

California Redevelopment Association

Redevelopment. Building Better Communities

October 12, 2010

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

Attention: Public Comments

RE: Guidance on Private Transfer Fees Covenants [NO. 2010-N-11]

Dear Mr. Pollard:

I submit the following comments on behalf of the California Redevelopment Agency (“CRA”) in response to the Federal Housing Finance Agency (“FHFA”) Notice of Proposed Guidance as filed in the Federal Register (Vol. 75 No. 157 on August 16, 2010). CRA is a nonprofit organization comprised of over 350 redevelopment agencies in California and 260 private companies engaged in redevelopment and general real estate activities. One of our members' primary missions is to increase, improve and preserve affordable housing in our communities. We work with many partners, both in the private and public sectors, to preserve and expand opportunities for affordable housing throughout California.

CRA agrees that the imposition of private transfer fees that accrue to an unrelated third party serve little public purpose and are detrimental to homebuyers. However, as noted in the Notice of Proposed Guidance, private transfer fees are not solely imposed for private benefit. These private transfer fees can and often are imposed to provide continuing community benefits, including environmental mitigation, affordable housing, and other community purposes. While it may be worthwhile to ensure that homebuyers are properly notified of private transfer fees and to regulate the purposes for which these fees are imposed, CRA believes that a prohibition on the purchase or investment of mortgages encumbered by private transfer fees would be overreaching and would restrict the use of a tool which can provide a continuing funding source for numerous community benefits.

Further, there are many existing homes in California that are already subject to these private transfer fees, many of which serve the types of public purposes described in this letter. The proposed guidance would further hinder the marketability of these existing homes, and the current homeowners would suffer the brunt of the new regulations.

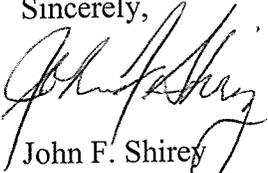


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For these reasons, CRA asks FHFA not to adopt the proposed guidance of private transfer fee covenants (No. 2010-N-11). CRA requests that the FHFA instead consider providing guidance that regulates rather than prohibits use of transfer fees, and makes a distinction between fees imposed solely for private gain and those imposed to ensure continuing community benefits. Thank you for consideration of this matter.

Sincerely,



John F. Shirey
Executive Director

JFS:rd