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**THE IMPACTS OF OVERHEAD HIGH VOLTAGE TRANSMISSION TOWERS  
AND LINES ON ELIGIBILITY FOR FEDERAL HOUSING ADMINISTRATION  
(FHA) INSURED MORTGAGE PROGRAMS**

**Saturday, April 14, 2012  
Chino Hills, California  
10:30 a.m.**

Good morning, Members of the Committee. My name is Fred Kreger. I am the President-Elect and Government Affairs Committee Chair for the California Association of Mortgage Professionals and a licensed mortgage loan originator in Santa Clarita, California. The California Association of Mortgage Professionals represents almost 2,000 mortgage professionals throughout California. Because of the large impact that Federal Housing Administration (FHA) Insured Mortgage Programs have on our profession and our customers, we take special interest in any items that may affect the eligibility of these mortgage programs.

I was asked here today to address the impacts of high voltage transmission towers and lines on the eligibility of FHA insured mortgage programs. As background, the FHA loan limit for San Bernardino County is \$500,000, which encompasses a large amount of the home mortgages within this region. To be specific to Chino Hills, the median listing price is around \$419,000<sup>1</sup>. With that being said, if the eligibility for FHA insured mortgage programs were to be affected within Chino Hills the potential for a large impact to be felt within the real estate market could be great and worthy of discussion.

However, through my over 10 years of experience as a mortgage professional, I can safely say that the impact of high voltage transmission lines on property values and FHA eligibility has been minimal. On a monthly basis I originate many loans within the surrounding counties of which FHA loans serve an important role for my clients. I have yet to have a customer encounter difficulties with their FHA eligibility due to high voltage power lines.

The specific homes located near the Tehachapi Renewable Transmission Project are located outside of the project's easement. Which according to the U.S. Department of Housing and Urban Development Homeownership Center Reference Guide for new FHA mortgage originations, "[these properties are] considered eligible and no further action is necessary. The appraiser, however, is instructed to note and comment on the effect on marketability resulting from

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<sup>1</sup> *Zillow*. Retrieved April 11, 2012, from [http://www.zillow.com/local-info/CA-Chino-Hills-home-value/r\\_10815/#metric=mt%3D18%26dt%3D1%26tp%3D5%26rt%3D8%26r%3D10815%26el%3D0](http://www.zillow.com/local-info/CA-Chino-Hills-home-value/r_10815/#metric=mt%3D18%26dt%3D1%26tp%3D5%26rt%3D8%26r%3D10815%26el%3D0).

the proximity to such site hazards and nuisances.”<sup>2</sup>

In my experience, the appraisers will note the presence of high voltage transmission lines; however the effect on the marketability of the home value is minimal, if any. Over years of research and study has concluded that although community members and home owners have negative feelings towards high voltage power lines, “their presence is apparently not given sufficient weight by buyers and sellers of real estate to have had any consistent, material effect on market value<sup>3</sup>.” In fact, 20 years ago I bought my first home in Santa Clarita that was located adjacent to power lines. I preferred this home to others because I was informed that the land surrounding the power lines could not be developed. Meaning, I had no neighbors to the back of me nor to the side of my home. This opinion is also shared by independent home appraisers who at times adjusted some of these property values up due to the undeveloped land that was adjacent to the buyer’s property. When discussing this issue with home appraisers I learned of a study done in the City of Santa Clarita of nine housing tracks stemming from 2004 to 2008 encompassing 864 homes that were sold within that time period. The study found that there we no valuation differences in those homes that were adjacent to the power lines than those that were not adjacent.

In closing, I believe that the affects of high voltage transmission towers and lines on the eligibility of FHA insured mortgage programs and home values in the Chino Hills area is minimal. Although a valid topic to explore, I must base my testimony on my experience within the real estate market and the statistical data that is used within the mortgage profession.

Thank you for your time and I am open to any questions the committee may have.

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<sup>2</sup> HUD FHA HOC Reference Guide Hazards and Nuisances. *HUD.gov*. Retrieved April 11, 2012, from

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/ref/sfh1-18f](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ref/sfh1-18f)

<sup>3</sup> Chalmers, J.A. 2008, April. *Assessing the Impacts of High-voltage Transmission Lines (HVTL) on Property Values*.