Joe A. Potthoff

September 4, 2010

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
1700 G Street NW, 4th Floor
Washington, DC 20552
Attention: Public Comments (Sent via regcomments@fhfa.gov)

Re: Proposed FHFA Guidance on Private Transfer Fee Covenants - # 2010-N-11

Dear Mr. Pollard,

I am pleased that you are addressing the above referenced matter and taking public comment, especially since FHFA's proposed guidance could have significant, unintended consequences at the local level. Hopefully, FHFA will comprehensively consider the proposed guidance, within its broader context.

I have a relatively uncommon perspective that may help in analyzing the use of private transfer fees (PTF's). Though I am writing this letter as an individual, I am Chairman of the Board of the Tarrant Appraisal District, the entity that sets the values for property taxes for all taxing jurisdictions in Tarrant County, Texas. Additionally, I am an economic development, real estate and planning consultant, and former city-planning director. My last 35 years of professional experience have afforded me a good understanding of local issues relative to PTF's, property values, local governments, taxpayers, and local economies.

I respectfully request that you REJECT THE PROPOSED GUIDANCE for the reasons summarized below. Clearly, a whitepaper could be written on each point, but I hope the gist will be apparent despite the brevity.

1. The guidance would place downward pressure on the value of thousands of existing and future residential lots/properties that are already subject to filed PTF covenants; therefore, the guidance may result in a taking of value from HOA's and other PTF declarants, DOWNWARD PRESSURE ON TAX REVENUE FOR LOCAL TAXING JURISDICTIONS, AND UPWARD PRESSURE ON TAX RATES.
2. The guidance would take away or reduce an important economic incentive presently available for developers and builders, which in turn would lead to less construction, fewer jobs, fewer sales, more unproductive property, less affordability for homebuyers, greater instability of community banks, higher CAP rates, more foreclosures, greater neighborhood instability, LESS URGENTLY NEEDED TAX REVENUE FOR LOCAL TAXING JURISDICTIONS, AND MORE PRESSURE ON TAXPAYERS.
3. The guidance would discourage the use of a needed infrastructure finance alternative (that spreads the infrastructure costs over time rather than forcing the entire burden on the first buyer of a given home), at a time when credit is tight and existing loans are in serious trouble; thereby, negatively impacting homebuyers, banks, builder/developers, ENTITIES DEPENDENT ON LOCAL AD VALOREM AND SALES TAX REVENUE, AND TAXPAYERS.
4. The guidance would suppress an important source of revenue to non-profit entities that are serving populations that are experiencing the pain of the depressed economy, which in turn will cause more pressure on government agencies to provide such sorely needed services, thereby, NEGATIVELY IMPACTING BOTH TAXING ENTITIES AND TAX PAYERS.
5. The potential problems identified by FHFA as justification for the proposed guidance are much smaller in scope, and more speculative in nature, than the problems identified in 1-4 above.

PLEASE REJECT THE PROPOSED GUIDANCE. Communities need your help – the timely importance of bigger picture needs should trump surmountable technical concerns and apparent title company preferences.

Respectfully,

Joe A. Potthoff

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