

REAL ESTATE



Lehigh Valley Association of Realtors starts program that helps public servants afford a home.

By Beth W. Orenstein
Special to The Morning Call

Michael Mercurio's dad was a policeman for 30 years. When Mercurio came to San Diego in 2006 to serve as chief executive officer of its Realtor association, he learned that many of its police officers couldn't afford to live in the city and were leaving.

Mercurio thought there had to be a way the city's real estate agents could help. He devised a program called Ambassadors Foundation, which provides money for police officers to buy down the interest rates on their mortgages or not have to pay mortgage insurance.

By making the officers' monthly mortgage payments more affordable, the program encourages them to buy homes and live in the city, Mercurio said.

When Allentown Mayor Ed Pawlowski heard about the program at a U.S. Conference of Mayors event, he went directly to the Lehigh Valley Association of Realtors board to see if it could do something similar.

In October, the National Association of Realtors and the Conference of Mayors awarded LVAR a \$5,000 grant to establish a program similar to San Diego's here.

LVAR is calling its program Hometown Heroes, and it includes not only police officers but also firefighters and emergency services personnel.

"It's still very early on in the process," said Ryan Conrad, government affairs director for LVAR. "We are just now putting together policies and procedures on how this is going to work, but we hope to start issuing grants to qualified heroes by the summer."

How much money the program can raise will determine how many and what size grants it awards. Conrad said ideally the program would like to help seven to eight heroes a year.

Since San Diego began its program in August 2007, it has raised \$170,000 and helped six officers. "We hope to have an additional 10 officers in home by the end of next year," Mercurio said.

The officers who have received grants between

Programs for Military Heroes

In October, President George W. Bush signed into law a bill containing several provisions to help veterans and other military personnel secure low-cost home loans backed by the Veterans Administration.

The Veterans Benefits Improvement Act of 2008 will make it simpler for many veterans and military personnel to refinance their home loans. Veterans were among those who secured adjustable rate mortgages in the earlier part of the decade that are now ballooning. The new law will make it easier for them to refinance with lower interest VA home loans.

The new law allows veterans to refinance their subprime or their conventional mortgage loans for up to 100 percent of the property's value. In the past, VA loans had been limited to 90 percent of the property's value.

The law also raises the Veterans Administration's maximum amount that may be refinanced. The new loan limit can be up to \$729,750, depending on where the property is located; it may be higher in some locations.

Previously, VA loans were capped at \$144,000.

For more information: www.homeloans.va.gov/veteran.htm or contact a VA mortgage lender.

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\$7,000 and \$15,000 have seen their mortgage interest rates reduced a quarter to a half a percent, saving them a good deal of money over the life of the loan.

The grant that LVAR received is being used to establish a fund-raising campaign for the program. "Through the campaign, we will approach small businesses, large corporations, individual corporations, anyone who is willing to provide money for this great cause," Conrad said.

Eventually, LVAR hopes to extend the program to Bethlehem and Easton and could expand it to include other public employees such as school teachers.

Pawlowski said a large number of the city's police and fire fighting personnel do not live in the city.

According to the Allentown Redevelopment Authority, only a little more than half of Allentown's residents are homeowners.

Pawlowski said the program couldn't come at a better time with lenders tightening credit and requiring larger down payments for people to obtain mortgages.

"In this environment, it becomes even more relevant, with banks going back to conservative underwriting guidelines," he said. "It's even more relevant than when we came up with the idea a year ago."

Having officers live in the city increases the public safety, Pawlowski said. Officers have been leaving the city since the 1980s when it removed residency requirements from its union contracts. Currently, only a fourth of the city's police force resides within the city.

"For years people have been saying, 'Can't we get officers to live in the city?' But previous administrations bartered that away," Pawlowski said. "It's almost impossible to get a residency requirement back once it's gone."

"Rather than spend time and energy on a futile approach," he said, "we decided to look at it another way and came up with this benefit that no other municipality in the Lehigh Valley has."

The city has seen a lot of turnover in its police department and has been filling vacancies with younger officers, Pawlowski said.

"I'm sure that some of the younger officers will take

advantage of it," Pawlowski said.

The average price of a home in Allentown is about \$140,000. The average starting salary for a police officer is in the low \$40,000 range. "This program should make homeownership within reach for them," Conrad said.

"To get these public servants living within our neighborhoods is great," Pawlowski said. "Having them own their own home here is even better."

LVAR is one of six Realtor associations in the country to win grants from NAR to increase homeownership.

Pawlowski said he was proud that Allentown now has a way to attract new officers. "No one has done this before," he said.

The city is hoping to use community block grants to help even more officers and firefighters buy homes in the city, but that program, unlike the Hometown Heroes, would limit where they could live, Pawlowski said.

Beth W. Orenstein is a freelance writer.