



October 14, 2010

Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency
1700 G Street, NW, 4th Floor
Washington, DC 20552

Re: Guidance on Private Transfer Covenants (No. 2010-N-11)

Dear Mr. Pollard:

The following comments are submitted to the Federal Housing Finance Agency's (FHFA) proposed "Guidance on Private Transfer Fees" and the Notice of Proposed Guidance as filed in the Federal Register (Vol. 75 No. 157 on Monday August 16th 2010).

I am writing as the executive director of the Community Home Trust, a nonprofit provider of affordable homeownership in Orange County, NC. Community Home Trust implements the inclusionary housing policies of the Town of Chapel Hill, which is considered a leader throughout the southeast, in providing home ownership opportunities to low-income households. The Town asks developers to set aside 15% of all new developments for low-income buyers. The Community Home Trust has been implementing this policy on behalf of the Town for the past nine years. As a result of these policies, there are more than 140 affordable homes that are integrated into market-rate neighborhoods in Chapel Hill.

Of these, 49 are condominiums located in two, newly-built, mixed-use developments. The developers of both of these developments agreed to make use of transfer fees to support the owners of the affordable condominiums. The transfer fee is paid at closing by the market-rate buyers; the funds are paid to the Community Home Trust and maintained in a dedicated bank account. The funds can only be used for specific purposes, primarily to reduce the monthly Association dues paid by the affordable owners. In short, these transfer fees will ensure that these 49 affordable condominiums will remain affordable and well maintained for many decades into the future.

By definition, community land trusts have long term perspectives. We sell our homes using a 99-year ground lease to convey ownership to our homebuyers. The ground lease allows us to control future price increases of our homes, thus keeping them affordable in perpetuity. However, condominiums pose a difficult challenge.

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How can we as nonprofit organizations guarantee affordability to our low-income buyers, when condo assessments can be increased or special assessments can be levied by the Association board? It is entirely conceivable that one of our affordable condos could become very unaffordable to our buyers in 10 or 15 years due to assessments. The transfer fee relieves that stress and in fact, allows our affordable homes to continue to be affordable without need for public subsidy.

If the proposed regulation regarding transfer fees is approved, it could very well end this very effective mechanism we are using to sustain permanent affordability. I trust you can understand that not all transfer fees are created equal and that exemptions are warranted for fees that support affordable housing and 501c3 organizations. Obviously, there should be clear disclosures of the existence of the fees, thus allowing market-rate buyers to opt-out if they prefer not to incur these costs.

Thank you for your consideration of this perspective. Although my experience is limited to just one small nonprofit organization in one town, the proposed change could have a severe impact on the provision of affordable housing throughout the country by precluding this potential revenue source.

Sincerely,

A handwritten signature in black ink that reads "Robert Dowling". The signature is written in a cursive style with a large, looping "D" at the end.

Robert Dowling
Executive Director