

BOARD OF ALDERMEN

ITEM NO.D(1)

AGENDA ITEM ABSTRACT

MEETING DATE: September 4, 2012

TITLE: Affordable Housing Concerns Associated with Fannie Mae Lending Rules

DEPARTMENT: Town Clerk	PUBLIC HEARING: NO
ATTACHMENTS: A. Letter from Greg Gangi B. Email from Robert Dowling	FOR INFORMATION CONTACT: David Andrews, Town Manager Cathy Wilson, Town Clerk

PURPOSE:

The purpose of this item is to provide a brief summary into the concerns associated with a rule from Fannie Mae that affects affordable housing. The Board may wish to support efforts to investigate these rules and practices in order to correct the negative impacts they are having on affordable housing programs.

INFORMATION:

Staff received a letter of concern related to the Fannie Mae rules (attached) from Greg Gangi, Pacifica Co-Housing. Related follow-up information was subsequently received from Robert Dowling, Executive Director of the Community Home Trust. Members of the Board expressed an interest in discussing this item during the September 4, 2012 meeting. Both Greg Gangi and Robert Dowling will be in attendance and prepared to make a short presentation to the Board.

According to Mr. Gangi and Mr. Dowling, the issue at hand is that Fannie Mae has passed a rule under which they do not consider condominiums in a development where one entity owns more than 10% of the deeds as loan worthy. Mr. Gangi has indicated that at Pacifica, 7 of 46 units are owned by the Community Home Trust and two of the 16 condominium units are owned by the Community Home Trust. Due to this Fannie Mae rule, homeowners at Pacifica recently reported difficulty refinancing the mortgages on their homes and Carrboro residents will have problems buying or selling condominiums at Pacifica for the same reason. Since lending financial institutions cannot sell a mortgage for a Pacifica condominium to Fannie Mae, they are either unwilling to offer financing or they will offer financing at a substantially higher rate because they must then hold the mortgage in their own portfolio.

Both Mr. Gangi and Mr. Dowling welcome opportunities to work with the Carrboro Board of Aldermen to address this problem.

FISCAL IMPACT:

N/A

RECOMMENDATION:

Staff recommends that the Board of Aldermen consider the attached letter and presentations of the evening.