



UPDATE BULLETIN

Building Industry Association of Fresno/Madera Counties

Volume 20, Issue 7—July 1, 2011

Around the State

Economy/Housing Market

Builders Urge Congress to Maintain Ongoing Federal Role to Ensure a Healthy Mortgage Market

Building Online

WASHINGTON -- With some members of Congress actively pushing to abolish Fannie Mae and Freddie Mac and end the federal backstop for housing, the National Association of Home Builders (NAHB) told Congress today that maintaining an appropriate level of government support is absolutely essential to preserve financial stability. Testifying before the Senate Banking Committee, NAHB First Vice Chairman Barry Rutenberg, a home builder from Gainesville, Fla., said that absent a federal role to help reassure mortgage market investors, the cost and availability of mortgage credit would be subject to unpredictable volatility. While NAHB strongly supports efforts to modernize the nation's housing finance system, it is critical that any reforms be well-conceived, orderly and phased in over time.

<http://www.buildingonline.com/news/viewnews.pl?id=10570&subcategory=127>

Looking Outside of the Home

Wall Street Journal

After years of weak sales, some home builders are starting to look beyond the comfort of their core business. Home builders have long had a reputation for being somewhat insular and slow to change. Rather than diversify into un-

related businesses, large builders such as Toll Brothers Inc. and Lennar Corp. have largely used downturns to expand market share by acquiring smaller companies and positioning themselves for a recovery. But now, five years into the housing bust and with no recovery imminent, beleaguered U.S. builders are looking for new ways to expand. Toll Brothers has long purchased and developed country clubs and golf courses with raw land attached on which it builds its luxury homes. Now Toll Brothers wants to look specifically into the owning and operating of clubs, including those that aren't tied to new housing developments.

http://online.wsj.com/article/SB10001424052748703421204576327463322008294.html?mod=googlenews_wsj

Lower loan limits deadline may not boost housing prices

Housing Wire

The Federal Housing Finance Agency is expected to reduce conforming loan limits on mortgages guaranteed by Fannie Mae and Freddie Mac this October. The hopeful anticipation is that demand driven by buyers looking to beat the deadline this summer will also drive up prices, thereby reducing recent dips in home values. But the rush may have less of an effect than thought, according to some analysts, and likely won't last. The limits were originally raised in February 2008 as part of the economic stimulus, allowing the government-sponsored enterprises to guarantee more loans and more of

the market at a time when private capital had all but vanished.

<http://www.housingwire.com/2011/06/01/lower-loan-limits-deadline-may-not-boost-housing-prices>

Ryland Homes Commits to Having Homes Energy Rated and Marketing the Homes HERS Index

Residential Energy Services Network

Ryland Homes has committed to having all of their homes energy rated and marketing the HERS Index of the homes they build. Ryland Homes and RESNET have entered into a Memorandum of Understanding (MOU) to work together in promoting improved home energy performance and home energy ratings of new homes. The intent of the MOU is to raise consumers knowledge of new home energy performance by using RESNET's HERS Index. This will clearly differentiate homes built by Ryland Homes and put competitive pressure on the new home industry market to follow suit. Ryland Homes is the nation's ninth largest homebuilder. It has communities in Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Maryland, Nevada, North Carolina, South Carolina, Virginia, and Texas.

<http://www.resnet.us/blog/ryland-homes-commits-to-having-homes-energy-rated-and-marketing-the-homes-hers-index/>

Around the State—con't

Economy/Housing Market - con't

Why It's Time To Buy

Wall Street Journal

Back in June 2006, when the housing market peaked, the prospect of a five-year national housing bust seemed unimaginable to most people. And yet here we are, with the latest Standard & Poor's Case-Shiller index showing that prices hit new bear-market lows, falling back to 2002 levels nationally and to 1990s levels in some battered regions. Despite all the gloom, however, there are growing indications that it is a good time to buy. Mortgage rates, which fell to 4.55% for the week ending June 2, according to Freddie Mac, are near 50-year lows. Such conditions might not last long.

http://online.wsj.com/article/SB10001424052702304563104576361522020024248.html?mod=WSJ_RealEstate_LeftTopNews

Bernanke predicts stronger recovery in second half of year

Los Angeles Times

Despite recent economic news that revived fears of a double-dip recession, Federal Reserve Chairman Ben S. Bernanke said the recovery was on track and likely to pick up in the second half of this year. Economic growth has been uneven and weaker than expected, Bernanke acknowledged in his first public remarks on the economy since a string of disappointing reports on American housing, manufacturing, consumer spending and job creation. Noting a "loss of momentum" in the labor market, he said the recovery was proving to be "frustratingly slow" for millions of unemployed and underemployed workers. Nonetheless, the Fed chief in a speech Tuesday stuck with his assessment that the recovery was continuing at a moderate pace and that the Fed's policy needed no major changes.

<http://www.latimes.com/business/la-fi-bernanke-recovery-20110608,0,2765256.story>

Proposed rules could shut many out of housing market

MSNBC

Proposed rules sparked by the financial industry meltdown of 2008 could have the effect of clamping down credit so hard that lower-income buyers and many others would be shut out of the mortgage market, critics say. The critics, including an unlikely coalition of mortgage lenders, consumer advocates, housing industry officials and lawmakers, say regulators have gone too far in their effort to prevent a repeat of the reckless and fraudulent lending that brought the nation's economy to its knees. Opponents argue that the new rules, proposed by a bevy of federal regulators, could have the unintended consequence of restricting the American dream of homeownership to the wealthy, leaving behind many creditworthy buyers and shrinking the pool of home buyers just as the housing market is struggling to regain its footing.

http://today.msnbc.msn.com/id/43316132/ns/business-eye_on_the_economy/



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Around the State—con't

Economy/Housing Market - con't

DARIUS ASSEMI: 4 steps to reviving California's economy

Sacramento Bee

We have heard numerous times about California's budget crisis and, contrary to many opinions, I believe these are opportune times for Californians. Ideological battles fought while Californians remain out of work may help a re-election campaign, but do not get Californians working again. There are four components to creating the environment that will allow all Californians to access our state's bounties. First, we must reduce the regulatory burden on California businesses. A 2009 study by California State University, Sacramento, concluded regulations on small businesses in California have cost the state's economy \$492 billion and 3.8 million jobs. This is not to say California should return to a laissez-faire system.

<http://www.sacbee.com/2011/06/08/3687749/darius-assemi-4-steps-to-reviving.html>

Are model homes a waste of money?

Orange County Register

City Ventures says it's "orchestrating the death of the model home." Construction of a model for every size and type of home that a builder is selling is wasteful and inflates a new home's price, company officials say. So, when the company's Brea Downtown development opened for sales earlier this month, customers were offered a 3-D virtual tour rather than a walking tour of the real thing. The savings are passed on to customers. We asked Herb Gardner, the company's homebuilding division president, to explain the reasoning behind this approach.

<http://www.ocregister.com/articles/money-304059-says-ventures.html>

Forecast: Homebuilders to focus on Calif. cities

Associated Press

LOS ANGELES—Many of the homebuilding jobs lost during the California's economic downturn won't be coming back to help fuel its recovery, according to an economic study released Wednesday. The quarterly Anderson Forecast from the University of California, Los Angeles, said there would likely be no major rebound in single-family home construction due to the growing dominance of a younger population that prefers urban-style apartment and condo living. Since apartment units require far fewer workers than single-family homes, the post-recovery homebuilding sector will employ fewer people than before the downturn, Nickelsburg said. Those jobs will be missed most acutely in the state's inland regions.

http://www.mercurynews.com/breaking-news/ci_18276584?nclick_check=1

Foreigners Make Run on US Housing Market

CNBC

Falling home prices may be plaguing the US economy, but they are candy to foreign investors, who already have a weak dollar on their side. Buyers from overseas spent roughly \$41 billion on US residential real estate last year, a bump up from the previous year. US real estate agents report a surge this Spring especially, as foreign buyers see continued pressure on home prices and ample bargains. "I don't think they're so concerned about the prices dropping as they are about getting value for their money," says Rick Ambrose, a Coldwell Banker agent in Lake Mohawk, NJ. Ambrose and his colleague Mary Pat Spekhardt recently hosted two groups of Japanese investors searching for homes on the scenic lake just about an hour outside of New York City.

<http://www.cnbc.com/id/43410052>

Bonadelle breaks ground at Miller-ton New Town

After decades of failed partnerships, regulatory twists and market turns, construction of a 10,000-person community along the shores of Miller-ton Lake is under way.

[Fresno Bee article](#)

California to suffer housing shift, UCLA forecasters say

Demand will grow for urban rental units by the coast and shrink for single-family homes inland, resulting in fewer construction jobs and no boom for some areas hit hard by the housing bust.

[Los Angeles Times article](#)

New NAHB Study Finds Drop in Loan Limits May Impair Recovering Housing Market

National Mortgage Professional Magazine

According to a new report from the Economics and Housing Policy Group at the National Association of Home Builders (NAHB), a drop in some mortgage loan limits for the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac and the Federal Housing Administration (FHA) scheduled to occur on Oct. 1 will reduce housing demand and place downward pressure on home prices in major housing markets. The downward pressure on prices could extend beyond the homes directly affected by the lower limits, the study warns, because first-time and trade-up home sales are interrelated. The size of conforming mortgages for the GSEs is currently limited to \$417,000 in general, but that ceiling can rise to as high as \$729,750 using a statutory formula based on local median home prices.

<http://nationalmortgageprofessional.com/news25650/new-nahb-study-finds-drop-loan-limits-may-impair-recovering-housing-market>

Around the State—con't

Economy/Housing Market - con't

Banks' Appetite for Jumbos May Soften Blow of New Loan Limits

Bloomberg

Jon and Jenny Clyman are eager to buy a new home near better schools in New York's Westchester County before Oct. 1, when new limits on government-backed mortgages could force them into a more expensive jumbo loan. The Peekskill, New York, couple may not need to rush. While jumbo mortgages used to buy pricier homes carry higher interest rates and require bigger down payments, the blow may be softened by banks seeking to expand their lending to affluent customers. As competition picks up, lenders including Citigroup Inc. (C), Bank of America Corp. (BAC) and Wells Fargo & Co. (WFC) are easing credit requirements and narrowing the gap on rates compared with government-backed loans.

<http://www.bloomberg.com/news/2011-06-28/banks-appetite-for-jumbos-may-soften-blow-of-new-loan-limits.html>

Fees/Costs

Santa Rosa ordered to pay tax critics' legal fees

Santa Rosa Press Democrat

Santa Rosa must pay nearly a quarter of a million dollars in attorneys fees and court costs to the homebuilders group that successfully challenged the legality of a city tax on new subdivisions. Sonoma County Superior Court Judge Mark Tansil last week awarded more than \$244,000 to the lawyers who represented the Home Builders Association of Northern California, Inc. in its two-year suit against the city. The city in 2008 passed a tax surcharge on most new home construction in Santa Rosa as a way to pay for the additional cost of public services, particularly police and fire protection. The homebuild-

ers sued, claiming the law unfairly forced property owners to give up their voting rights in exchange for the right to subdivide their property. Tansil agreed, finding the law "unfairly tampers with the elective process."

<http://www.pressdemocrat.com/article/20110531/ARTICLES/110539899/1350?Title=Santa-Rosa-ordered-to-pay-tax-critics-legal-fees>

City building case for fee drop

Stockton Record

STOCKTON - With Stockton's taxpayer-supported general fund suffering an estimated \$37 million shortfall and city officials warning its reserves are wiped out, now might not seem like the best time to be discussing new ways to spend money. But city leaders last week gave an initial endorsement to using more taxpayer dollars to support the city divisions that oversee building activity in Stockton - that is, when there's the money to do so. Such a move would shift some of the burden from builders, who almost entirely finance those city divisions today and have long wanted to lower the fees levied on them. Supporters of the shift argue certain developer-subsidized city employees - fire inspectors, building officials, planners and engineers, for instance - often do work that benefits the city as a whole, not just the people who pull building permits.

http://www.recordnet.com/apps/pbcs.dll/article?AID=/20110614/A_NEWS/106140320/-1/A_NEWS03

Wanted: House sticker shock

San Diego Daily Transcript - Op-Ed by Borre Winckel, CEO, BIA San Diego

For most people, a car is the second highest major ticket item after the purchase of a home. When we shop for a car, we fully expect to see a car sticker detailing the price of a vehicle and all

its option subcomponents, taxes and fees. What if a new house was similarly held for sale? What if a house listed for sale had a sticker on the front door showing what truly is included in the asking price? And, why would the CEO of the Building Industry Association pose this question -- which is somewhat contrary to a sales pitch? Today's homebuyers easily amortize the equivalent cost of two to three new automobiles in government fees associated with their purchase of a single housing unit. Homebuyers need to understand what types of regulatory cost items are financed by the mortgage they take out to buy a new home.

<http://www.sddt.com/RealEstate/article.cfm?SourceCode=20110614cre>

Planning and Land Use

Developer sees past dust in old downtown hotels

Fresno Business Journal

Circa World War I and the Roaring '20s, neoclassical office towers dotted the streets of downtown Fresno, and streetcars shuttled past the buildings' canopied, ground-floor retail. Through the decades, as monied folk left the downtown, the Fulton Mall fizzled and entropy took its toll, area historic buildings decayed, waiting for some kind of salvation — or the wrecking ball. That crushing fate almost befell the 1920 Hotel Virginia, at 2139 Kern St., but a pair of Pasadena developers bought the three-story structure in 2007, gutted it and turned it into office space and ground floor retail for \$5 million. The duo's next signature project, the Mayflower Lofts, could accept residents as soon as July, developer Romi Baghgegian said. The building initially served as a working class hotel and, in its next incarnation, will provide 15 market-rate rental units and eight affordable units.

<http://www.thebusinessjournal.com/construction/9921-developer-sees-past-dust-in-old-downtown-hotels>

Around the State—con't

Planning and Land Use-con't

Did Smart Growth Fuel the Property-Price Boom?

Wall Street Journal

Bankers, politicians, policy makers and even home buyers are usually painted as the culprits of the housing bust, but land-use planners don't generally make that list. In a recent paper, though, Wendell Cox, an Illinois-based consultant and an adjunct scholar with the conservative National Center for Policy Analysis, argues land-use restrictions and planning policies like smart growth fueled property prices and became the engine of the housing boom and bust. Mr. Cox argues that the housing bust was concentrated in "prescriptively regulated" areas, or those with extensive barriers to development. These differ from "responsively regulated" metro areas, which allow development to meet demand.

<http://blogs.wsj.com/developments/2011/06/14/did-smart-growth-fuel-the-property-price-boom/>

Federal easement proposal overlaps county's growth

p l a n s
A federal agency's plan to create easements for rangelands surrounding California's Central Valley is at odds with one county's plans for growth.
C a p i t a l P r e s s a r t i c l e

Controversy over land use continues behind the

s c e n e s
The decades-long public battle between real estate developers and farmland preservationists went on hiatus the past few years as the residential housing market collapsed in the recession.
H e a l t h y C a l . o r g a r t i c l e

Legal Issues

Advocates in Fresno criticize frivolous lawsuits

Fresno Bee

Frivolous lawsuits are hindering job growth and driving up home prices in the Central Valley, an advocacy group said this morning in Fresno. At a news conference, members of California Citizens Against Lawsuit Abuse said lawyers from Sacramento and the San Francisco Bay area have used the California Environmental Quality Act and the Americans with Disabilities Act to harass companies and hinder businesses. Mike Prandini, president and CEO of Building Industry Association of Fresno and Madera counties, said such lawsuits also increase the price of homes because homebuilders must factor their insurance premiums into the cost of construction.

<http://www.fresnobee.com/2011/06/10/2422260/advocates-in-fresno-criticize.html>

Water/Land/Environment/Energy

California bill to allow rainwater reuse systems

Contractor Magazine

SACRAMENTO — California Assemblyman Jose Solorio has introduced a bill that would allow any building owner, residential or commercial, to install and use a rainwater recovery and reuse system for indoor or outdoor use. The bill, in turn, has started a tussle over which green plumbing codes should be referenced in the bill. This bill would enact the Rainwater Capture Act of 2011, which would authorize residential, commercial, and governmental landowners to install, maintain and operate rain barrel systems and rainwater capture systems. The bill currently references the Green Plumbing and Mechanical Code Supplement, an overlay to the Uniform Plumbing Code and the Uniform Mechanical Code, published by the International Association of Plumbing & Mechanical Officials.

<http://contractormag.com/news/calif-rainwater-reuse-system-1234/>

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Wiebe & Associates, CPA
Dutra Development
Pearson Realty
Wathen-Castanos Hybrid Homes**

***** NONE *****

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These memberships are set to expire on 6/30/11

Michael Swain - Airport Specialty Products, Inc.

Linda Bedrosian - Bedrosian Tile & Granite

Elaine Keane - Pacific Coast Building Products

Jennifer Domingos - Pacific Gas & Electric

Mike Jura - Residential Energy Efficiency Concepts, LLC

Paul Thompson - Sacramento Building Products

Juan Guzman - Soares Lumber & Fence, Inc.

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PROFESSIONAL WOMEN IN BUILDING

PRESIDENT - Christine Gromis

The Fresno Bee

DON'T FORGET ... The Professional Women in Building (new name for the Women's Council), in partnership with CURE, is selling fireworks to raise funds for the scholarship program. The booth is located on the South East corner of First and Nees (in the Boston Market parking area). Come by and purchase your fireworks from them.

Calendar of Events

July

- | | |
|----|--|
| 6 | Professional Women in Building - 12:00 noon |
| 6 | BIA/Fresno County Committee - 3:00 pm - Fresno County Plaza |
| 12 | BIA/Fresno Public Works Committee - 2:00 pm - City of Fresno |
| 13 | BIA/Fresno Planning Committee - 12 noon - City of Fresno |
| 20 | BIA/Clovis Committee—9:00 am—City of Clovis |
| 27 | BIA/FMFCDC Committee - 9:00 am - Flood Control District Office |