

## Meetings with Radanovich and Feinstein in Washington, D.C.

While at the National Association of REALTORS® (N.A.R.) conference in Washington D.C., I was fortunate to meet with some of our local legislators and their staff on May 13. I met with Congressman George Radanovich and also attended Senator Diane Feinstein's constituent breakfast. See <http://picasaweb.google.com/beverly2020/WashingtonDC> for photos from these meetings and of the Capitol area.

Radanovich gave five from our region a private tour up into the historic Capitol Dome to the balcony just below the Statue of Freedom and its pedestal at the top of the dome, which is 210 feet above the Capitol's east front plaza. From the balcony, we were able to see 360-degree views of the Capitol city; an awesome, once-in-a-lifetime experience. We later met with a larger contingent of representatives (17) to discuss some legislative real estate-related issues with Radanovich and his staff including:

- Moving the housing market forward by making the 2008 loan limits permanent, securing the future of Fannie Mae and Freddie Mac in order to ensure capital for mortgage markets, and extending the \$8,000 homebuyer tax credit to all (primary) homebuyers to encourage purchases.
- Enacting energy efficiency legislation for homes and commercial buildings that provides tax credits, financial incentives, and education for consumers on the benefits of energy efficiency—but does not include point-of-sale provisions.
- Any healthcare reform should address the unique set of issues that self employed and small business owners face in finding affordable health insurance coverage. The self-employed, independent contractor, freelance and small business workforce should be afforded the same health insurance coverage terms, underwriting consideration, and tax treatment available to larger firms. Cost containment must be affordable.
- Any proposals that would reduce or limit the mortgage interest deduction (MID) would undermine consumer confidence in the housing market at a time when the goal is to stabilize housing prices and sustain homeownership. Congress needs to retain current law as it applies to the MID.
- Congress needs to address the crisis in the commercial credit markets, both conventional and jumbo loans, by extending the term of Term Asset-Backed Securities Loan Facility (TALF) loans used to finance the purchase of Commercial Mortgage-Backed Securities (CMBS) beyond the current permissible 3-year limit and enhancing federal tax policies that strengthen the commercial real estate market.

I was also able to meet briefly with some of Radanovich's staff. Charles Melton from Fresno, staff assistant/systems administrator, greeted us as we entered Radanovich's office. Melton made us welcome, offered us assistance, and took the smaller group I was with through the underground tunnels to the Capitol building to meet with Radanovich for our Capitol Dome tour. I also spoke briefly to Ted Maness, chief of staff, who introduced me to Spencer Pederson, press secretary and legislative assistant, so we could discuss in more detail some of our local issues such as legislation for Wawona Elementary School and some of the challenges our local schools and communities are facing.

Prior to my meetings with Radanovich and his staff, Senator Diane Feinstein greeted those gathered at her constituent breakfast. Both Feinstein and her legislative staff spoke to the group. Feinstein pointed out that the number one issue remains the economy, and that Congress is like a bicycle—if one spoke gets out of line, it jams.

“California is still in trouble,” said Feinstein. “The unemployment rate in California is now 11.2%, which is about 2 million people in our state without a job.” She emphasized that the number of unemployed Californians is greater than the population of 21 states and the District of Columbia put together. A problematic indicator, she said, is the gross domestic product, which was down 6.1% in the first quarter of 2009. We have record debt and deficit. Feinstein finds this very worrisome.

The huge subprime/foreclosure market was up the first quarter of 2009 by 35% over the last quarter of last year, and it’s growing. She added that ARMS (adjustable rate mortgages) will begin to reset and push more people into foreclosure. According to Feinstein, some good news is that housing sales are up. Whether the foreclosure situation will change though, she doesn’t know. She said we are on the precipice.

Feinstein stressed that the economy is dependent on credit. “We are a credit economy,” she said. People are dependent on plastic and businesses are dependent on credit. Since last December, various programs (rebates, TARP, modifications, stimulus package, HOPE, and more) provided \$10 trillion. She said she never thought she’d see that.

She discussed Medicare and Social Security at length and said, “By 2017, Medicare will be unable to make hospital payments.” Medicare can’t keep going the way it is going. She also acknowledged that everyone likes Social Security the way it is—in that everyone gets it. Today it is 45% of government spending (as an entitlement). However, by 2019, entitlements will go to 59%. *(Click link provided for pictures in the first paragraph above to see a graph of Federal Outlays for projected spending in 2009 and 2019.)* Feinstein stressed that this is not controllable. She suggested increasing payroll taxes among other things and admitted it would be painful but would keep the system solvent. Also, if you have a high income, perhaps you don’t need it. She believes Social Security will look different in the future. Healthcare reform was briefly discussed as well.

Feinstein serves as chair on the Senate Intelligence Committee, which looks over 16 intelligence agencies. She said it is a major effort to take cases of high-value detainees and added that there are millions of pages of information. She informed us that later in the day Ali Soufan, a former FBI interrogator, would be testifying about the type of interrogation used and that it is not effective and should be conducted in another way.

Feinstein’s legislative staff shared several items they are working on:

- **Improve water infrastructure.** “We haven’t invested in this in over 40 years.”
- **Cyber security.** What is the government doing to protect the network? A bill is being put out in July. “We need to cut down on reliance of contractors.”
- **Credit:** The Senate is considering legislation on the most egregious credit issues.
- **Drug and crime issues:** Supporting law enforcement.
- **Immigration and border security:** Looking at agricultural job bill and crime on our borders.
- **Energy, transportation, agriculture, and more:** Discussed a hearing on the EPA budget. Focus on climate change. Congressman Waxman is moving global climate change to the floor next week.
- **Earmarks an important power for California:** There is no other way for California to get its fair share. “We pay more in taxes than we get back.”
- **Identity theft.**

Feinstein spoke briefly about the May 19 initiatives. She said she will vote for all the initiatives *except* the one that involves the lottery (Proposition 13). She said the state will be \$21 million in arrears. An

example she used to express that sometimes we need to consider raising taxes involves our increased chance of an earthquake, which is up 67%.

Regarding our budget, Feinstein said, “We need substantial change. Only one other state, New Hampshire, requires a two-thirds vote. It is time now for reform. We are truly in a state of emergency.”

I will follow up in future articles other items of interest that could impact our area and were discussed at the N.A.R. meetings such as the Clean Water Restoration Act (S 787, a bill to amend the Federal Water Pollution Control Act), distressed sales, housing trends, and more.

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