



UPDATE BULLETIN

Building Industry Association of Fresno/Madera Counties

Volume 20, Issue 10—September 30, 2011

Around the State

Economy/Housing Market

New-home slump keeping door shut on U.S. recovery

Los Angeles Times

Plagued by too many houses and too few buyers, 2011 is shaping up to be the worst year on record for new-home sales. The slump is pushing the key home-building industry into its fifth year of decline and keeping the U.S. economy from a rebound. After past recessions, home building was a crucial driver of growth, creating new jobs firmly planted on American soil. But housing isn't helping out this time because builders' hyperactivity during the boom years and the loss of hundreds of thousands of people's homes to foreclosure have left a big supply of properties on the market. Many economists don't see a significant rebound occurring until housing is fixed.

<http://articles.latimes.com/2011/sep/01/business/la-fi-new-homes-20110902>

Latinos, Hit Hard By the Housing Bust, May Drive the Real Estate Recovery

Daily Finance

Like many aspiring home buyers, Gil Lopez, 29, is striving to find the right neighborhood for his young family. His bank has qualified him for a loan large enough to buy a \$300,000 home, but he has set his own price cap firmly at \$230,000 as he searches through north San Diego County. Affordability

is his mantra, having had a front row seat to the the darkest hours of the housing crash. Both his parents and his sister's family lost their homes to short sale and foreclosure, and now live in an apartment rental with "only one bathroom." More than any other demographic, Hispanic homeowners were slammed by the mortgage crisis. But Latinos are also one of the fastest growing segments of the American population, especially in the states hardest hit by the housing bust.

<http://www.dailyfinance.com/2011/09/06/latinos-hit-hard-by-the-housing-bust-may-drive-the-real-estate/>

American Dream, downsized: Homeownership not a given

Sacramento Bee

CHARLOTTE, N.C. — When Lina and Jimi Gibson moved into their 850-square-foot apartment in 2009, they figured they'd stay two years while they planned their wedding and saved for a house. Now, with the economy in another tailspin, they're on the fence. The couple can walk to restaurants and movies from their building in southwest Charlotte. They have a gym and a pool, and they don't have to mow the lawn or repair the roof. Mostly, they don't have to worry — like so many of their friends — that the housing market's slide isn't over. For decades, Americans have aspired to own homes, and everyone from bankers to government officials has worked to make the dream accessible. But

around the country, particularly in places hit hardest by the real estate bust, that's changing.

<http://www.sacbee.com/2011/09/05/3886124/american-dream-downsized-homeownership.html>

The Gaping Hole in Obama's Economic Plan: Housing

TIME

Obama's plan for boosting the economy may seem huge—he proposed \$447 billion in tax breaks and spending in his speech on Thursday night—but according to some economists, none of it will work until the problem that caused the economic crisis to begin with is addressed: housing. "The recovery will never turn into an expansion that we are comfortable with until housing has turned," says Mark Zandi, chief economist for Moody's Analytics, told my colleague Steve Gandel for a story he and I wrote a few weeks ago. Fixing housing is crucial, say Zandi and other economists ranging from Harvard's Martin Feldstein on the right to Yale's John Geanakoplos on the left, because of the massive debt burden that remains over much of the economy and the continuing declines in home prices.

<http://swampland.time.com/2011/09/09/the-gaping-hole-in-obamas-economic-plan-housing/>

Around the State—con't

Economy/Housing Market - con't

<http://www.signonsandiego.com/news/2011/sep/13/mixed-use-mixed-bag-experts-say-housing-retail-com/>

Mixed use - mixed bag, experts say of housing-retail combos

San Diego Union-Tribune

Mixed-use development is a mixed bag, according to design and economics experts. "We've all been tantalized by success stories in mixed-use projects," said Amber Hawkes, an urban planner with the Melendrez planning firm in Los Angeles, who moderated a panel Tuesday sponsored by the local chapter of the Urban Land Institute. She said the idea of including stores below residences appeals to many city planners and developers. But both public and private proponents often overlook the details that are needed to make these projects successful. Marco Sessa, a vice president with San Diego-based Sudberry Properties who offered a local perspective, said the fundamental question is whether the new urban mixed-use developments will appeal to Baby Boomer empty nesters who give up their houses and backyards for a different lifestyle.

Calls grow for a plan to tackle nation's crippling housing problem

Fresno Bee

WASHINGTON - While lawmakers and the president scrap over deficit reduction and jobs plans, they're largely overlooking one of the biggest drags on employment and a major cause of our national economic woes: the moribund housing sector. There's a growing cry in economic circles for new steps to revive this sector, which year after year has been the subject of optimistic predictions about soon hitting a bottom that turns out to be, well, bottomless. New housing starts are hovering at 475,000 to 690,000 a year since the financial crisis exploded in late 2008. That's the slowest pace since record-keeping began in 1959, and a fraction of the 2.1 million homes built annually in boom times.

<http://www.fresnobee.com/2011/09/20/2545589/calls-grow-for-a-plan-to-tackle.html>

Higher loan limits won't be extended

Orange County Register

The chief economist of the California Association of Realtors says her group is resigned to seeing high-dollar limits on lower-cost "conforming" loans expire on Oct. 1, resulting in greater financing costs for people buying pricier homes. Leslie Appleton-Young said Realtors fought to extend the limit, but now it looks like there's no hope for a last-minute reprieve. "We've been working very hard to see if we could delay it, and it doesn't seem possible," Appleton-Young said during a conference call with journalists this week. During the height of the housing crisis in 2008, Congress raised the limit for loans that could be resold to such entities as Fannie Mae and Freddie Mac, thus qualifying for the lower "conforming loan" interest rates.

<http://www.ocregister.com/articles/limits-318102-cost-resigned.html>

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Around the State—con't

Economy/Housing Market - con't

Experts say middle class will need atypical housing types

Ventura County Star

Builders, businesses and policymakers must alter their view of the marketplace as the American middle class loses its ability to buy conventional homes, housing experts in Ventura County say. The wealthy can afford housing and the lower-income population has access to programs, but the middle class, loosely defined as those earning between \$50,000 and \$150,000 annually, needs more consideration, according to industry leaders who spoke Wednesday to several hundred people at the Ventura County Housing Conference in Camarillo. Proposals in Washington, D.C., also indicated substantial changes ahead for homebuyers, said Holly Schroeder, CEO of the Los Angeles Ventura Chapter of the Building Industry Association. "We are going to need to provide a variety of housing options for the next generation," Schroeder said.

<http://www.vcstar.com/news/2011/sep/21/experts-say-middle-class-will-need-atypical/>

Can the Foreclosure Crisis Be Solved?

Wall Street Journal

The nation's foreclosure crisis is easy to identify, but solutions have so far eluded the best and brightest. Still, past failures haven't deterred new attempts to clear the glut of foreclosures weighing heavily on the balance sheets of both banks and the federal government. On Tuesday a Senate subcommittee met in Washington for a hearing to discuss and debate some of these new ideas. Granted, hours of congressional testimony don't usually provide fodder for blogs, but some ideas presented Tuesday are worth highlighting. The hearing was prompted, in part, by the Obama administration asking investors for ideas on how to turn thousands of foreclosed

homes owned by the government into rentals.

<http://blogs.wsj.com/developments/2011/09/22/can-the-foreclosure-crisis-be-solved/>

Byron Williams: Addressing housing crisis will require presidential leadership

Oakland Tribune

As the political left becomes enthusiastic about this season's version of President Barack Obama who has seemingly unearthed his inner Harry Truman, and with the political right content to minimize his jobs bill as "class warfare," the economy's most destabilizing issue continues to fly under the radar. The lack of attention to it is not due to a lack of knowledge, but rather a lack of collective leadership and public acknowledgment. Depending on the latest economic report, 25 percent of American homes are trapped by underwater home mortgages. The housing crisis is a haunting national unifier. Whether it is blue states or red states, the current housing crisis on some level connects all Americans, be they supporters of same-gender marriage or opponents; advocates for capital punishment or detractors.

http://www.mercurynews.com/columns/ci_18997460

Fees/Costs

Local Officials Voice Opposition to County Impact Fee Plan

Valley Voice

Tulare County - A plan by the Board of Supervisors to impose countywide developer impact fees continues to draw fire from city officials around Tulare County. Last week, the Tulare County Council of Cities sent a scathing letter to the Board of Supervisors regarding the ongoing negotiations between the two entities to develop a Memorandum of Understanding pertaining to the developer impact fees (DIF). The letter, dated August 25 and signed by Visalia Mayor Bob Link and Porterville City

Councilman Pete McCracken, takes issue with a number of aspects of the County's yet-to-be-finalized plan. The letter urges Supervisors to repeal the DIF ordinance passed on July 12, which gave the Board legislative authority to levy the DIFs but did not set specific fee amounts or state when the fees would begin to be imposed.

http://www.valleyvoicenewspaper.com/vv/stories/2011/vv_impactfees_1108.htm

Santa Rosa City Council agrees to reimburse \$5.3 million to developers

Santa Rosa Press Democrat

Developers of two subdivisions on Fulton Road are in line to receive \$5.3 million in reimbursement for road improvements they made years ago under an agreement upheld by the Santa Rosa City Council on Tuesday. Two Santa Rosa development firms, The Hugh Futrell Corp. and Rivendale Homes, spent nearly \$9 million widening Fulton Road to four lanes as part of the construction of two subdivisions they built in the city's northwest corner. Since the road improvements benefited numerous property owners in the area, the city allowed the developers to be reimbursed by requiring other property owners to pay their share of the road improvements when they develop their land. That didn't sit well with some property owners, who argued they weren't consulted on the deal and said the additional fees would make their properties harder to build on.

<http://www.pressdemocrat.com/article/20110831/ARTICLES/110839870/1350?Title=Santa-Rosa-City-Council-agrees-to-reimburse-developers-5-3-million-for-road-improvements>

Around the State—con't

Fees/Costs - con't

To foster growth, Merced keeps lower development fees

Merced Sun-Star

The Merced City Council approved an ordinance to extend a temporary reduction in public facilities impact fees on commercial and residential development for another two years. The ordinance was approved in a 7-0 vote Tuesday night. The move was in response to the ongoing economic downturn, which has slowed development across the city. Reduction of fees has been in effect since 2009. Effective with the ordinance in mid-October, single-family dwellings would incur \$7,419 in fees, a multi-family unit would incur \$5,210 and a commercial unit would incur fees of \$9,602 per 1,000 square feet of space in the city's infill zone, according to the council report.

Sanger Eliminates Development Fees for New Home Construction

KMPH FOX 26

The Sanger City Council has voted to temporarily eliminate development impact fees on new home construction that occurs in certain neighborhoods within the city. The move will save homebuilders \$23,500 per lot. Development impact fees in other neighborhoods have been rolled back to 2004 levels. The move takes Sanger from the city with the highest impact fees in Fresno County to among the lowest. In order to qualify for the fee waiver, builders must buy at least 30% of their construction materials and services from companies located in the City of Sanger and build on lots that were started but abandoned when the housing market crashed.

<http://sanger.kmph.com/news/62154-sanger-eliminates-development-fees-new-home-construction>

Petaluma City Council wants more information on lowering developer fees

Santa Rosa Press Democrat

The Petaluma City Council appeared open to reducing the city's development impact fees to encourage more development during a lengthy discussion of the issue Monday night. The city increased development impact fees in 2008, based on studies meant to assure new building pays its proportionate share of future infrastructure needs created by the development. But since then, building has been virtually nonexistent. In that same time, the city has developed a reputation that it is a difficult place in which to do business. Developers must pay \$60,000 in for each single-family dwelling built, with another \$9,000 per home for major subdivisions.

<http://www.pressdemocrat.com/article/20110913/ARTICLES/110919874/1033/sitemaps>

SAN MARCOS: Building Industry Association asks city to clear construction fees

North County Times

The Building Industry Association of San Diego is asking the city of San Marcos to waive building fees for a year to encourage new construction and hasten economic recovery. "It is a fair, but perhaps unwelcome statement that the city has not extended measures to jump-start the industry," Borre Winkel, president and CEO of the association, told the City Council last week. "We ask that you suspend collection of all impact fees for one year. Your fees are simply too high." City officials, however, said San Marcos expects new developments to pay their share of public services and infrastructure, a position made law through a

1988 local ballot measure that requires such contributions.

http://www.nctimes.com/news/local/san-marcos/article_7f42e3bf-1a78-5cf5-bc0f-e41d91bce7a3.html

More fee rollbacks for developers in Oakley, Bethel Island

Contra Costa Times

A sanitary district last week further reduced two of its developer fees in hopes of spurring new residential and commercial construction in Oakley and Bethel Island. Directors of Ironhouse Sanitary District agreed to lower by 25 percent both the one-time plant capacity and trunk line capacity fees it charges developers for each home, retail business or industrial structure they build. Both fees are based primarily on the volume of sewage that homes and businesses are expected to generate. Instead of paying \$5,296 for the two fees, builders now will be charged \$3,972. The reductions, which took effect immediately, are temporary, lasting either until Sept. 30, 2013, or until they result in enough new construction to generate the equivalent of 350 homes' worth of sewage.

http://www.mercurynews.com/breaking-news/ci_18932525

Around the State—con't

Affordable Housing

Affordable-housing advocates sue Folsom

Sacramento Bee

After the city of Folsom stopped requiring developers earlier this year to provide low-income units with every large residential project, housing advocates talked of filing suit. It didn't take long. Within months of the City Council's January vote, Legal Services of Northern California and the Public Interest Law Project sued the city on behalf of the Sacramento Housing Alliance to block the action. The suit in Sacramento Superior Court urges the judge to halt the issuance of any building permits for market-rate housing and to block zoning changes until the issue is decided. On its face, the lawsuit seems simple enough. The Housing Alliance complains that by voting to quit the ordinance, which called for affordable units with large market-rate projects, the city lost a primary tool to ensure it will meet future housing needs for residents of all income levels.

<http://www.sacbee.com/2011/09/05/3885239/affordable-housing-advocates-sue.html>

Redevelopment critical to affordable housing

San Diego Union-Tribune

The Legislature's recent decision to dissolve local redevelopment agencies throughout the state is currently being considered by the California Supreme Court, leaving local governments in limbo as we wait to learn the fate of the program. Critics claim that redevelopment agencies are not serving as the engines of local economic and job growth that they were intended to be, and that their funds could be better utilized for local services. However, in many low-income communities throughout San Diego, redevelopment is successfully forming public/private partnerships to accomplish what the market cannot – ranging from the crea-

tion of new commercial opportunities to the production of affordable housing.

<http://www.signonsandiego.com/news/2011/sep/29/redevelopment-critical-to-affordable-housing/>

Planning and Land Use

Central Valley Faces "Smart Growth" Conundrum

KQED

When we decided to take a look at smart growth in the Central Valley, we wanted to see if the goal of compact, walkable living was a realistic option for the largely suburban, car-loving communities of central California. So, Central Valley bureau chief Sasha Khokha decided to get out of her car, put on her walking shoes, and burn some shoe leather...almost literally. Finding examples of smart growth communities here proved to be harder than we thought. A 2010 study out of UC Merced detailed the significant challenges of implementing smart growth practices in the Central Valley. People here love their cars. They love their detached, single-family suburban homes.

<http://blogs.kqed.org/climatewatch/2011/09/01/central-valley-faces-smart-growth-conundrum/>

Judge sides with Canyons developer in environmental lawsuit

Bakersfield Californian

A judge ruled Friday that the environmental review done for the controversial Canyons housing development was adequate, two years after the Sierra Club challenged its approval. The nearly 900-acre housing development has been planned for northeast Bakersfield bluffs overlooking the Kern River for years. The lawsuit, filed in Kern County Superior Court, said the environmental impact report did not properly plan to mitigate the project's effect on local endangered species, including the Bakersfield Cactus, and climate change. Judge Kenneth Twisselman disagreed and also ruled

that the Sierra Club did not exhaust all options for resolving the matter outside court.

<http://www.bakersfield.com/news/local/x651158250/Judge-sides-with-Canyons-developer-in-environmental-lawsuit>

Simi Valley adopts changes to ease business permit process

Ventura County Star

In an effort to become more business friendly, Simi Valley formed a business roundtable last year to help streamline the city's development application and permitting process. On Monday, the Simi Valley City Council unanimously approved a list of recommendations proposed by the group. City officials said it should result in significant time and cost savings for business applicants. Many suggestions on the list were administrative in nature and the council's approval will allow them to be implemented immediately. Others require amendments to the city's municipal code fees and will require subsequent action by the city's Planning Commission, which meets Nov. 9. The group also included representatives from the Simi Valley Chamber of Commerce and the Building Industry Association.

<http://www.vcstar.com/news/2011/sep/27/simi-valley-adopts-changes-to-ease-business/>

Around the State—con't

Water/Land/

Environment/Energy

Opinion: Storm water regulations would send jobs, growth down the drain

Capitol Weekly

A proposed state program to manage storm water runoff would hit businesses with new regulations so costly that economic recovery and job growth would be sent down the drain as well. The new regulations include never-before-used numeric limits on the chemicals carried away by storm water. The limits are so tough that they threaten to force businesses to install hugely expensive filtration systems. The costs involved are potentially backbreaking for businesses struggling in California's dismal economy. Developers and construction contractors face regulations to capture and clean runoff from multi-family and commercial construction that they estimate will cost a minimum of \$5,000 an acre up to \$60,000 an acre if numeric limits are violated.

http://www.capitolweekly.net/article.php?1=1&c=zzaos3wqgtx50f&xid=zz8kdo8vj6hyns&done=zz93oom859kr6o&c_redir=1315502969&c=zzaos3wqgtx50f

California's Struggle To Add Solar To New Homes

Forbes

California is known for providing generous incentives that have successfully promoted solar energy production. But one program hasn't been so popular, and it may remain so for some time. The program is called New Solar Homes Partnership, and it aims to encourage homebuilders to install solar electric systems by offering rebates. If you guess that the housing market crash has something to do with the new solar homes program's popularity, then you are correct. The state crafted the program when the market was still booming, but housing starts – the num-

ber of new homes that began construction during a particular period – plummeted from 113,034 in 2007 to 44,925 in 2010, according to the California Building Industry Association.

<http://www.forbes.com/sites/uciliawang/2011/09/13/californias-struggle-to-add-solar-to-new-homes/>

Sustainable growth: Forward-thinking state mandate or misguided environmental mantra?

Stockton Record

For some, sustainable growth means jobs near their homes. It means easier access to trains or buses or bicycle trails. It means filling in cities instead of paving over surrounding farmland. For retired engineer Ed Miller of Lodi, "sustainable" is a buzzword born of a 1992 United Nations document that lays out a worldwide vision threatening the sovereignty of the United States and the American way of life. While cities across the state begin attempting to comply with new state regulations promoting sustainable growth, critics like Miller - many of them tea party members - are citing the U.N.'s "Agenda 21" in an effort to persuade elected officials to back off planning that would satisfy the new state laws. And in one recent case, at least, those elected officials are listening.

http://www.recordnet.com/apps/pbcs.dll/article?AID=/20110918/A_NEWS/109180320/-1/A_NEWS14

Why All Eyes Are on San Diego in Greenhouse Gas Push

Voice of San Diego

Eyes across the state are watching San Diego as it puts the finishing touches on a plan to spend \$200 billion on transportation projects over the next 40 years. And not all like what they see. Because San Diego is the first region to have to show how its plan will reduce emissions, the San Diego Association of Governments, the county's regional planning agency, has faced more public scrutiny and pressure than

it usually gets. In a letter last week, state Attorney General Kamala Harris told Sandag officials their plan failed to go far enough to cut greenhouse gases. "Successful implementation of the [strategy] will result in the region successfully meeting and exceeding reduction goals in 2020 and 2035," said Matt Adams, vice president of the Building Industry Association of San Diego, a local developers' group.

http://www.voiceofsandiego.org/survival/article_1f62480c-e599-11e0-b4b8-001cc4c002e0.html

Around the State—con't

Water/Land/

Environment/Energy - con't

Officials make pitch for reduced emissions

Stockton Record

STOCKTON - Two of California's highest-ranking public officials - Mary Nichols, head of the state Air Resources Board, and Darrell Steinberg, president pro tem of the state Senate - made their way Friday to downtown Stockton. They were the cornerstone speakers in a forum on legislation that encourages sustainable communities. More than 100 people, many of them stakeholders in environmental issues and many of them ordinary residents, listened while Nichols, Steinberg and others explained Senate Bill 375 and its goals. The law attempts to reduce greenhouse gas emissions by changing transportation patterns. Here's how that thinking goes: By creating local jobs, higher-density housing and more transportation options, people will stay closer to where they live and spend less time commuting - thus, their communities will be more sustainable.

http://www.recordnet.com/apps/pbcs.dll/article?AID=/20110924/A_NEWS/109240324/-1/a_news14

Jay Ziegler and Meea Kang: Safeguard CEQA's original intent: Protect the environment and grow the economy

San Jose Mercury News

Next year, California's population will surpass 40 million. That's twice as many people as were here in 1970 when the state passed its landmark resource protection law, the California Environmental Quality Act (CEQA). While the law has protected the environment by improving planning processes and stopping many ill-conceived projects, critics can fairly point to cases where competitors have used it to obstruct projects, even where the environmental benefits and job creation opportunities were obvious. Forty years later, it's time to make changes to CEQA to better align the law that governs most growth decisions in the state with 21st century challenges, like climate change and how to support a rapidly growing population.

http://www.mercurynews.com/opinion/ci_18982693

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Calendar of Events

October

- | | |
|-------|---|
| 5 | BIA Board of Directors - 8:45 am - Hampton Inn |
| 5 | Professional Women in Building - 12:00 noon |
| 5 | BIA/Fresno County Committee - 3:00 pm - Fresno County Plaza |
| 10-11 | CBIA Fall Meetings - Sacramento |
| 11 | BIA/Fresno Public Works Committee - 2:00 pm - City of Fresno |
| 12 | BIA/Fresno Planning Committee - 1:30 pm - City of Fresno |
| 19 | BIA/Clovis Committee—9:00 am—City of Clovis |
| 26 | BIA/FMFCDC Committee - 9:00 am - Flood Control District Office |
| 27 | BIA Annual Meeting/Scholarship Presentations - 11:30 am - Manhattan Steak House |