



Alameda-Contra Costa Transit District

Mary V. King, Interim General Manager

October 13, 2010

U.S. Federal Housing Finance Agency
Fourth Floor, 1700 G Street NW
Washington, DC 20552

**Re: FTA Docket Number 2010-002901
Proposed Guidance on Private Transfer Fee Covenants**

Thank you for the opportunity to comment on the Federal Housing Finance Agency's (FHFA) proposed guidance on private transfer fee covenants. Alameda-Contra Costa Transit District (AC Transit) is the largest bus-only public transit operator in the United States with more than 60 million annual riders. Its service area is 364 square miles, serving 13 Cities and the surrounding unincorporated areas of Alameda and Contra Costs counties, the second and third most populous counties in the San Francisco Bay Area. AC Transit operates local bus service as well as transbay express bus service to San Francisco and the Peninsula.

The proposed rulemaking would prohibit the Federal National Mortgage Association, the Federal Home Loan Mortgage, and the Federal Home Loan Banks from providing mortgages on properties with covenants containing private transfer fees. The rulemaking fails to distinguish between private transfer fees and public sector benefit fees. Consequently, the rulemaking would have an unintended and detrimental impact on the development of transit oriented developments (TOD) that are often created to provide affordable housing located near transit to low income and transit-dependent populations.

Private transfer fees are captured by unrelated third parties who fail to reinvest in the fee-paying community. Conversely, public fees pay for benefits enjoyed by fee-paying homeowners and are proportional to the benefits received by the homeowner. Even if the homeowner may not personally use nearby transit stations or service, the homeowner still derives benefits because the facility is better maintained, and because housing close to major transit hubs results in higher property values. Public transit providers use transfer fees as a financing mechanism for TODs as well as to provide other community benefits to TOD residents. TODs are high density communities strategically located within walking distance to major transit routes. Consequently, TODs are also a key strategy for reducing greenhouse gases by providing more robust and efficient transit service.

AC Transit has two properties that it is currently considering for transit oriented development (TOD). Richmond Parkway Park and Ride facility in Richmond is located within a low-income community along the I-80 corridor. The other is the Ardenwood Park and Ride facility which is located at a major interstate junction on the Dumbarton Bridge corridor. Both facilities are located on/near highly trafficked and severely congested corridors.

These planned developments will have affordable housing for low and middle-income residents, some of which are transit-dependent. Both developments will entail mixed use in order to reduce non-work trips and to promote a better jobs-housing ratio. Both are near major employment centers, within close

U.S. Federal Housing Finance Agency
Washington, DC
October 13, 2010
Page 2 of 2

proximity to higher educational institutions, and are near major bus and rail trunk routes. Transfer fees are the key mechanism that AC Transit is considering to finance the development of both TODs and to provide additional community benefits, such as infrastructure maintenance, enhanced transit service and passenger amenities.

Eliminating the flexibility for federally administered banks to provide mortgages for housing in communities with transfer fee covenants will severely curtail the ability of some of the lowest income residents in our community from buying their own home. It will certainly curtail funding and financing of publicly funded TODs which will have a profound effect on the already depressed real estate market in our region. For these reasons, we urge you to reconsider this proposed rulemaking.

Please contact my staff member, Kate Miller (kmiller@actransit.org or 510/891-4859) should you have any questions or require additional information.

Sincerely,



Mary V. King,
Interim General Manager
AC Transit

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