



City of Carson Report to Mayor and City Council

October 2, 2012
New Business Consent

SUBJECT: CONSIDERATION OF RESOLUTION NO. 12-106 SUPPORTING H.R. 5823: THE SAVING TAXPAYERS FROM UNNECESSARY GOVERNMENT-SPONSORED ENTERPRISE BULK SALE PROGRAMS ACT OF 2012

Submitted by David C. Biggs
City Manager

Approved by David C. Biggs
City Manager

I. SUMMARY

This item is on the agenda at the request of Councilmembers Gipson and Santarina.

The Councilmembers were contacted by Jim Previti of Frontier Enterprises to take a supportive stand on H.R. 5823 (Exhibit No. 1). Congressman Gary Miller (R-Brea) and several other congressional members have introduced legislation that calls for the Federal Housing Finance Agency to cease its plan to sell Fannie Mae-owned or Freddie Mac-owned foreclosed homes in California to large institutional investors. Tonight the City Council is asked to support Resolution 12-106.

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE further reading and ADOPT Resolution No. 12-106, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, SUPPORTING H.R. 5823: THE SAVING TAXPAYERS FROM UNNECESSARY GOVERNMENT-SPONSORED ENTERPRISE BULK SALE PROGRAMS ACT OF 2012"
2. INSTRUCT staff to transmit a copy of the executed resolution to Congresswomen Janice Hahn, Maxine Waters and Laura Richardson, Senator Rod Wright, Senator Ted Lieu, Assemblymembers Isadore Hall and Warren Furutani and County Supervisor Ridley-Thomas.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The passage of H.R. 5823 would initiate a pilot program which would stop plans in progress by Fannie May to bundle foreclosed properties for sale to institutional investors. Fannie Mae proposes to require the purchasers of these bundled real estate owned properties to turn them into rental properties for a period believed to be 3 -5 years. This proposal, which is moving forward at a rapid pace, must be

stopped to preserve home values in our county and across this state. If approved, the City will be joined in opposing this plan by the California Association of Realtors, the Inland Valley Association of Realtors and Riverside County Board of Supervisors. H.R. 5823 is currently in the Financial Services Committee and was recently sent to the Subcommittee on Capital Markets and government-sponsored enterprises. Opponents of the measure assert that should Fannie Mae be successful in bundling these homes for sale to institutional investors, property values in our region may be negatively impacted which could have an additional impact as we have already seen home values plummet during the Great Recession.

V. **FISCAL IMPACT**

None.

VI. **EXHIBITS**

1. Letter submitted by Jim Previti of Frontier Enterprises. (pg. 3)
2. Resolution 12-106. (pgs. 4-5)

Document6

Prepared by: Lisa Berglund, Principal Administrative Analyst

TO: Rev09-04-2012

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date _____ Action _____



CITY COUNCIL

12 SEP 17 2012

September 12, 2012

Council Member Elito M. Santarina
701 E. Carson Street
Carson, CA 90745

Dear Council Member Santarina,

As a local leader, you are no doubt aware of the Federal Housing Finance Administration's initiative calling for the bulk sale of nearly 500 Fannie Mae-owned foreclosed homes across Southern California to undisclosed institutional investors for conversion into rental properties.

As a longtime Southern California home builder, I am writing to alert you that this buy-and hold scheme will harm our region's recovery as ***outside investors buy distressed Southern California homes at bargain-basement prices to create massive portfolios of rental homes that will destabilize local neighborhoods.***

This issue is of such concern that Congressman Gary Miller of Diamond Bar introduced HR 5823 to stop this bulk sale plan by Fannie Mae. Miller's bill is endorsed by the California Association of Realtors, the Inland Valley Association of Realtors and the Riverside County Board of Supervisors whose Chairman John Tavaglione said "These homes would be sold to investors...creating again the same issue that helped create the mortgage mess of 2007. Homes would be sold in a bundle situation to absentee owners."

The New York Times recently reported that "The sting of the housing collapse, driven in part by investors who bought large bundles of securities backed by bad mortgages, makes some critics wary of (this) emerging market." University of Massachusetts' Public Policy Professor Michael Johnson told the Times that he lacks confidence that investors "**who now see another use for these houses as rentals, as opposed to owner-occupied**, are necessarily going to be any more responsible financially or responsive to community needs."

At Frontier Enterprises, we believe in home ownership. We have purchased and rehabilitated more than 1,500 foreclosed homes across Southern California – homes which we resold to young families and first-time buyers. ***We only sell to owner-occupants. We do not rent homes. We do not sell to investors.*** We hire local tradesmen, providing hundreds of local jobs as we repair properties and restore neighborhoods.

As a region, we must be diligent if we are to restore our housing market and avoid the pitfalls associated with assembling massive communities of rental homes. With Fannie Mae and banks poised to release thousands of REO homes in bulk, it is urgent that our voices be united and heard to prevent Southern California from being converted into a sea of rentals. Please feel free to contact me at 909.354.8000 if you would like to discuss this issue further.

Sincerely,

Jim Previti
President and CEO
Frontier Enterprises

EXHIBIT NO. 01



RESOLUTION NO. 12-106

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CARSON, CALIFORNIA, SUPPORTING H.R. 5823: THE SAVING
TAXPAYERS FROM UNNECESSARY GOVERNMENT-
SPONSORED ENTERPRISE BULK SALE PROGRAMS ACT OF 2012

WHEREAS, Congressman Gary Miller (R-Brea) has introduced legislation that calls for the Federal Housing Finance Agency to cease its plan to sell Fannie Mae-owned or Freddie Mac-owned foreclosed homes in California to large institutional investors; and

WHEREAS, the Federal Housing Finance Agency's pilot program calls for the sale of more than 400 Fannie Mae-owned foreclosed units in Los Angeles and Riverside counties to institutional investors; and

WHEREAS, the bill was introduced as many industry veterans and realtors believe that the bulk real estate owned sales program would negatively impact the housing market in California and potentially further delay a housing recovery; and

WHEREAS, the California Association of Realtors believes bulk real estate owned sales are not necessary in California because housing inventory is extremely low and demand is high; and

WHEREAS, H.R. 5823 was assigned to a congressional committee on May 17, 2012, which will consider it before possibly sending it on to the House or Senate as a whole.

NOW THEREFORE, the City Council of the City of Carson, support H.R. 5823: The Saving Taxpayers From Unnecessary GSE Bulk Sale Programs Act of 2012.

EXHIBIT NO. 02

[MORE]



PASSED, APPROVED and ADOPTED this ____ day of October, 2012.

ATTEST:

Mayor Jim Dear

City Clerk Donesia L. Gause, CMC

APPROVED AS TO FORM:

City Attorney

