July 2010 Archive

Florida winning very slow race to economic recovery

ORLANDO, Fla. – July 30, 2010 – The Gulf oil spill hasn't ruined Florida's economic recovery and the modest growth will continue this year, according to a new report.

While the oil crisis dealt a blow to the Panhandle tourism industry, it won't be enough to stop the Sunshine State's economy from growing 2.9 percent this year, a University of Central Florida forecast said. Even so, the report predicts recovery at snail's pace both statewide and in South Florida as employers resist hiring and real estate values remain depressed.

"I'm still calling it a gravy-boat recovery – a gradual, tapered recovery and not a V-shape," said the study's author, UCF economist Sean Snaith. "Nothing's really going to start percolating until 2011, and maybe the first quarter of 2012."

Snaith's call for a modest yet uninterrupted recovery mostly meshed with a new report out from the Federal Reserve that showed economic growth continued across the country. Yet there were troubling signs in the Fed's latest Beige Book report, with evidence of spending slowdowns particularly evident in the South.

"It does reiterate that the economy is not bouncing back as much as we would hope," Ryan Detrick, senior technical strategist chairman of Schaeffer's Investment Research, said of the Beige Book.

Of the 12 economic districts covered in the Beige Book, only two reported a slowdown in economic growth: Chicago and Atlanta, which includes Florida.

Miami got one mention in this Beige Book, with the authors noting that hotels report an uptick in convention bookings and business travel. That trend has been apparent all year, and is helping drive a strong rebound in lodging revenue and occupancy rates across South Florida.

The Sunshine State received an outsized share of mentions in this Beige Book because of the Gulf oil crisis. The authors noted "significant concerns" over the spill's impact on tourism.

There were positive signs mixed with discouraging news. Across the Atlanta region, businesses are adding hours to payroll without hiring new workers. Retailers reported a slight increase in sales, but were less optimistic than when they were during interviews for the June Beige Book.

Residential real estate sales also slowed, and people in that industry had a "pessimistic" outlook. Even so, Florida was singled out as having declining housing inventories while unsold homes increased elsewhere in the district.

The Beige Book became public just hours after Snaith released his report, and the combination captured the uncertainty facing economic forecasting this summer. While the recovery seemed to be gaining traction this spring, a series of disappointing reports have raised doubts about the momentum.

The Fed's outlook followed Snaith's mostly glum economic report that nonetheless predicted growth this year and for the rest of the decade.

Snaith predicts incomes across South Florida will grow this year and for the rest of the decade as the region crawls toward a slow recovery.

"It's a fairly flat profile a while," Snaith said.

Statewide payrolls won't return to their pre-recession levels until 2014 and in two years housing starts will only rebound to where they were in 2001, Snaith wrote.

"Consumers in Florida have been beleaguered, much more so than their counterparts around the country, by disappearing home equity and an evaporation of stock market wealth," Snaith said.

Still, the report reinforces the consensus of economists across the country that, by the math, the recession has passed and a fragile recovery has taken hold. For the combined economies of Palm Beach, Broward and Miami-Dade, Snaith's forecast predicts mostly positive numbers through the decade.

Real personal incomes in South Florida should grow 2.5 percent this year after three straight years of declines, the report said. That's despite a 1.3 percent decline in employment, with job growth expected to flatten next year and then hit a modest stride of 2.3 percent in 2012.

Snaith's report also said the BP oil disaster will put off a full recovery in Florida's tourism industry by at least a year. He doesn't expect statewide employment in leisure and hospitality to grow until 2012, defying more optimistic predictions before the spill.

"This was supposed to be the time that tourism was finally going to emerge from under the cloud of that recession and begin to recover," he wrote.

Foreclosure activity up across most U.S. metro areas

LOS ANGELES - Households across a majority of large U.S. cities received more foreclosure warnings in the first six months of this year than in the first half of 2009, new data shows.

The trend is the latest sign that the nation's foreclosure crisis is worsening as homeowners battling high unemployment, slow job growth and an uneven rebound in home prices continue to fall behind on their mortgage payments.

In all, 154 out of 206 metropolitan areas with at least 200,000 residents posted an annual increase in foreclosure activity between January and June, foreclosure listing firm RealtyTrac Inc. said Thursday.

The firm tracks notices for defaults, scheduled home auctions and home repossessions - warnings that can lead up to a home eventually being lost to foreclosure.

The latest figures show the threat of foreclosures is spreading well beyond the top tier of metropolitan areas located in California, Florida, Nevada and Arizona, which have borne the brunt of the fallout from the housing crisis.

Those states saw housing values surge during the housing boom years. When the boom ended, values collapsed and foreclosures soared.

"The face of foreclosure is driven much more now by unemployment than in the past, and it's moving out from the places where we've been focusing on in the last few years," said Rick

Sharga, a senior vice president at RealtyTrac. "The combination of a weak job market and a weak housing market is making it difficult in some of these areas."

The Miami-Fort Lauderdale-Pompano Beach metropolitan area in Florida received more foreclosure-related warnings in the first half of this year than any other, the firm said.

Florida accounted for nine of the top 20 metro areas with the highest foreclosure rates.

The latest data echo broader, national foreclosure trends.

The number of households facing foreclosure in the first half of the year climbed 8 percent versus the same period last year, but dropped 5 percent from the last six months of 2009, RealtyTrac said in a report issued earlier this month.

In all, about 1.7 million homeowners received a foreclosure-related warning between January and June. That translates to one in 78 U.S. homes.

More than 1 million American households are likely to lose their homes to foreclosure this year, the firm said.

The latest data included one bright spot: Nine of the top 10, hardest-hit metropolitan areas saw their foreclosure rates drop from a year ago. That could suggest foreclosure trends in those cities, including Las Vegas, Cape Coral, Fla., and Modesto, Calif., may have peaked.

"We probably won't know that for sure for another six months," Sharga said.

Still, those areas continue to see foreclosure rates that are as much as five times higher than the national average.

The top 10 metropolitan areas with the highest foreclosure rates has remained fairly unchanged over the past 12 months.

The Las Vegas-Paradise, Nev., metropolitan area topped the list with one in every 15 homes receiving a foreclosure warning in the first half of the year - five times the national average. But foreclosure filings declined nearly 9 percent versus the first six months of 2009.

Rounding out the rest of the top 10 metros with the highest foreclosure rate in the first half of 2010 were Cape Coral-Fort Myers; Modesto; Merced, Calif.; Riverside-San Bernardino-Ontario, Calif.; Stockton, Calif.; Phoenix-Mesa-Scottsdale, Ariz.; Orlando-Kissimmee, Fla.; Vallejo-Fairfield, Calif.; and Miami-Fort Lauderdale-Pompano Beach, Fla.

The Miami-area metro was the only one among the top 10 to register an annual increase in its foreclosure rate.

You can sell your house – if the price is right

OAKLAND, Calif. – July 29, 2010 – Emily Rennie's three-bedroom house in Oakland was a beauty in a sweet location. Walking distance to the lakeshore. Close to shops. A refurbished patio in the back. Inside, a modern kitchen with granite countertops.

Listed at $539,000 when she put it on the market, the Excelsior Avenue house was missing one crucial thing: The right price. After a few weeks with no offers, she cut the price to $499,000 in May. Then she cut it to $475,000 in June. She is still hoping for an offer.

Rennie is discovering the cold reality of post-housing-bust prices: No matter what she thinks her house is worth, what matters is what buyers are willing to pay. That can be a lot less in areas where the supply of houses for sale is swollen by foreclosures and short sales, often priced 20% to 30% below the ones being sold by financially healthy owners. Nationally, such properties account for a third of all sales three years after a historic chill blew over an overheated housing market.

Foreclosures "do make it harder to sell," acknowledges Rennie, who works in marketing communications. "People can get a really good deal."

Real estate professionals say Rennie is in good company. Nationally, 30% of the houses for sale were reduced in price in June, according to Zillow.com, an online real estate site. Plenty of sellers have trouble pricing their home against the foreclosed houses that lenders are trying to unload.

"It's one of the hardest things for sellers to do. They have an emotional attachment to their house," says Amy Bohutinsky, a spokeswoman for Zillow.com. "For sellers to understand how they should price, they should deeply understand their market and competition -- what's on the market now, not just what's sold."

Those who do that successfully don't have a problem.

"People who price their homes to the market are selling them in a reasonable amount of time, but people who cling to 2004 or 2005 prices aren't," says Richard Smith, president and CEO of Realogy, the parent company of Century 21, ERA, Coldwell Banker and Sotheby's International Realty. "If you take into account (bank-owned property) pressures, you'll sell pretty quickly."

Competition for bargains

Oakland and nearby San Francisco are two markets where foreclosures have a strong influence.

Nearly three of every 1,000 homeowners in Oakland lost their homes to foreclosure in May, according to Zillow. Foreclosure resales made up 36% of all sales in May, although that's down from a peak of 66% in March 2009.

Sellers have had to adjust. In June, 20% of the properties for sale in Oakland made price cuts, according to Zillow.com, compared with 15% in May. Drawn by falling prices, young professionals from San Francisco are coming across the bay to snap up homes in Oakland, and most of the stiffest competition for properties is in the top tier, around $808,000.

At that price, sellers in May paid 0.1% less than the asking price, according to Zillow. In all price ranges, they paid 0.3% less than asking price. Based on the median list price, that's $1,080 less than the last listing price.

But some agents are seeing bidding wars.

"We're seeing multiple offers; we're seeing above asking price," says David Kerr, a ZipRealty agent who represents buyers and sellers in Oakland. "People are buying foreclosures, fixing them up and selling them and getting offers."

Those who do take foreclosures into account and price their homes right cannot only find a buyer, but sometimes one who will pay well above what they're asking.

One such buyer was Rosa Verdin, 40, who bought a restored Victorian in north Oakland from a developer in May. The asking price was $450,000, which was well-priced, she says. She and her partner, Kelly Helms, 32, a nurse, offered $50,000 more, outbidding at least two other parties.

"We had been looking for six to eight months," says Verdin, 40, who works in graphic arts. "The location was centrally located to our work, the house was move-in ready and within our price points. Timing just seemed right, and the decision was relatively easy."

Not all offers go so smoothly. Even when owners find willing buyers, getting their price isn't a sure thing. Lenders generally require appraisals before giving a mortgage, and appraisers often take into account what foreclosed properties in the area sell for when determining how much a home is worth. If a home is being sold at too high a price, the sale can fall apart.

"Every day, sales fall apart," says Leslie Sellers, with the Appraisal Institute. "Smart sellers get appraisals done before they sell the home."

Neighborhoods buck trend

Other neighborhoods also show just how well good prices pull in successful offers.

In the heart of San Francisco, Noe Valley is home to dot-com millionaires and working professionals. The streets are lined with Edwardian and grand Victorian row houses built in the late 19th century, and the neighborhood, flanked by hills, features an eclectic array of coffee shops, sushi restaurants and lively bookshops.

The real estate market in San Francisco is struggling to regain its footing, with home prices down 0.7% from the third quarter of 2009 to the first quarter of this year. But in Noe Valley, most homes are going just above listing price. In May, homes sold for an average of 0.02% more than the last listing price, according to Zillow.com. Based on median list price, that translates into $218 more.

"It's crazy," says Brendon DeSimone, a Realtor with Paragon Real Estate in San Francisco, who represents buyers and sellers in Noe Valley. "I had one house with five offers, and it went from $1.4 million to $1.7 million. The valley has just popped. It's not uncommon for one open house to have 200 people come through."

Nationally, the average property takes eight to nine weeks to sell, down from 10 to 11 weeks a year ago, according to the National Association of Realtors. In Noe Valley in May, there were 25 listings that sold after averaging five weeks on the market.

As the overall housing market has tumbled, Noe Valley has take a hit, with home values down 17% from their peak in June 2008, according to Zillow.com. In the neighborhood, about 5% of home sales in March were foreclosure resales.

But Noe Valley remains a hot neighborhood for several reasons. Other neighborhoods such as Pacific Heights and the Marina District have already been in such demand that prices are often out of reach for younger families, DeSimone says. Noe Valley remains more affordable but still has the kind of row houses desired by families.

It's also closer to Silicon Valley than other neighborhoods in northern San Francisco, which shaves off about 20 to 30 minutes of commuting time (Google and Apple both have bus stops in

Noe Valley). And many buyers want historic Victorians, so demand for homes in the neighborhood is strong.

That's why, when homes are priced well, they can set off a bidding frenzy -- even in an anemic real estate market.

In the future, houses will look more like a home

JACKSONVILLE, Fla. – July 28, 2010 – The house of the near future could look more like, well, a home.

After the economic recession and collapse of the housing market, "smaller, better, smarter" may win out over grand, oversize showpieces, said Jacksonville architect Michael Dunlap. "That's what I think they'll be."

Adds Kermit Baker of the American Institute of Architects: "The era of the McMansion could well be over."

Baker, chief economist for the AIA, said the recession and an interest in lowering utility costs has already changed how houses are designed and built.

"As the housing boom has passed, there seems to be a renewed interest in investing in properties to make homes more livable, as opposed to real estate that can be resold quickly for a profit," he wrote in an AIA report.

We interviewed architects and builders to try to figure out what new houses -- both mass-production and custom -- might look like in the next decade or so.

The consensus was that they might not appear that much different, at first glance. But here's a way to picture the future home: Take a house built during the past 20 years, then start scaling back -- or just plain taking away -- some of the features.

All those different roof pitches, scattered over gable after gable? That big two-story vestibule? The formal dining room? Gone. That three-story garage? Down to two. That 3,500-square-foot house? Perhaps you'll have to do with just 2,800.

It's hardly deprivation though, say the experts. Instead, they say, think of it as more practical -- and perhaps even more livable.

"The formal living room, the formal sitting room, the big grand open entry with huge stairwell and a 28-foot vault to the ceiling?" said Robert Leinenweber, owner of Eastern Shores Construction in Atlantic Beach. "All that's going away."

Jacksonville architect Richard Skinner said changes will be dictated by a more uncertain -- and more realistic -- approach to the house in which you live.

"It's the ongoing cost of a house that kills you, the mortgage and the utility payments," he said. "So if you can figure a way to cut those, you're on the way to solving the problem."

Baker compiles quarterly reports on home design trends for the AIA, based on information from architectural firms. He's reluctant to predict what will be happening 10 or 15 years from now, but says you can get clues based on what's been happening in the recent past.

The smaller house trend has been bubbling for some time. Factors include the influence of Sarah Susanka's "The Not So Big House" books, increasing land and utility costs, and the fact that families aren't as big as they used to be.

Last year, USA Today reported that U.S. Census data shows the average size of a new house dropped for the first time in more than a decade. It went from 2,629 feet in the second quarter of the year to 2,343 in the fourth.

"It was gaining some traction even before this downturn," Baker said. "We don't really need a 5,000- or 6,000-square-foot home with a big formal dining room, a big formal living room. That doesn't really reflect us."

Still, that doesn't mean houses built in the next 10 or 15 years will be anything like the 1,100-square-foot houses put up after World War II. Those were considered just fine by returning G.I.s and their families, but Americans have grown to expect more.

Baker said lot sizes have been shrinking for a while, but that entry-level homebuyers often want houses that are as big as they can get -- and that won't change.

"I do believe that when the housing market recovers, those home sizes will begin to inch back up again," he said. But it might take a long time to get back to as big as they were in the go-go years.

Andy Chambers has seen the boom and the bust. He's president of both MasterCraft Builder Group and the Northeast Florida Builders Association. "Are people going to build bigger, higher-cost houses for the most part?" he said. "I think not."

Rooms that encourage just a single use -- formal living rooms and dining rooms, isolated media rooms --will be the first to go.

"People are just looking more carefully at the space that's useful," said Skinner.

In coming years, look for multi-use rooms of flexible design, featuring lots of open space. That central living area is more spacious, tied into a kitchen that's functional but not over-the-top.

The family area will be focused even more so around the TV screen, which will be even larger, said Skinner: "The TV has taken the spotlight, and people aren't as ashamed of it as they used to be."

He also expects kitchens to be more practical than extravagant. And bathrooms? They won't be the "palaces" of past years. They'll be nice, sure. But who really needs a palace for a bathroom?

Skinner said there's plenty of room in the future for modern-looking houses, but he expects something of a return to a more traditional look. "I think there's this sense of what a home looks like," he said. "Proportions will become closer to something that looks classically driven; the scale of homes will be more pleasing to the eye. There's been a lot of movement in the directions of neighborhoods that are more into the Avondale, Riverside, San Marco design."

For years, people have been envisioning smart "Jetsons"-style houses packed with centralized high-tech systems that will run the whole building.

Those predictions were likely overblown, said Chambers, the builders association president. "The high-tech houses, quite honestly, have never taken off, and I think that's because technology has exceeded the high-tech houses, because of wireless for the most part."

And the much-ballyhooed green house?

People are slowly moving that way, though Leinenweber points out that most green construction methods remain too expensive for widespread use. Better insulation and more efficient windows, however, have come down in price enough to be popular.

Leinenweber said he's also seeing less reliance on conventional building materials. Instead, there's more cement composite siding and recycled plastic and PVC trim.

Where will the houses be?

Looking at Northeast Florida, there still seems to be plenty of room and interest in development that keeps sprawling farther and farther from the city center.

Jacksonville itself, though, will soon run out of room to expand.

That's what William "Bill" Killingsworth, director of the city's Planning and Development Department, has said. He foresees a future in which aging areas of the city are redeveloped into new higher-density developments, ones close to shopping and public transit.

Baker said different parts of the country take different approaches to where to build. But trends seem to indicate one thing. "There seems to be more interest in proximity to something else rather than splendid isolation," he said.

CNBC study: Fla. has top state workforce

TALLAHASSEE, Fla. – July 16, 2010 – The ranking came in CNBC's fourth annual America's Top States for Business rankings – a study of all 50 states that examines 10 different categories, including workforce, to measure each state's ability to attract businesses. Under "Workforce," Florida moved up from 2009's number three spot, reclaiming the number-one rank the state held in 2008.

"The Sunshine State is home to the best talent in the world," says Governor Charlie Crist. "We are committed to creating a highly skilled, innovative workforce across all industry sectors, and we take great pride in the role our workforce plays in driving Florida's businesses into the 21st century."

Overall, however, the survey ranked Florida No. 28 nationally for businesses, the same rank it held in 2008. While many of the 10 measured qualities changed marginally, the economy hit the state hard. In the 2009 survey, Florida ranked No. 23 for economy; in 2010, the state's ranking for its economy dropped to No. 48.

The No. 1 workforce ranking in CNBC's annual study was based on several indicators, including the education level of the workforce, the number of available workers, union membership, and the success of worker training programs.

Workforce Florida Inc., the state's business-led workforce policy and oversight board, is charged with strengthening Florida's business climate and helping Floridians enter and advance in the workforce. Most employment and training services in Florida are provided at the local level through the state's 24 regional workforce boards, the backbone of the state workforce system. In 2009, Florida's workforce system provided services – job search, referrals, placement assistance and training – to more than 1.7 million people.

To view the CNBC workforce rankings, go to http://www.cnbc.com/id/37516706. To find out about the comprehensive workforce services and resources available in Florida, visit www.EmployFlorida.com.

Flood insurance reform bill would extend Program to 2015

WASHINGTON – July 16, 2010 – The U.S. House today approved a flood insurance reform bill yesterday that would reauthorize the National Flood Insurance Program (NFIP) for five years to Sept. 30, 2015, a provision strongly supported by the National Association of Realtors® (NAR).

The bill now heads to the Senate, however, where its prospects of passage are not clear. To become law, the bill needs approval by both the House and Senate followed by the president's signature.

Passage of H.R. 5114, the Flood Insurance Reform Priorities Act, would strengthen the NFIP and bring certainty to many real estate markets, NAR said, and commended Rep. Maxine Waters (D-Calif.) for marshalling the bill through House passage.

"This longer-term reauthorization of the NFIP is critical to millions of taxpaying American families who rely on the program for flood insurance, which is required to obtain a mortgage in nearly 20,000 communities across the nation," says Vicki Cox Golder, NAR president. "This would restore flagging confidence in a vital program by ensuring its continuation for several years without further disruption to real estate markets upon which our nation's economic recovery depends."

NFIP has been allowed to expire twice in the past two years and Congress approved eight short-term extensions, resulting in multi-week delays or cancellation of thousands of real estate transactions. Such stop-gap measures have caused many hardships and lost sales for property buyers, sellers and their communities, Golder says.

Flood premiums cause some to take storm-season risk

MIAMI – July 14, 2010 – Florida homeowners face mounting flood-insurance challenges this year as they wade deeper into hurricane season.

At a time when U.S. emergency-preparedness managers are pushing Floridians to sign up for flood coverage, the National Flood Insurance Program has been in flux.

Already this year the program has lapsed three times, making it difficult for property owners to get coverage and for lenders to approve mortgages for houses in flood-prone areas. Federal lawmakers just temporarily reauthorized the program again, but only until Sept. 30.

"The hurricane season runs two months beyond the new Sept. 30 expiration date," noted Jimi

Grande, vice president of political affairs for the National Association of Mutual Insurance Companies. "Congress must not let the program lapse again, but that's just the minimum."

Insurers would like to see a long-term commitment to the federal program.

In addition to lapses in the program, hundreds of thousands of Florida homeowners have dropped their flood-insurance policies – probably because of continuing economic hard times in a state with record foreclosures.

Also complicating matters: The federal government has redrawn its flood-plain maps, as it does about once a decade. So Florida homeowners who did not need flood insurance in the past have been getting phone calls from their mortgage companies in recent months, demanding that they get coverage or show proof they don't need it.

North America's hurricane-prone pinky finger has been drawing the attention recently of the Federal Emergency Management Agency, which has been encouraging Floridians to check http://www.floodsmart.gov to determine whether changes in the flood-plain maps affect them. Officials cite contrasting statistics such as this: The average flood-insurance claim in Florida during the past five years totaled more than $48,000, while the average cost of a policy is currently about $560 a year.

"This extension [of the program] is good news for families and business owners across Florida, especially with hurricane season now under way," said Rachel Racusen, FEMA's press secretary.

She noted that Congress not only extended the program but also made it retroactive. So Floridians who applied for new or renewal policies during the May 31-July 1 lapse still got coverage when they applied. Existing policies were never affected, Racusen noted.

This high-level push for homeowners to purchase flood insurance comes at a time when many Floridians are unable to afford the extra expense. Mortgage companies usually alert their customers that they need insurance if they live in areas mapped for flooding – but with more than 20,000 Florida homes in some stage of foreclosure, flood insurance is not always a priority.

The number of dropped policies constitutes less than 2 percent of all the flood-insurance policyholders across the state, according to FEMA, but that still means more than 1.5 million property owners have let their policies lapse during the past two years.

"We're hearing a lot of buzz about people not wanting to buy the insurance," said Ed Pasterick, a senior policy adviser for FEMA's risk-insurance areas. "The reason they're complaining is that they're getting notices from their lenders that they need coverage."

If homeowners don't obtain their own coverage or hire an engineer to determine whether they need it, lenders will initiate a "forced-place policy." Pasterick said such policies can be 10 times more expensive than the policies secured directly by homeowners.

Thousands of homeowners in Orange County alone have probably gotten flood-insurance notices from lenders in recent months, because FEMA last year redrew its flood-zone maps for the first time since 2000.

In Orange County, for instance, about 8,000 to 10,000 houses that had been in flood-prone areas were dropped from flood-plain designations. But about 2,000 properties were added to those zones, county officials said. The county said it notified homeowners whose addresses were added to flood zones in the newly drawn federal maps.

Another note of caution for Floridians contemplating getting flood coverage six weeks into the six-month hurricane season: Those policies may not take effect for at least a month.

NAR: Make a home a vacation destination

WASHINGTON – July 12, 2010 – Whether it's because of the economy or by choice, millions of Americans are staying close to home this summer, and it's not too late to get outdoor space ready for a summer fun. How-to information and more is available at HouseLogic – a comprehensive consumer website produced by the National Association of Realtors® (NAR) about all aspects of homeownership.

"HouseLogic has everything a homeowner needs to maintain, protect and increase the value of their home," says NAR President Vicki Cox Golder. "Summer is all about enjoying the weather and your home's outdoor space, and with a few improvements your backyard will be a safe and enjoyable place for everyone."

This may be the year to add a new deck. The experts at HouseLogic say that choosing the right material is the most important decision. While synthetic decking materials, such as composite and PVC decking, and tropical hardwoods like mahogany are initially pricier, they are easier to maintain and can last years longer. Although traditional wood decks initially cost less, the annual cleaning and resealing maintenance can make them more expensive over the long term.

If your home already has a deck, it may simply need some care and maintenance. HouseLogic recommends a few simple steps to keep your deck safe, sound and looking great. First, give your deck's structure a close inspection for rotting or cracked boards. Pound in any protruding nails and cut back nearby trees or bushes to prevent mold and rotting. Then thoroughly sweep and wash the deck; after it's completely dry, follow up with a sealer or stain.

Pavers may be a good alternative to a deck and are available in many different colors and finishes. The experts at HouseLogic say that choosing patio paving materials begins with a solid foundation – the base that supports the pavers must be firm, strong and designed to stand up to years of foot traffic and weather. When it comes to pavers, there are many options, including brick pavers, which offer warmth and the possibility of intricate patterns; concrete pavers, which come in countless shapes and sizes and can be fashioned to look like real stone; a variety of stone, slate and marble; and even recycled hardscape materials, such as concrete sections from a neighbor's old driveway or sidewalk.

If you have a pool, you may want to consider alternatives to chlorine. Chlorine is popular because it's inexpensive and keeps swimming pools clean by sanitizing, oxidizing and deterring algae; however it also has a strong odor, reddens eyes, and causes allergic reactions in some swimmers. Chlorine alternatives include bromine, ionizers, ozonators or PHMB; but all four have drawbacks, including higher costs.

HouseLogic's gas and charcoal grill guides offer advice on purchasing a new grill from a wide variety of models and prices – ranging from $29 to $5,000 and up. HouseLogic recommends that homeowners first ask themselves a series of questions, including what type of cooking they'll be doing, how often they plan to use the grill, the number of guests they expect, and how much they want to spend. The answers can help homeowners narrow down their choices to one that fits their family and budget.

For more great tips on getting a home ready for summer and other homeownership topics, visit HouseLogic at www.houselogic.com.

HouseLogic is a free source of information and tools for homeowners from NAR that helps homeowners make smart decisions and take responsible actions to maintain, protect and increase the value of their home. HouseLogic helps homeowners plan and organize their home projects and provides timely articles and news; home improvement advice and how-to's; and information about taxes, home finances and insurance.

NAHB to sue EPA over lead paint regulations

WASHINGTON – July 12, 2010 – A coalition of housing industry groups joined the National Association of Home Builders (NAHB) in announcing plans to file a lawsuit against the federal Environmental Protection Agency (EPA) for removing the "opt-out" provision from its Lead: Renovation, Repair and Painting rule.

The Lead: Renovation, Repair and Painting rule (LRRP) applies to homes constructed before 1978 when lead paint was banned. Its opt-out provision, which expired July 6, let consumers allow contractors to bypass extra preparation, clean-up and recordkeeping requirements in homes where there were no children under 6 or pregnant women, thus avoiding additional costs.

"Removing the opt-out provision more than doubles the number of homes subject to the regulation," says NAHB Chairman Bob Jones. "About 79 million homes are affected, even though EPA estimates that only 38 million homes contain lead-based paint. Removing the opt-out provision extends the rule to consumers who need no protection."

The Hearth, Patio & Barbecue Association, the National Lumber and Building Material Dealers Association, and the Window and Door Manufacturers Association joined NAHB in filing the petition for review in the U.S. Court of Appeals for the D.C. Circuit.

The group is challenging EPA's action on the grounds that the agency substantially amended its LRRP regulation without any new scientific data and before the regulation was even put into place on April 22, 2010.

"Even under the original rule, the opt-out provision was not available in homes where small children or pregnant women live," Jones says. "That shows that this change provides no additional protection to the people who are most vulnerable to lead-based paint hazards."

Remodelers' and other contractors' estimate of the additional cost associated with the lead-safe work practices average about $2,400, but vary according to the size and type of job. For example, a complete window replacement requires the contractor to install thick vinyl sheeting to surround the work area both inside the home and outdoors – with prep time and material costs adding an estimated $60 to $170 for each window.

"Consumers trying to use rebates and incentive programs to make their homes more energy efficient will likely find those savings eaten up by the costs of the rule's requirements," Jones says. "Worse, these costs may drive many consumers – even those with small children - to seek uncertified remodelers and other contractors. Others will likely choose to do the work themselves – or not do it at all – to save money. That does nothing to protect the population this rule was designed to safeguard."

Kitchen comebacks: popular for remodeling

ORLANDO, Fla. – July 8, 2010 – The explosion of remodeling shows on TV and makeover spreads in magazines has whetted America's appetite for glamorous rooms brimming with the latest furnishings, appliances and color schemes.

Kitchen remodels are among the most popular, according to a report in the just-published August issue of Consumer Reports and online at consumerreports.org. And the economic slowdown means there are outstanding deals on everything from cooktops to countertops. It also means kitchen designers and building contractors are eager for work and willing to negotiate.

But bargain prices and good looks aren't everything, said Celia Kupersmzid Lehrman, Consumer Reports' deputy home editor.

"When remodeling a kitchen, functionality is every bit as important as style. Fortunately there are many products that look good and work well," she said.

The design of your kitchen is every bit as important as what goes into it, said Jim Spence of Spence & Vaughn Fine Kitchen and Bath in Maitland.

The most functional design is based on the "work triangle" -- the relationship between the prep area, the cooking area and the sink, he said. Ideally, the distance between them should never be less than four feet or more than nine feet. Of the three areas, the most-used is the sink.

When planning a remodel, determining your budget is one of the first steps. The National Kitchen & Bath Association (NKBA) calculates the average kitchen remodel costs between 10 percent and 20 percent of the home's value. But obviously, the extent of the makeover determines its cost. In its latest issue, Consumer Reports takes top-performing products and creates three design schemes: a do-it-yourself makeover for $5,000; a plan that costs $15,000 (the average spent on a kitchen remodel); and a full-scale renovation for $50,000.

Determining your priorities is another key step, said Phil Johnson, a partner at Spence & Vaughn and a certified kitchen designer.

"Do you love to cook? If so, now might be the time to consider professional-style appliances," he said. "Do you have a large family? Consider how best to accommodate them in your new space. Think about the things you love in your old kitchen -- and the things you dislike."

In addition, Johnson recommends the following steps for a successful remodel:

--Do your homework. Watch TV remodeling programs, clip appealing pictures and articles from magazines, attend remodeling seminars, visit home shows and parades of homes. Consult with a kitchen designer who is a member of the NKBA, who has the training and experience to avoid many of the things that can go wrong with a remodeling project.

--Visit a showroom. Examine the options in cabinets, countertops, appliances, flooring, plumbing and lighting. Decide what you want -- and can afford.

--Schedule a home visit. The designer/installer need to measure the kitchen and adjacent rooms, and make a note of existing walls, doors and windows, electrical supplies, ceiling height, attic access, type of wall construction, plumbing details, etc.

--Finalize the project. The design is refined, construction plans are completed, appliances and supplies are ordered -- and the initial deposit is paid.

--Survive the dust, noise and workers. With proper supervision, the disruption can be kept to a minimum. Make sure materials are ordered and on the way before beginning the tear-out. Clear a space in the garage for workers' tools and supplies and items removed from the old kitchen. And communicate regularly with the designer/installer.

Four remodeling rules

The August issue of Consumer Reports identifies these four rules for a successful kitchen remodel:

Don't rush. There are many kitchen products that combine value, performance and good looks. Take time to meet with professionals, browse the Internet and visit showrooms and home centers. Haste can be costly. Changing your mind after the project is started typically adds about $1,500 to the cost of a kitchen project.

Size matters. In addition to being expensive, oversized kitchens can be exhausting to work in and keep tidy. A more compact kitchen often functions better. The National Kitchen & Bath Association website, nkba.org, provides guidelines for optimal space between appliances, cabinets and islands.

Beware of budget busters. Leave a 10 percent to 15 percent cushion for surprises, such as unexpected structural repairs. Avoid settling for a cheap option, thinking someday you will replace it with something you really want. Chances are that will never happen.

Get it in writing. When using a professional for a remodel, the written contract should list each phase of the project; every product, including the model number; and copies of each contractor's license, and workers compensation and liability insurance to confirm they are current. Call references and, if possible, visit them.

Mortgage rates scream buy, but who is listening?

WASHINGTON – July 7, 2010 – An odd scene has been playing out lately in the offices of mortgage brokers and bankers around the country.

Mortgage rates have sunk to levels not seen in more than a half-century - a seductive 4.58 percent for an average 30-year fixed loan. Yet brokers and lenders report not a flood but a trickle of customers.

So what's going on?

Call it a tale of the haves and have-nots.

The haves are those who stand to save money from refinancing and have the financial standing to do so. Since mortgage rates have been low for so long, most of them already have refinanced in the past 18 months. Doing so again wouldn't be worth the cost for most.

The have-nots? Those are the millions of Americans pummeled by the housing collapse. They have little or no home equity or no money for down payments. Or they lack the credit or steady income to get or refinance a mortgage.

The result is that brokers like Ginny Ferguson are filling their days doing something other than handling a stampede of customers buying homes or refinancing.

Ferguson, CEO of Heritage Valley Mortgage in Pleasanton Calif., has managed to stay busy: She's archiving files, reviewing marketing plans and calling previous clients and agents to try to drum up business.

"Am I sitting around playing Solitaire on my computer? No," she says.

The 4.58 percent average for a 30-year fixed-rate loan last week was the lowest on records that mortgage company Freddie Mac has kept since 1971. The last time rates were lower was the 1950s, when most long-term home loans lasted just 20 or 25 years.

Under normal circumstances, 4.58 percent would be irresistible. A decade ago, if you'd told David Christensen, owner of Mountain Lake Mortgage in Lakeside, Mont., that rates would drop this low, he wouldn't have believed you. And if rates did somehow fall this far, he never thought he would lack for customers, as he does now.

Yet both have come true.

Christensen argues that mortgage lending standards have tightened so much since the financial crisis that many people with decent but not-stellar credit can't qualify. Lenders are demanding stronger credit scores and higher downpayments or home equity.

"The pendulum has swung too far the other way," Christensen said. "It needs to come back to the middle."

Overall lending has ticked up in recent weeks, driven by borrowers looking to refinance. But it remains only about half the level of early 2009.

Stricter lending rules aren't the only factors behind the restrained demand. A tax credit for homebuyers that helped lift home sales expired April 30. The result is that fewer people are taking out loans to buy homes.

And some borrowers who do have good credit and solid jobs are still being rejected for refinanced loans. It's because their homes are worth less than they owe on their mortgage. They're "under water," in real estate parlance. About a quarter of American households with a mortgage are in this predicament.

Blame the housing bust. It shrank home values and depleted home equity.

Most people in the lending industry acknowledge that lending standards were far too lax during the boom. Yet these days, some brokers recall the boom times with a tinge of nostalgia. Buyers and refinancers were everywhere. And yet rates were higher than they are now.

In the summer of 2005, lending activity was about 30 percent more than it is today. And homebuyers and refinancers had to pay about a full percentage point more for a mortgage than today's 4.58 percent.

“If the money was as easy as it was three or four years ago, I’d be the richest guy in town,” says Joe Bell, a mortgage broker and real estate agent in St. Petersburg, Fla.

Now?

“The phone rings a lot, but a lot of people can’t qualify.”

Part of the problem is that people have been able to receive mortgage rates under 5 percent at several points over the past 15 months. For them, spending thousands on fees to take out a new loan wouldn’t make sense.

For many of the homeowners who refinanced over the past two years, rates would need to drop to around 4 percent for refinancing to be financially worthwhile, said Patrick Cunningham of Home Savings and Trust Mortgage in Fairfax, Va.

“We’re turning down a number of people for every one person that we can get through,” Cunningham says. “That part is frustrating for us, certainly. I would say it’s even more frustrating for the consumer.”

The drop in rates this spring and summer has been a surprise. Mortgage rates had been expected to rise after the Federal Reserve ended its program to lower rates by buying up mortgage-backed securities.

At the start of April, rates started to rise. Good economic news had caused long-term U.S. Treasury bonds, a safe haven during the recession, to lose some appeal. As demand for Treasurys fell, their yields rose. And so did mortgage rates, which track the yields on long-term Treasurys.

But then several European countries fell into crisis over their debt burdens. Investors rushed back into the safety of Treasury bonds. That drove down Treasury yields - and mortgage rates.

The costs of refinancing are generally considered worthwhile for homeowners who can shave at least three-quarters of a percentage point off their rate and plan to stay in their homes for several years.

For mortgage lenders and brokers, refinancing clients are generally people with excellent credit, stable jobs and plenty of equity in their homes.

People like Chris O’Donnell, 43, of Centreville, Va.

He and his wife are on track to close their refinanced loan this month. They are pulling money out to buy a new heating and air conditioning system for a home they bought last year.

But they’re able to do so only because they had put down 50 percent of the purchase price when they bought the home. Few can afford to do that.

O’Donnell is shaving his mortgage rate by about half a percentage point to just over 4.6 percent. He’ll save about $100 a month on payments. But he notes the main reason he can do that is the economy’s feeble state.

“It’s good for us,” he said. “But it scares the heck out of me for the economy.”

'Walkability' is a new desired amenity

NEW YORK – July 6, 2010 – The increasing interest among Americans in "walkability" is spawning a change in attitude about the desirability of not only urban areas, but also suburbs — both old and new — that have nearby amenities that can be reached on foot.

Having amenities within walking distance can boost the value of a home as much as $3,000, according to one study. Another found that "location efficiency," a measure of transportation costs, affected the number of foreclosures in a neighborhood.

Source: The Wall Street Journal, Nancy Keates (07/02/2010)

Short sales not immune to debt collectors

ORLANDO, Fla. – July 6, 2010 – With more than half of the Central Florida's homeowners owing more for their homes than the properties are worth, the question for some has become: How do I get out of this?

Of all the existing-home sales reported by Realtors in the core Orlando market in May, 23 percent were short sales. They are called "short" sales because the sales price come up "short" of, or less than, the amount owed on the mortgage.

What these homeowners, whose loans are "underwater," may not realize is that they could successfully complete a short sale of their house but then face a lawsuit from their lender for not paying off the entire loan, a shortfall known as a "deficiency."

At particular risk of being hit with such a debt judgment are owners of second homes and investment properties, homeowners who haven't faced any kind of financial hardship, and owners who have a second mortgage.

"That's going to be a huge problem moving forward in the next few years," said Orlando lawyer Matt Englett, who specializes in home foreclosures. "These people who use Realtors to advise them on the transactions can end up facing deficiencies, and the deficiency notes will go to third-party collections agencies, and they will start suing and progressively pursuing those people."

Homeowners have several options if they wish to avoid getting calls and lawsuits from debt collectors.

In a mortgage document called the "payoff letter," a lender may include a blanket provision stating that it reserves the right to sue the seller at any time for unpaid mortgage debt. At the very least, Englett said, sellers need to make sure they do not give lenders that right.

Some lenders, particularly smaller ones, have been willing to state just the opposite -- that they will not pursue any mortgage debt from the seller, he added.

Simply asking the lenders to cooperate by removing any wording about collections isn't enough, Englett said. The seller is usually faced with building a case that details errors and omissions made by the lender in its mortgage documents, to gain leverage and force the lender to forgive the debt.

A new option that emerged in June is a federal program that calls on banks to forgive some of the mortgage debt of certain, qualified short-sale sellers. To qualify, sellers must:

Meet the criteria of the federal government's Home Affordable Modification Program.

Have the house as their primary residence.

Face a financial hardship, and their mortgage payment must be more than 31 percent of their gross income.

The new program makes short sales a good option for homeowners facing a financial hardship, though it's not meant for homeowners who can afford their mortgage but want to walk away from an upside-down loan, said Frank Rubino, vice president of the Chase Homeownership Center in Orlando.

"It's not right. It's not moral. It's not the right thing to do," Rubino said. "Why should customers look to the bank to substantiate a loss for the house they bought? ... If they bought the house and sold it for $100,000 more than they paid, they wouldn't share those profits with the bank."

The decision of whether to pursue a former homeowner for outstanding debt varies from mortgage servicer to mortgage servicer, Rubino said, and can hinge on such things as whether the customer mismanaged his or her finances, Rubino said.

Sellers with a second mortgage face particular challenges if they try to walk away from a short sale without any remaining debt.

Jennifer Davis, a real estate agent for Lifestyles Home Sales Inc. of St. Cloud, said she recently almost lost a sale because of outstanding debt the seller owed on the house. Fortunately, she said, the buyer wanted the house badly enough to cover the outstanding note.

Banks usually have four years in which to file a deficiency judgment, but they can sell it to a third-party collection agency -- "and the collection firms can chase you down for 20 years," Davis said.

In cases where the seller has a second mortgage or can't qualify for the federal programs, Davis said, she usually directs them to a real estate lawyer and a tax adviser.

Big changes to condo laws take effect today

Big changes to condo laws take effect today

ORLANDO, Fla. – July 1, 2010 – A massive condominium bill addressing everything from fire sprinkler retrofits to incentives for moving excess condo inventory is among the real estate-related legislation taking effect today.

"Legislators introduced more than 50 bills this session dealing with some aspect of condominiums and condominium associations," says John Sebree, vice president of public policy for the Florida Realtors®. "At the end of the day, there was one – SB 1196 by Sen. Mike Fasano (R-New Port Richey). We worked hard to make sure this 103-page bill contained at least two of the many changes sought by Realtors: incentives for buyers of multiple condo units and repealing the requirement that individual owners carry hazard insurance."

The "bulk buyer" provision seeks to stimulate condo sales by enabling investors to purchase condo units in bulk (seven-plus units) without incurring the legal and financial liabilities of the original developer. The hazard insurance provision repeals a 2008 law requiring unit owners to provide proof of insurance every year. If a unit owner failed to provide a certificate of insurance, the association was allowed to purchase insurance on the owner's behalf and assess the unit owner for the cost of the insurance.

SB 1196 also specifies that:

• Florida law no longer requires owners to purchase individual unit owner insurance coverage, though it could still be required by lenders or through the Declaration of Condominium;
• Associations of condos over 75 feet high aren't required to retrofit sprinkler systems;
• Lenders must pay more of past-due assessments on foreclosed properties;
• Associations may deny owners or occupants the use of common areas and recreational amenities when the owner is more than 90 days delinquent in paying financial obligations due to the association; and
• Associations may divert tenant rents to pay for delinquent assessments owed by unit owners.

Other laws taking effect today that impact real estate transactions or real estate practitioners provide that:

• Documentary stamp taxes on short sales are based on the purchase price, not on the amount of the outstanding mortgage balance. HB 109 by Rep. Evan Jenne (D-Fort Lauderdale) codifies into law a similar ruling in 2008 by the Florida Department of Revenue.

• Real estate and appraiser instructors and real estate school permit holders may serve on the Florida Real Estate Commission and the Florida Real Estate Appraisal Board under HB 713 by Rep. Ritch Workman (R-Melbourne).

• Home inspectors, mold assessors and mold remediators must be licensed by the state effective July 1, 2010. All applicants are required to complete a 120-hour course. But the Department of Business and Professional Regulation (DBPR) lacked authority to approve the course until July 1. Consequently, the DBPR says it won't enforce the licensing requirements until July 1, 2011. Visit the department website [http://www.myfloridalicense.com/dbpr/pro/homein/happens.html] for details. On a related note, HB 663 by Rep. Gary Aubuchon (R-Coral Springs) allows these inspectors, as well as appraisers and real estate brokers and sales associates, to take distance learning courses to satisfy pre-license and post-license requirements. A grandfather clause allows some inspectors to get a license without taking the course, providing they've conducted at least 120 previous inspections over the past three years.

• More housing choices for individuals with disabilities. SB 1166 by Sen. Thad Altman (R-Melbourne) removes, among other things, a requirement that community residential homes for disabled persons be located 1,000 feet from each other within planned residential communities.