Happy Trails Newsletter™
Serving Melody Acres
June 2011

"Plain-speaking horse sense for the benefit of our neighborhoods"

City Council Votes YES to Begin Regulating
Sober Living &Group Homes

Dear Neighbors,

In a long overdue and much anticipated decision, the Los Angeles City Council voted 12-1 on June 1 to instruct the City Attorney to draft an ordinance to regulate group homes, which includes sober living houses.

Is This Over Yet?

I must emphasize that this is not a "done deal." Once the City Attorney completes drafting the ordinance, it still has to be approved by the City Council, which means there will be at least one more hearing.

Sober Living Home Advocates Are a Powerful Lobby

While you might think otherwise, homeowners are showing up in very small numbers to these hearings to speak about the negative effect sober living homes have on their neighborhoods. In contrast, sober living home advocates and advocates for drug addicts and convicts who want to live in our neighborhoods, *show up in force*. At the June 1 hearing and vote, there were an estimated 100 opponents to the group home ordinance and only about 20 property owners there to support it. That's right: just *20 people* in the entire City of Los Angeles who stood up to defend their property rights.

The sober living home advocates have a lot of powerful support: their public interest law firms are chomping at the bit, threatening to sue the City to overturn any ordinance that is passed that protects the sanctity of single family residential neighborhoods. Mayor Villaraigosa supports them. The City Housing Department, staffed with *your* tax dollars, supports them. And Councilman Richard Alarcon supports renters "rights" over homeowners. If you have lived in Los Angeles the past 15 years, you will remember that Alarcon wanted to change building codes so that his constituency could live in converted garages.

Group Homes Profit at Our Expense and Safety

As homeowners in Melody Acres and College Acres have learned, some of the residents of these group homes are recovering drug addicts and alcoholics, people on parole and even registered sex offenders. How anyone can claim that housing people together who have made bad choices will help them "recover" better

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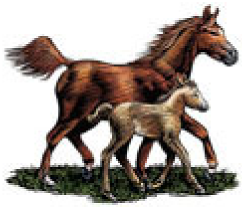

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than traditional treatments is unproven. But it is an extremely profitable business model, paid for by *your* tax dollars, which is why the group home operators are fighting so hard to locate in our neighborhoods.

What Will the Ordinance Do?

The new ordinance will require any new state-licensed homes with seven or more residents to pass City standards for parking, lighting and noise. In addition, these facilities may not have more than two occupants per bedroom or guest room according the number of rooms shown on the County's profile of the property.

What *Won't* the Ordinance Do?

As mandated by State law, licensed community care facilities with six or less residents may operate in residential neighborhoods.

Thanks to the federal government, alcoholics and drugs addicts are considered "disabled" under the Americans with Disabilities Act and Fair Housing Act and they may not be "discriminated" against in housing compared to the much smaller residential homes that provide eldercare or care for Alzheimer's patients.

I also don't see anything in this Ordinance that will require any of these facilities to register with the City, pay business taxes and carry liability insurance.

Thinking about Selling?

Important Changes to Fannie Mae Loan Limits Coming

2011 is the inevitable end (by current regulations) to the Fannie Mae High Balance Loan Limits. Fannie Mae has already announced that its 2010 High Balance Loan Limits will cease after September 30, 2011.

The current maximum loan limit for a Fannie Mae loan is $729,500 in high cost areas such as Los Angeles. This limit will remain in effect for loans originated on or before September 30, 2011. Loans taken out *after* September 30, 2011 will be reduced to $625,500 on one unit properties. This amount has been designated by Fannie Mae as "permanent" but there is no guarantee that number won't be subject to tinkering.

How Fannie Mae Changes Affect Home Sellers

Sellers should be aware that lowering this limit by $104,000 will mean fewer prospective home purchasers for your home, depending on your asking price. This is because buyers will have to pay higher interest rates if their loan is above $625,500 which means they will be priced out of some houses.

My fear is that this reduction in prospective buyers will create more downward pressure on home prices.

Americans Skeptical about Housing Recovery

A survey conducted by Trulia and RealtyTrac found that 54% of American adults believe a housing recovery will not occur until 2014 or later.

Says Rick Sharga, senior vice-president of RealtyTrac, "Demand remains weak, loans are increasingly difficult to qualify for, and the shadow inventory of several million distressed properties is weighing down the market. All of these things need to improve before housing can recover."

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