AGENDA

Home Ownership Housing Committee

10:00 - 11:30 a.m.
Thursday, May 2, 2013
Sacramento, CA

Mission Statement
The Home Ownership Housing Committee is a Policy Committee**.** Its mission is to develop C.A.R.'s housing policy in the home ownership segment of California's housing opportunities. It has original jurisdiction to evaluate housing legislation and regulation in the following issue areas: Common Interest Developments; Housing Policy; and Manufactured Housing.

Presiding:
Sandy Darling, Chair
Karl Lee, Vice Chair

Issue Chairs (ICs)
Nick Lymberis, Common Interest Development

Ronna Brand, Housing Policy

Diane Conaway, Manufactured Housing

Executive Committee Liaison
Ted Loring, Jr.

Staff Coordinator:
Dave Milton

Federal Issues Coordinator
Matt Roberts

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I. Welcome and Opening Remarks – Sandy Darling*, Chair*

II. Action Items

A. State (Dave)

1) Delinquent Homeowners Association (HOA) Assessments Working Group- Nick Lymberis, Chair

The 2013 Delinquent HOA Assessments Working Group, appointed by the 2013 Chair of the Home Ownership Committee, Sandy Darling, is chaired by CID Issues Chair Nick Lymberis. Following multiple conference call meetings

of the Working Group, its Members (Sandy Darling, Karl Lee, Raylene Brundage, Anita McKee, Lazaro Morales, Kelly Richardson, Brett Stratton, and Cathi Walter, recommend as follows:
[See attached IBP]

That C.A.R. sponsor legislation in 2014 that will empower HOAs to impose a lien on an HOA unit for delinquent assessments that will:
a) Create a lien for up to one year's delinquent assessments that is superior to the claim of the foreclosing mortgagee; and
b) Empower the HOA to attach rent payments by a tenant in the unit in order to satisfy the unit owner's delinquency.

2) Squatters Working Group, Sandy Darling, Chair

Under the leadership of Sandy Darling, Home Ownership Housing Committee Chair, the multi-policy committee "Squatters Working Group" was created in 2013. The membership, as delineated in the attached Issues Briefing Paper, consisted of three (3) Members each from the Home Ownership Housing Committee, the Investment Housing Committee, the Transactions and Regulatory Committee, and the Public Policy Forum. The Working Group conducted three conference call meetings and recommends as follows:
[See attached IBP]

That C.A.R. sponsor legislation in 2014 to specifically address the unlawful occupation of residential property by Squatters.

The Working Group further recommends that if legislation is pursued, it should include recommended penalties for violations of the proposed new law; specification of the agency or agencies authorized to enforce it; how the process is initiated; what will the due process parameters be as to the time squatters have to exit the property; and the required description of the property in question.

3) Other Related C.A.R. Activities on Issue of Squatters

a) The City of Bakersfield is exploring the creation of an affidavit approach that REALTORS® could utilize to assist their clients in notifying local law enforcement agencies of the existence of squatters and their illegal occupation of a residence.

b) The Working Group issued a Staff Directive requesting the C.A.R. Standard Forms Committee to place on its May Meeting Agenda the potential creation of a C.A.R. "Vacant Homes Affidavit" that can be utilized statewide by REALTORS®. This matter will be on Committee's May Agenda.

B. Federal (Matt)

No Action Items for the Home Ownership Housing Committee

III. Report Items

A. CID *Nick Lymberis- Issues Chair (IC)*

1. Civil Code Section 1368 CID Transaction Documents

a) AB 771 (Butler) went into effect on January 1, 2012. Sponsored by CAR, this legislation prohibited the "bundling" of charges for other documents required in an escrow for the pending sale of unit in a common interest development (CID) with charges for documents required to be provided by a seller to a prospective purchaser by Civil Code Section 1368.

b) C.A.R. Legal will be developing in 2013 a "Q & A" for REALTORS® that focuses on enforcement of the "anti-bundling" language in Civil Code Section 1368, as well as a "REALTOR®-Friendly" explanation of the Civil Code Section 1368.2 "Required CID Documents" Chart.

2. State Legislation

AB 1360 (Torres) Electronic Voting in CID Elections - AB 1360 would allow Homeowners Associations (HOAs) to make electronic ballots available to members. Each member will be asked to indicate if they wish to vote electronically and those that do not will be provided with a paper ballot.
Position: Support
Status: Assembly Housing and Community Development Committee

B. Housing Policy- *Ronna Brand, IC*

1) State

AB 325 (Alejo) Challenges to Local Planning Decisions –AB 325 seeks to clarify the long-standing provision guiding review by local government agencies of planning for low and moderate-income housing development, after it was severely modified by the *Urban Habitat v. City of Pleasanton* case in 2008. AB 325 proposes to limit to three years the time period in which a challenge can be made to a general plan based on a perceived inadequate housing element. This represents a compromise between the 90-day period established by *Urban,* and the "period of between 5 and 8 years that existed prior to that case.
Position: Support
Status: Assembly Housing and Community Development Committee

AB 1229 (Atkins) Rent Control on New Construction – Under the Costa-Hawkins Act of 1995, sponsored by C.A.R., new construction of rental housing is exempt from rent control. AB 1229 proposes to repeal the new construction exemption by allowing local governments to impose inclusionary zoning as a condition to issuing a permit for housing development. C.A.R. opposes this measure.
Position: Oppose
Status: Assembly Housing and Community Development Committee

SB 1 (Steinberg) Sustainable Communities Investment Authority - Redevelopment agencies were dissolved as of February 1, 2012 and existing law provides for the creation of successor agencies to dispose of residual assets. SB 1 would allow local governments with remaining redevelopment funds to create a Sustainable Community Investment Authority (Authority). C.A.R. is supporting SB 1 because one of the authorized uses of these funds is creation of new residential housing.
Position: Support
Status: Senate Transportation and Housing Committee

2. Federal

a) *FHA Reform*
Due to FHA's ongoing financial difficulties, Congress will be considering legislation that will reform the program with the intent of fixing its financial problems while possibly limiting its market share and role. The Transaction and Regulatory Committee will be looking at the various FHA reform proposals that Congress is considering.
[Please see IBP]

b) *HUD Announces Changes to FHA*
In early 2013 the FHA Commissioner Carol Galante announced a series of changes to be implemented this year that manages risk and further strengthens the heath of FHA's Mutual Mortgage Insurance Fund (MMI Fund):

- On April 1, 2013 the annual mortgage insurance premium (MIP) for most new mortgages was increased between 5 and 10 basis points
- Starting on June 3, 2013, the FHA will require most FHA borrowers to continue paying annual premiums for the life of their mortgage loan.
- Lenders will have to manually underwrite loans for borrowers with a credit score below 620 and a total debt-to-income (DTI) ratio greater than 43 percent.
- Down payment requirements for mortgages with original principle balances above $625,500 will be raised from 3.5% to 5%.
- The Standard Fixed-Rate Home Equity Conversion Mortgage (HECM) and Saver Fixed Rate HECM pricing options will be consolidated.

c) *FHA Processing Delays*
In an official letter to lenders, HUD Assistant Secretary and FHA Commissioner Carol Galante has advised of possible FHA mortgage processing delays due to the sequestration of 2013 funding which began March 1, due primarily to likely furloughs of federal workers.

C. Manufactured Housing- *Diane Conaway, IC*

1) State

SB 510 (Jackson) Mobile Home Park/ Manufactured Housing Communities Conversions to Resident Ownership-
Proposes to increase the role of local government agencies in the decision of mobile home park owners and park residents to convert a park to resident ownership. Adds additional approval processes into the transaction, and gives local governments the authority to adopt regulations restricting the current conversion process.
Position: Oppose
Status: Senate Transportation and Housing Committee

2) Federal

FHA Manufactured Housing Purchase Guidelines-
During the C.A.R. Winter Meetings in Monterey, the committee requested staff to background the FHA manufactured housing guidelines for information only.
[See attached IBP]

IV. Additional Item(s) for Discussion

V. Other Business

VI. Adjournment