

Special Edition.....

Greetings from the New Government & Community Affairs Director

I wanted to take this brief opportunity to introduce myself to all of you and say "thank you" for the warm reception I've received from so many of you. It is truly an honor to be a part of the MCAR team, and I am excited to partner and collaborate with you as we move forward in our efforts of advocacy and governmental accountability.

I welcome your comments, suggestions and insight as I come up to speed on the issues and challenges we face as an industry. I believe there is an excellent opportunity during this transitional market for the advancement of our efforts and ideals as we participate in the planning and oversight of the communities in which we work and live.

Going forward, I will be sending out "The Journal" on Friday afternoons. I will include as much pertinent local information and perspective as possible, while incorporating state and national news and insight as it relates to your ability to do business in Monterey County.

Again, thank you all and I look forward to meeting and speaking with you in the near future.

Kevin

Articles of Interest

Don't count on Prop. 99

The purported anti-condemnation measure would actually block meaningful eminent-domain reform.

By Ilya Somin
May 19, 2008

The U.S. Supreme Court created a huge political backlash when it ruled that local governments could use eminent domain to seize private property and transfer it to other private owners for "economic development." Since the Kelo ruling in 2005, 42 states have enacted limitations on eminent domain -- not always effective ones. But like lawmakers in many other states, some California officials are trying to block real eminent domain reform.

On June 3, Californians will vote on Proposition 99, a ballot initiative sponsored by groups representing cities, counties, redevelopment agencies and other pro-condemnation interests. It purports to protect property rights against eminent domain, but it actually provides almost no protection.

Two San Gabriel Valley cities illustrate the dangers of unbridled condemnation authority. Baldwin Park plans to use eminent domain to demolish more than 500 homes and businesses and transfer the land to a politically influential developer who plans to build a mall. La Puente is trying to use eminent domain to take over a small shopping center, displacing 13 small businesses. The city claims that the area is "blighted" -- making it eligible for condemnation under state law -- even though there is no evidence of dilapidation.

Both of these "takings" of private property would probably be permitted under Proposition 99, because it protects only owner-occupied residences against condemnations with the purpose of transferring property to "private persons." That leaves renters -- 42% of Californian households -- unprotected. If the buildings they live in are condemned, renters can be forced out even if their leases haven't expired. Owners of farms, small businesses and homeowners who have lived in their residences for less than one year also would remain vulnerable.

Even the protection for homeowners covered under Proposition 99 is likely to be ineffective, because the measure allows the condemnation of owner-occupied homes if they are "incidental" to a "public" project. This means that homes could still be taken for transfer to private developers if the proposed project allocated some space for a "public" facility such as a community center or library.

Government officials also can say that their true purpose is promoting "development," thereby circumventing the ban. Or they could argue that the new owners of any condemned properties are "public persons," by virtue of business-government "partnerships" for local development.

Also on California's June ballot is Proposition 98, which really would forbid "economic development" condemnations and other abuses. Absent Proposition 99, Proposition 98 would likely become law -- as have anti-Kelo initiatives in 10 other states. Proposition 99 would invalidate any other eminent domain referendum passed on the same day so long as 99 receives a greater number of votes than Proposition 98. Many voters are unlikely to realize this.

Economic development and blight takings often transfer property from the poor and politically weak to the politically powerful. Since World War II, from 3 million to 4 million Americans have lost their homes to such condemnations.

Many of the eminent domain laws passed since Kelo -- including California's 2006 law -- are likely to be ineffective. Legislators have passed bills that only appear to protect property rights. The most common allow economic development condemnations under the guise of alleviating blight, which many states define so broadly that almost any neighborhood qualifies, as in the dubious La Puente case.

An August 2007 survey by the Saint Consulting Group found that only 21% of Americans know whether their state has enacted eminent domain reform legislation since Kelo, and only 13% know whether that legislation is likely to be effective. Proposition 99 is a particularly skillful attempt to exploit political ignorance to block effective eminent domain reform. Californians shouldn't fall for it.

Ilya Somin is an assistant professor of law at George Mason University and an adjunct scholar at the Cato Institute.

Senate Panel Approves FHA/GSE Bill

CAMB Keeps You Informed Right from the Source

Courtesy of Mary Lynn Pinto and CAMB

Today, the Senate Banking Committee approved GSE reform/FHA write-down legislation. The Committee's bill permanently increases the conforming loan limit to \$550,000 (down from \$625,500 in the original committee print) and requires conforming loans to be securitized. To ensure the highest permanent loan limit possible in the final housing stimulus package that Congress sends to the President, it is important to continue to encourage House members to cosponsor H.R. 5958 (loan limit increase permanency bill) - we are only at 11 cosponsors, including California members Gary Miller, Joe Baca, John Campbell, Mary Bono Mack, Elton Gallegly, Pete Stark, and Adam Schiff.

Title VI of the Manager's Amendment added the mortgage originator licensing and registry system, similar to what Senator Feinstein has proposed. The MBA released a document this morning about why mortgage bankers and mortgage brokers should be regulated differently. It appears they are gearing to fight the all-originator approach in this provision.

The full Senate will now have to vote on this GSE reform/FHA write-down legislation and then it will proceed to formal negotiations with the House to reconcile the differences between each chamber's housing stimulus packages. Banking Committee Chairman Dodd and House Financial Services Committee Chairman Frank are hopeful a final housing stimulus package can be sent to the President before the July 4 congressional recess. Please see the attached news article, [click here](#), for further information about today's markup.

Thank you,
Lesli McCollum-Gooch, CAMB Federal Lobbyist