proven record for promoting homeownership amongst our nation's veterans. However, with the increasing costs of housing, we believe enhancements are needed to improve its usefulness for military personnel and veterans and position it as a viable homeownership vehicle in this changing world.

NAR welcomes the opportunity to share our observations and viewpoints regarding the VA home loan program.

- **Increasing the VA Loan Limits in High Cost Areas – VA**

The current VA loan limit is 100% of the conforming loan limit. NAR supports legislative efforts to increase the VA limits to 150% of the conforming limit in high cost areas. This would allow many more veterans to expand their homeownership opportunities. The VA loan guarantee is a critical entitlement for our men and women of uniform, providing them a safe, affordable, and accessible method of purchasing homes in return for their service to our nation. Especially in light of risky and sometimes predatory loan products that are being marketed to our citizens, the veteran's loan guarantee needs to serve all veterans, regardless of where they live. Rep. Patrick Murphy (D-PA) has introduced H.R. 2385, the "21st Century GI Bill of Rights Act of 2007" which includes a provision to increase the VA loan limits in high cost areas." NAR strongly supports this legislation.

- **Easing Refinancing for Veterans – VA**

Currently it is very difficult for veterans to refinance into a VA home loan. First, VA requires veterans to have at least 10% equity in a home prior to refinancing. This limitation would make it impossible for many veterans in risky sub-prime loans to refinance into a safer, more affordable VA loan. We urge Congress to revisit this provision of law to reduce to 5% the equity required to refinance a home.

In addition, current law limits to \$36,000 the guaranty that can be used for a typical VA refinance loan. As a result, refinance loans of more than \$144,000 will result in the lender not receiving 25 percent backing from VA and, as a result, probably not making the loan.² We recommend eliminating this refinancing restriction and making the maximum VA guaranty – 25 percent of the Freddie Mac conforming loan limit applicable for all VA-guaranteed loans.

² On a standard loan the VA limit goes to \$104,250, or 25% of \$417,000.

Expanding the Good Neighbor Next Door Program (GNND) – HUD

In addition, we believe another opportunity exists to help veterans achieve the dream of homeownership. The Department of Housing and Urban Development (HUD) has an existing program to sell their foreclosed homes at significantly reduced prices to certain groups of civil servants. Teachers, law enforcement, firefighters, and EMTs are eligible for the “Good Neighbor Next Door” (GNND) program. This allows these civil servants to purchase homes in revitalization areas for 50% of the list price on the home. In return, they must live in the home for a minimum of three years. The purpose of the GNND Sales Program is to improve the quality of life in HUD-designated revitalization areas by encouraging law enforcement officers, teachers, and firefighters/emergency medical technicians to purchase and live in homes in these areas. We believe veterans and active duty military personnel could also contribute to the goals of this program. We encourage HUD to make these two groups – veterans and active duty military – eligible for the GNND program.

Conclusion

We thank the Subcommittee for this opportunity to share our views regarding veterans housing. The NATIONAL ASSOCIATION OF REALTORS[®] strongly supports housing opportunities for our nation’s veterans and active duty military professionals. It is our hope that the Subcommittee will support our recommendations for enhancing and improving the housing opportunities of our nation’s veterans.