

July 9, 2014

California Department of Transportation  
Affordable Sales Program  
1120 N Street  
MS 37  
Sacramento, CA 95814

Dear Sir or Madam:

I am a tenant at the property at [REDACTED]  
one of the single family residences owned by Cal Trans and which will  
be sold pursuant to the mandate of the State Legislature.

I hope to be able to buy the property under the Affordable Sales  
Program but the proposed regulations would place a 30 year Covenant  
restriction on the property which would make purchase of the property  
either impossible or so burdensome as to make the whole program a  
joke.

As I'm sure many people have already informed you, it is almost  
assuredly the case that the 30 Year Covenant will make bank financing  
for a purchase impossible. No bank is going to lend money for purchase  
of a house when, for thirty years, the home can't be sold at fair market  
value or rented at normal rental rates. This covenant defeats the very  
purpose of the program and would only make the program available to  
those very few people who have cash to purchase a home.

Moreover, it is very unclear, since the Department has not made  
available the exact wording of the covenant, how it will effect a transfer  
to a family trust, the mechanism used by many if not most home owners  
to avoid probate in the event of the death of a homeowner. Although  
the proposed regulations refer to the "sale" of a home, the covenant  
would also presumably apply to any transfer, including to a family trust,  
and would make transfer to a family trust problematic.

In addition, the regulation doesn't take into consideration the fact that,  
given the incredibly long term of the covenant, the person purchasing  
the property will die before the end of thirty years. I am sixty seven

years old. If I buy the property, it is exceedingly unlikely that I will not be alive when the thirty year covenant expires. When I die, I hope to leave all my property to my children but it is very possibly the case that my children will not be income-qualified buyers. Does that mean that the transfer is in violation of the covenant since the property will not be inhabited by a person eligible for affordable rent? Or does it mean that, even if a transfer to my children is not a violation of the covenant, that my children cannot sell the property until the expiration of thirty years? In any event, this is an unwarranted restriction. Although I believe that any covenant restriction is unwise, there must be an exception for any interfamilial transfer.

Also, the proposed provision requiring Cal Trans approval for a homeowner's decisions to make changes in the property is oppressive and must be eliminated. One of the reasons we are in the situation we are today is the demonstrated incompetence of Cal Trans in maintaining the properties which it acquired. Keeping Cal Trans on as the overseer of these properties for the next thirty years with a veto power over the homeowner's ability to make changes and improvements is the height of insanity and is directly contrary to the intent of the Roberti bill and any sound theory of urban planning and property management.

Finally, it appears that the regulations require the incomes of all current tenants of a property be considered in determining whether the purchaser meets the income threshold for an affordable sales price. This is wrong headed. If I have family members living here, either short term or long term, their income should be irrelevant to the question of my eligibility. Only the income level of the purchaser should be considered in determining affordable sale eligibility.

Very truly yours

*Richard Fannan*  
Richard Fannan

