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HOUSING NEWS REPORT

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Rise in Co-Buyers Fueled by Cost and Culture

By Daren Blomquist, Executive Editor

The dream of homeownership is alive in Portland for Rhea Hindemit — thanks to a shared home purchase involving her, her boyfriend and her dad.

"I have always wanted to buy; understanding that it is a great investment," wrote Hindemit, 34, in an email recounting her path to purchase a Portland home in November after renting in the city for seven years. "My boyfriend and I did some research and found that paying a mortgage in this market was at par with rental rates. Why not be paying into an investment for the future (rather) than giving our money to a landlord?"

RealtyTrac data shows the median home price in Portland's Multnomah County increased 5.3 percent in the third quarter of 2015 compared to a year ago while average 50th percentile rents on three-bedroom properties are increasing 7.8 percent in 2016 compared to 2015, according to the U.S. Department of Housing and Urban Development.

"Because of skyrocketing rents, being a renter was not a stable way to live," Hindemit added. "We were in constant fear of steep hikes or no-cause eviction. These are both currently very common in the city due to development. Owners will sell property that will be torn down for new construction or renovated and rented out at twice the price. So we

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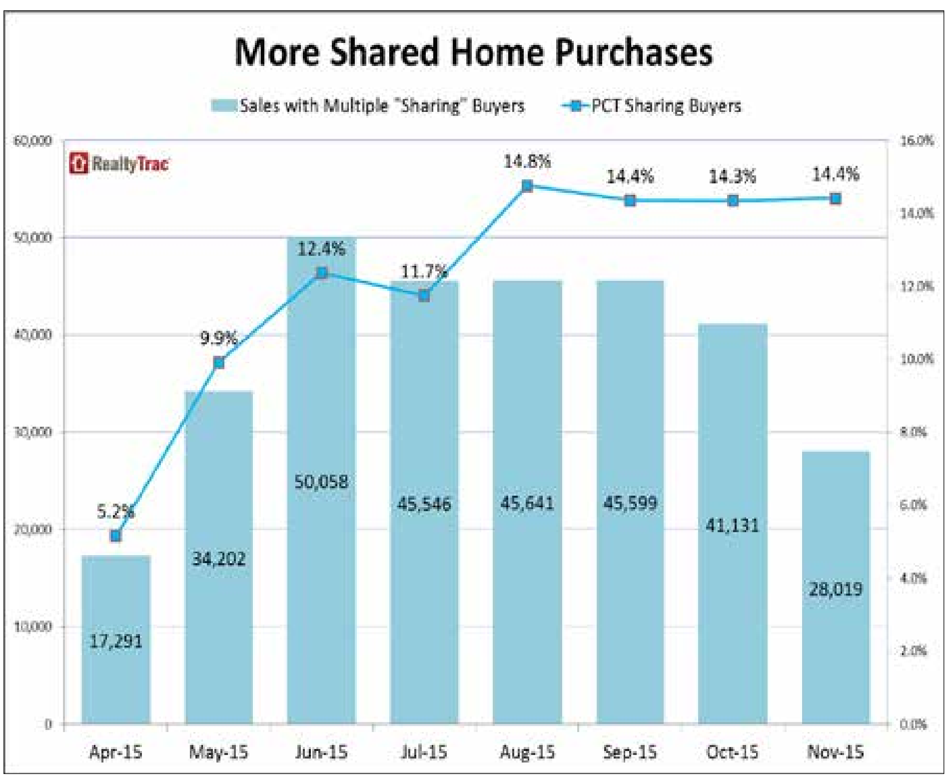

SOURCE: RealtyTrac

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CONTENTS

really wanted stability and investment for the future."

Helping with Homeownership Costs

Although Hindemit and her boyfriend had some savings to go along with their desire to become homeowners, they still needed some additional financial help to make that dream a reality. This help came in the form of an equity share agreement with Hindemit's father, who furnished the down payment for the home and in exchange is listed on title as a co-owner and also receives a modest monthly rent from Hindemit and her boyfriend.

The number of home sales involving sharing buyers like Hindemit, her boyfriend and her father, are becoming more common, according to a RealtyTrac analysis of public record sales deed data over the past year. In November, 14.4 percent of all residential property sales nationwide involved multiple buyers with different last names, the fourth consecutive month where the percentage of shared home purchases was above 14 percent following nine consecutive months below 14 percent. After dropping to as low as 5.2 percent in April 2015, the percentage of shared purchases steadily increased, reaching a peak of 14.8 percent in August.

In Portland, 21.2 percent of residential property sales in November were shared purchases, ranking the city No. 16 highest for shared home purchases among 99 cities with at least 250 residential property sales during the month. At the top of the list was Flushing, New York (38.4 percent shared purchases) followed by San Jose, California (35.8 percent), Oakland, California (31.8 percent), Seattle (29.0 percent) and San Francisco (27.8 percent).

Sharing in Home Equity Gains

The equity share arrangement used for the Portland purchase is beneficial for all three parties involved, according to Hindemit and her father, David Dufresne.

"Having my father included ... allowed us to purchase with 20 percent down," she wrote. "It allowed for us to not deal with PMI (Private Mortgage Insurance) and let us have our monthly payments lower. Using this method benefited us and we were glad to have the opportunity to do so."

For Dufresne, a real estate broker in the East Bay area of Northern California, the equity share arrangement helps him avoid some of the tax trip-ups involved in gifting a down payment while also helping him secure an investment

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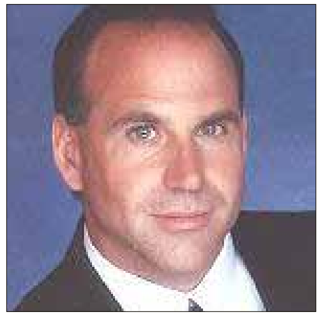
Rhea Hindemit, 34, and her boyfriend, Brandon McSweeney, 32, purchased this Portland property in November with the help of an equity share agreement with Hindemit's father, David Dufresne. Dufresne furnished the 20 percent down payment and is listed on title as a co-owner, but is not on the mortgage.

property that generates some monthly cash flow with the opportunity to share in future appreciation.

“In order to do a true equity share my daughter has to pay me rent for the part of the property I own,” said Dufresne, owner of Solutions4RealEstate in San Ramon, California, who said Hindemit is paying him $250 a month in rent and that if the property is sold in the future he will get his down payment back plus a 50 percent share of any increase in price compared to the purchase price. “I am basically a non-occupant, non-borrower title only. I am on title but I’m not on the loans.”

Dufresne, who has been practicing real estate in the East Bay since 1989, said the equity share agreement is an “old school” real estate tool returning as many millennials like his daughter have trouble affording a home purchase — particularly with the down payment. See a sample equity share agreement provided by Dufresene.



David Dufresne
Broker/Owner
Solutions 4 Real Estate, Inc.
San Ramon, California

“(Equity share agreements) will be the new fad. … The cost of housing is so high that a child can no longer purchase. A lot of kids make good money but can’t afford to make a down payment.”

“This will be the new fad. … The cost of housing is so high that a child can no longer purchase. A lot of kids make good money but can’t afford to make a down payment,” he said, noting that an equity share arrangement also offers tax benefits over simply gifting the down payment. “If you gift all that money to a kid, that would violate gift tax laws. It’s really not a gift. You co-own the property.”

Protecting Against Default

A properly constructed equity share agreement also protects a parent’s investment in a property if the child defaults on his or her mortgage payments, according to Dufresne.

“If she totally defaults on it, I can step in and take it as a rental property,” he said noting that her total monthly payment on the home, including mortgage, taxes, insurance and the $250 rent she pays him, is $1,450.

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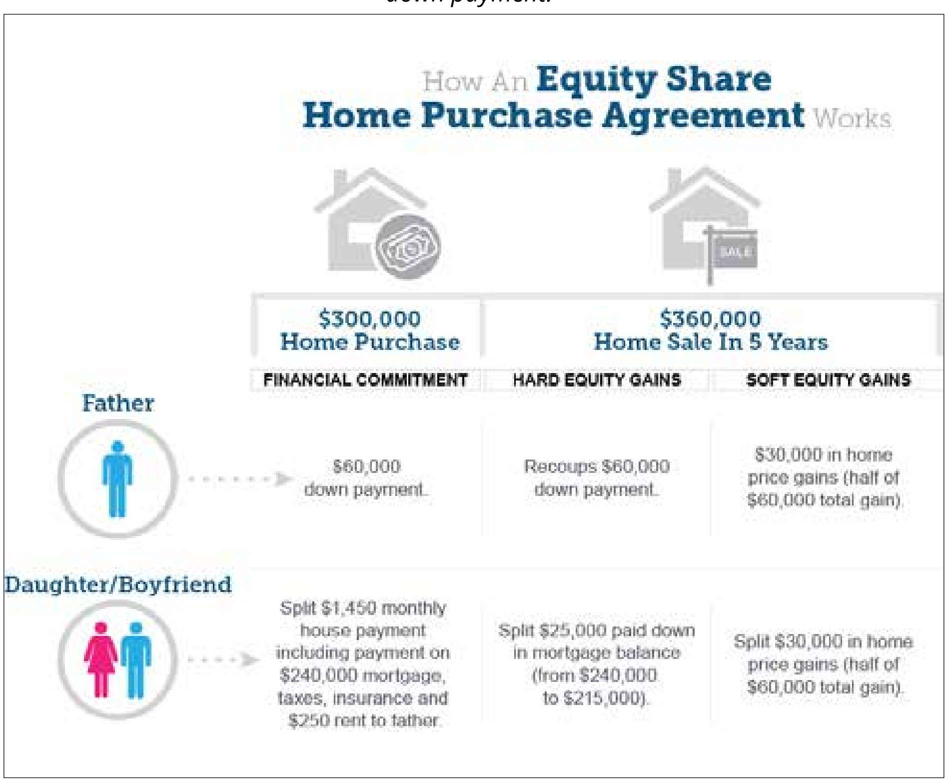

Rents for similar properties in the area are running $1,600 a month. "Worse case is it becomes an investment property.

"If someone is buying a home, they should always look at whether the rents can come close to covering their mortgage payment. I don't see that in the Bay Area as much," he added, noting that in the Bay Area rents tend to be about $1,000 less a month than mortgage payments.

If the three parties on title — Dufresne, Hindemit and her boyfriend — decide to sell the property down the road, Dufresne will take a 50 percent share of any "soft equity" gained in home price appreciation along with the $60,000 initial down payment he invested, while Hindemit and her boyfriend will split their 50 percent share of any soft equity gained along with hard equity they've gained by paying down the mortgage.

Be a Good Sharer

> *"We are not married but we felt that in this day and age, and in this market, that making the commitment to buy is a great financial decision regardless of our status. We had very real discussions about what could happen in the future regarding the house and our relationship and decided that, even considering worst-case scenarios, it just made sense to make this investment."*
>
> **Rhea Hindemit**
> *on purchasing a Portland home through an equity share agreement involving her, her boyfriend and her father*

Dufresne cautioned that equity share agreements can be complex and can end badly for buyers who don't account for all the "what-ifs" in a scenario.

"There are a lot of details that go into this. You don't just whip up a contract. Families really have to sit down," he said. "You have to go after every what-if that's possible. Who is responsible when the water heater goes out? I don't live there. ... What if I go up there and they have a meth lab in the property?"

Dufresne said he's dealt with two recent equity share agreements that went bad: one ending with a daughter storming out of the house after a misunderstanding with her father, and another that is "coming undone and the father is putting a gun to the son-in-law's head."

Hindement said she and her boyfriend

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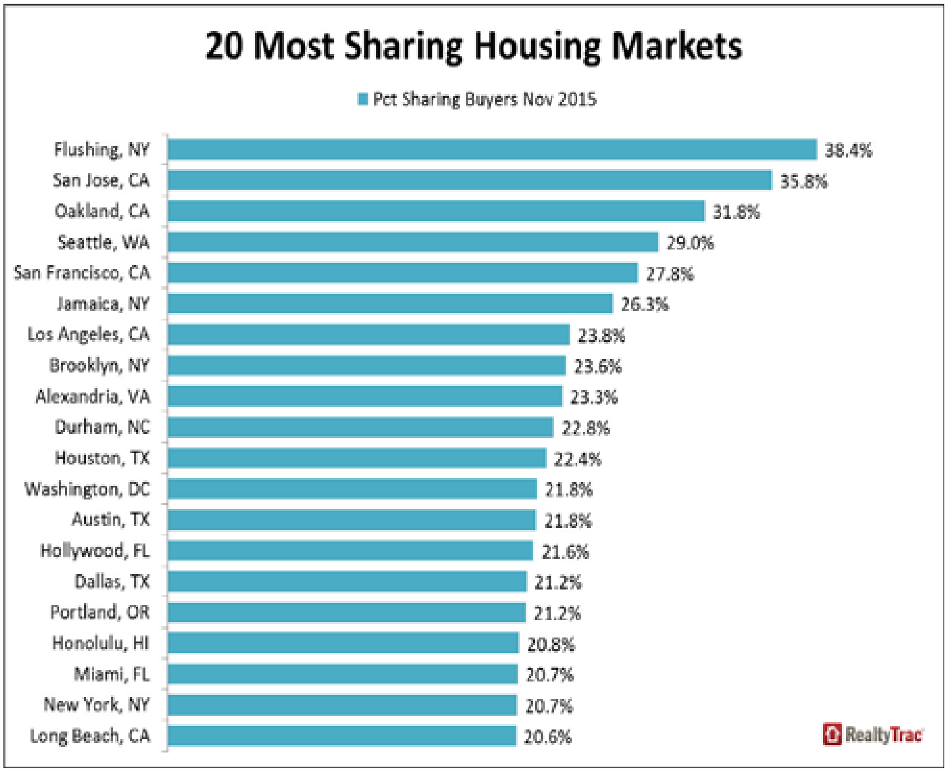

carefully considered the worst-case scenarios before taking the plunge into purchasing a property.

"We are not married but we felt that in this day and age, and in this market, that making the commitment to buy is a great financial decision regardless of our status," she wrote. "We had very real discussions about what could happen in the future regarding the house and our relationship and decided that, even considering worst-case scenarios, it just made sense to make this investment. I think even in marriage people should think about (these) situations anyway."

Buddy Buyers in Boston

Across the country in Boston, Leland and Suzanne DiMeco, co-owners of Boston Green Realty, said they are noticing more millennials purchasing investment properties after graduating college and getting a job, but prior to getting married.

"When two guys buy their first multi-family, which is probably about as scary as getting married, and they have success, word gets around pretty quick," said Leland DiMeco, recounting one example of two college buddies he helped purchase a two-family home in the town of Medford so they would be closer to the city and closer to the jobs they had just landed. The two friends shared the first floor of the two-family they purchased and rented out the second floor.

Since then the two college friends have purchased two more investment properties together and are finally at a point where they have decided to buy single family homes on their own — even though neither is yet married.

"They have three properties, and that has allowed them to buy a single family," he said. "They are finally splitting up and buying on their own."

Suzanne DiMeco noted that some shared buyers in Boston — a bastion of higher education — are coming together even before they complete their schooling.

Suzanne DiMeco
Co-Owner
Boston Green Realty
Boston, Massachusetts

"Everybody's trying to get back to the city, get close to transportation. ….I think the idea that we don't need the big single family with a lawn is taking hold. We can renovate, we have an easy commute and we are close to all the restaurants that we like."

"In some of the pricier neighborhoods we'll see graduate students coming together," she said. "They'll buy and they will live there together … to be able to counter the cost of condos near their college."

Drivers: Cost and Culture

Rising home prices that are becoming less affordable for young, single buyers is part of the reason for the rise in shared buyers, according to Leland DiMeco.

"It is really about what it costs to get into a multi-family. In some of these locations … it is now more unaffordable, at least in the more desirable locations," he said … They are lowering their liability (by sharing the cost of buying)."

The rise in shared home purchases is also being driven in part by a cultural shift among younger buyers who are more open to living in close quarters and are willing to sacrifice space for closer proximity to the amenities they enjoyed as renters, according to Suzanne DiMeco.

"Everybody's trying to get back to the city, get close to transportation … people are living in these multi-family (homes)," she said. "I think the idea that we don't need the big single family with a lawn is taking hold. We can renovate, we have an easy commute and we are close to all the restaurants that we like."

Real estate broker Edward Krigsman sees many of those same forces at work in Seattle, where 29 percent of residential property purchases in November were to shared buyers, according to the RealtyTrac analysis — the fourth highest among cities with at least 250 sales during the month.

"People really don't want to spend more than a third of their income on housing," said Krigsman, managing broker with Windermere Real Estate covering neighborhoods close to the center of the city of Seattle. "But the ratios are out of whack. So either you need to live in smaller place or you need to move farther away or find some other solution."

One of the solutions to the affordability crunch in Seattle is to

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share the cost of homeownership, which Krigsman said is happening for different reasons among two distinct groups: millennials who have delayed homeownership; and international buyers who are looking for a safe haven for their cash.

Among the millennial group, the decision to finally purchase a home is often driven by parents or grandparents who also participate in the transaction, according to Krigsman, who has been working in the Seattle real estate market for 20 years.

"In the last year I've noticed more millennials or their parents calling me and saying ... my son wants to buy a house and we're willing to help with the down payment. He's been living with several other friends in an apartment ... and they want to continue to live together," he said, estimating that about half of his closed transactions involve co-buyers. "These are not situations where the parents are going to be living with the child ... they want to see them no longer in the house, or they want to see them no longer renting. ... A crummy one-bedroom apartment is going to be $1,800, a three-bedroom is going to be $2,300. That's a mortgage payment."

Edward Krigsman
Managing Broker
Windermere Real Estate
Seattle, Washington

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Home is Where the Social Network Is

Among the millennial buyers he's worked with, Krigsman observed that the financial benefits of homeownership are not as important as maintaining their social network.

"A lot of millennials are not interested in homeownership. Their home is where their network is," said Krigsman, adding that parents are providing the "psychological persuasion" for the purchase while the millennials are happy with the purchase so long as it does not disrupt their social network. "It allows them to maintain their social network and also become owners. ...They want to continue living with their friends."

That network mentality means many millennials are skipping over the condo purchase step typical for previous generations and moving directly from apartment living to owning a single family home — where there is more room for their friends. This has created more demand and new all-time price peaks for single family homes in Seattle even while condo prices are still lagging below their pre-recession peak, according to Krigsman.

"There's bidding wars on single family homes, but not on condos," he said.

A Home for Me, My Son and My Mistress

Millennial shared buyers are interested first and foremost in protecting their social network with the wealth-building aspect of homeownership being a secondary concern. On the other hand, international shared buyers are purchasing homes in Seattle primarily to protect their wealth with the shared aspect of the purchase typically rooted in cultural norms, according to Krigsman.

"With all of these cultures it's sort of why would you not buy with your parents? It's sort of the norm. And many of them live together," he said, adding that the shared homeownership mentality among international buyers sometimes translates into multiple purchases for different family members in the same development. "I love it, I'll take three: one for my family, one for my son and one for my mistress.

"Almost any culture other than the U.S. you see multi-generational living. And it's welcomed," Krigsman added.

Flipping to Multi-Generational Buyers

Southern California real estate investors Doug and Andrea Van Soest said they are selling more of their flipped homes to multi-generational shared buyers.

"We have definitely noticed that a lot of our buyers are two or three people with different last names," said Andrea Van Soest, a full-time real estate investor with her husband since 2008.

The three properties the couple has flipped in the past year that have features appealing to shared buyers "flew off the market pretty quick," according to Doug Van Soest, who said features appealing to multi-generational buyers include at least four or five bedrooms, two main living areas and a

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bedroom with a door to the outside.

Because of their popularity with buyers, features friendly to multi-generational buyers also appeal to the couple when acquiring properties to flip, according to the Van Soests, who market to potential sellers on their SoCal Home Buyers website.

"I would think that would be one of those features that would make us excited about a property," Doug said.

Andrea Van Soest noted that when she first started noticing offers involving multiple buyers, it made her nervous because she assumed it would make the transaction more complicated given that two or more parties had to qualify for a loan. But after dealing with some of those transactions, the couple views them more positively.

"A lot of times they are more likely to qualify because multiple people's assets are coming together," she said.

Andrea Van Soest
Vice President/Lead Designer
SoCal Home Buyers
Southern California

"We have definitely noticed that at lot of our buyers are two or three people with different last names."

Shared Buyer Advantages

Krigsman, the Seattle broker, said offers from shared buyers are often more appealing to sellers listing a property with him.

"As a listing agent I'm just looking for the best offer," he said. "There can be situations where the shared buyer is best because if it was just the parents they wouldn't have the desire, and if it was just the kids they wouldn't have the financial will."

Sharing buyers are also good for sellers because they create more demand, Krigsman added.

"If there are unique and new configurations of buyers, that just creates more buyers and that means

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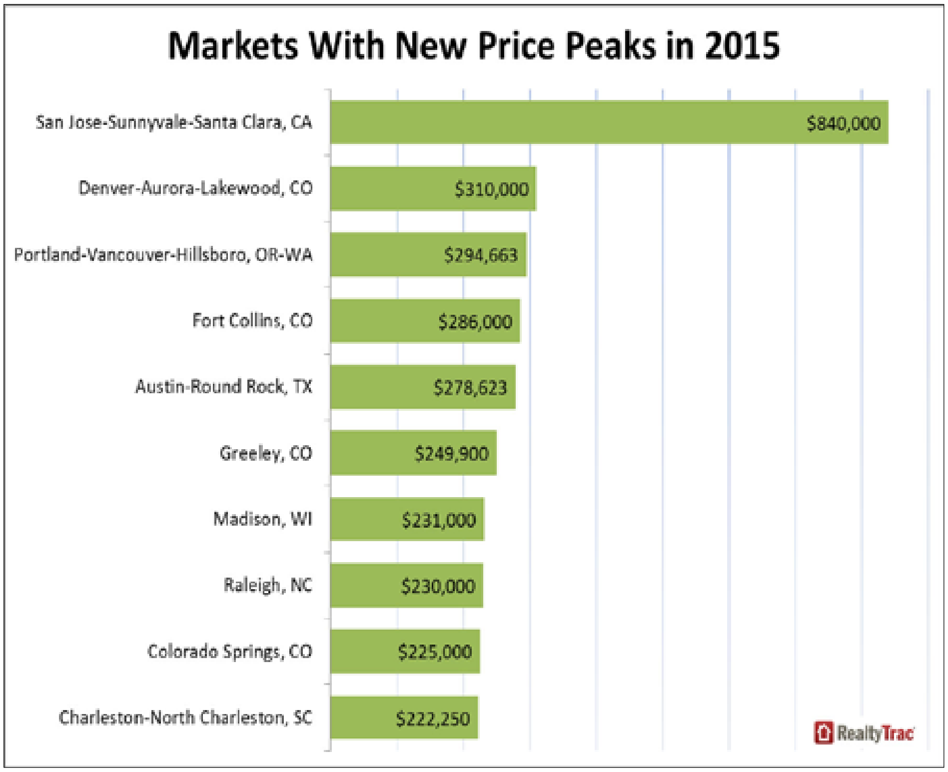

the sellers are going to get a better price."

Shared buyers often have the upper hand in multiple-offer situations, Krigsman noted.

"We can steamroll other buyers because I have these grandparents who can whip out a check for $600,000," he said, noting that most of his sharing buyers will successfully purchase a home after two or three offers, while it typically takes more than twice the number of offers for buyers going it alone. "I'll be writing seven offers for those poor folks."

Shared Buyer Challenges

But working with sharing buyers does present its own set of challenges, Krigsman was quick to note.

"It's more complicated actually in working with (sharing) buyers just because you need to make sure you have all the decision makers in the room," he said, explaining those decision makers include those who are financially responsible, those who will be living in the home and those who may be listed on title even if they are not living in the home or on the mortgage. "The interest may not be so easily aligned because they may have different goals with the purchase.

"All of these things create challenges for us," he continued. "We have to adapt. … If there is a gift letter; that can raise eyebrows. … If there is a disconnection between who is on title, who is on the loan and who is living in the house, that all has to be explained to the lender, and that takes time."

Leland DiMeco
Co-Owner
Boston Green Realty
Boston, Massachusetts

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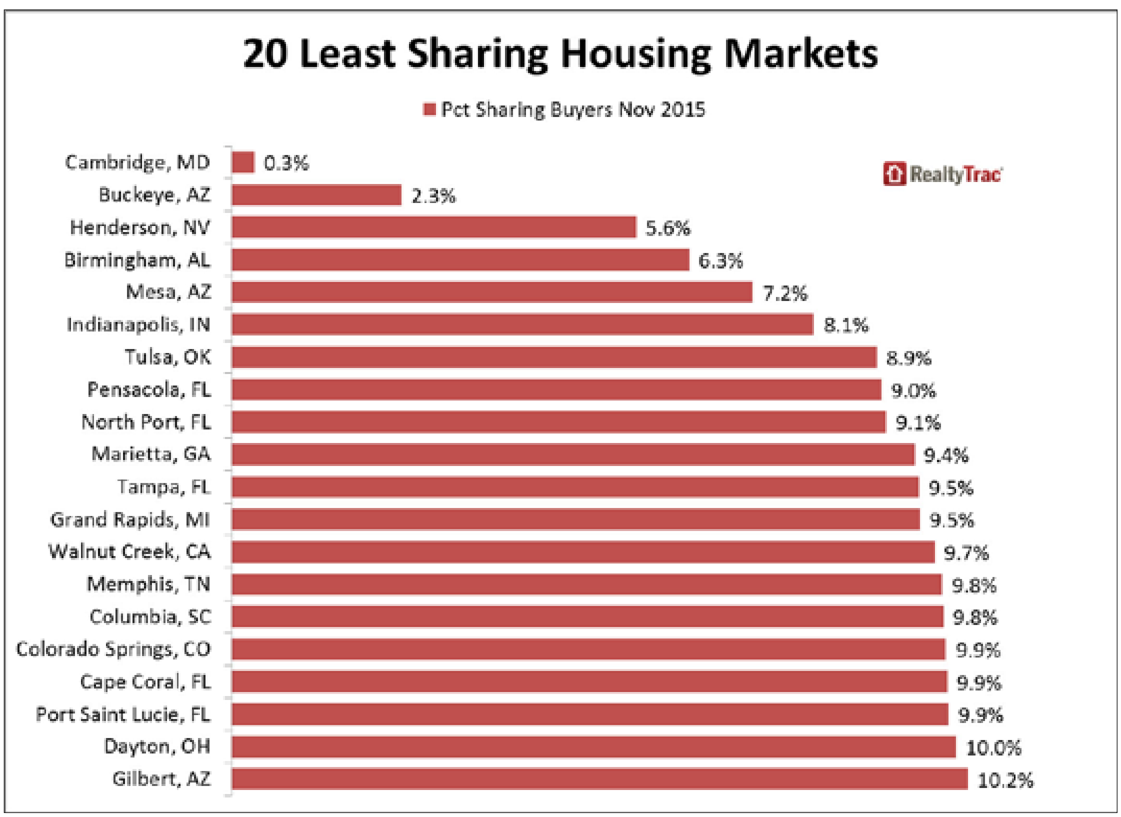

MY TAKE

By Alex Sifakis

President, JWB Real Estate Capital

Jacksonville Real Estate Market is on Fire – with Plenty of Fuel Left to Burn

In 1901, the Great Fire destroyed almost all of Jacksonville, Florida, but the city rose from those ashes to become the Bold New City of the South. In 2008, the Great Recession did some heavy damage to the city's real estate market, but just like in 1901, Jacksonville has risen, and now the real estate market is the only thing on fire.

Jacksonville, with a population of 1,400,000 — the 40th largest MSA in the country — has had three years of price appreciation, averaging 14 percent annually, and yet, median home prices are still 20.6 percent below 2006 highs. Rents have also been steadily increasing, averaging 4 to 5 percent per year over the past three years, so yields from investment properties have stayed extremely strong.

Additionally, inventory levels are still extremely tight. Since April 2013, inventory levels have averaged just 4.69 months of inventory (MOI), far below the six to seven months you would expect in a "normal" real estate market.

When you couple these outstanding market fundamentals with a thriving jobs market, tremendous population growth, a rapidly growing tech and entrepreneurial scene, and a revitalized downtown, it is easy to see why Jacksonville is on the radar of Fortune 500 corporations, millennials and real estate investors alike.

Jacksonville: A Thriving Real Estate Market

Everyone knows Florida — and Jacksonville — was hit hard by the real estate crash. Most people also know that the market has recovered significantly over the past few years. What a lot of people don't realize is that home prices in Jacksonville are still far below their 2006 highs — and that this presents a remarkable opportunity.

Our company, JWB Real Estate Capital, will purchase more than 500 properties in 2015. We renovate them and lease them, and then sell about half of those properties to our investor clients.

What about the other 250 properties? Practice what you preach, right? We will add them to our own rental portfolio, which currently stands at 480 properties. That sends a pretty clear sign about what JWB thinks about the current opportunity in Jacksonville.

The high median home price in Jacksonville was $223,000 in June 2006. The low median home price in Jacksonville was $119,500 in January 2012. The current median home price as of October 2015 was $177,000. While many markets across the country have seen home prices approach, or even eclipse, their 2006 highs, Jacksonville still has some significant room to grow.

The Florida real estate recovery was held up by the slow pace of foreclosures — in 2014 RealtyTrac reported that foreclosures in Florida were taking 935 days, on average — almost three years. These "legacy" foreclosures are depressing the real estate market to this day. However, since current mortgage defaults hover around all-time lows, the Jacksonville market should see a "bounce back" effect from the burning off of these legacy foreclosures over the next few years.

Many media publications, in their quest for page views, have been banging their drums about a potential "new housing bubble." It's easy to see why the general population is concerned — home prices have risen dramatically in the past few years. As opposed to the 2001 to 2006 boom, however, home prices are currently rising due to high demand created by affordability (for homeowners), and high rental yields (to investors).

Real estate is very local, and some high-flying markets could potentially be ripe for a correction — but Jacksonville is not one of them. What is the reason we are so confident in this? Current inventory levels are low.

Everybody knows that supply and demand drive prices. In the real estate market, the balance between supply and demand is described by the "months of inventory" (MOI) on the market.

The premise behind MOI is pretty simple. If no new homes for sale were added to the market, and home sales continued at their current pace, how many months would it take for the

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current supply of houses on the market was exhausted?

An equilibrium market is defined as 6 to 7 MOI. An MOI above seven months means there is an oversupply of houses, and therefore, home prices should rise more slowly than normal (or even decline). An MOI below six months means there is an undersupply of houses, and therefore, prices should rise more quickly than normal. The best part about MOI is that it is a leading indicator, which means it can be used to predict what will happen in the future.

In June 2006, the Jacksonville median home price was at an all-time high of $223,000. Inventory levels were at 5.7 MOI — within the "normal" range. A year later, in June 2007, prices had fallen slightly, to $210,000, but inventory had skyrocketed to 11.7 MOI — and soon thereafter, home prices fell off a cliff. Anyone tracking inventory levels over that year from June 2006 to June 2007 would have seen, very clearly, what was about to happen.

As of October 2015, MOI in Jacksonville stood at 4.1 months. Since JWB started tracking inventory levels in April 2013, Jacksonville has averaged 4.69 MOI. Seasonal fluctuations are expected, as MOI will be higher in the winter, when there are fewer home sales, and lower in the summer, when there are more home sales.

The extremely tight supply of houses over the past few years is what has caused home prices to rise significantly, not the "irrational exuberance" of 2003 to 2007.

The burn off of REOs will reduce inventory to the Jacksonville market, and therefore, we expect inventory to stay relatively tight, with above-average home price gains, until home builders can crank up their production to meet demand, which should happen sometime in the next two to four years. Barring some external shock to the market, at that point MOI should level off in the six to seven month range, and we should see average home price gains going forward.

Job and Population Growth

The Jacksonville economy has been booming. Paul Mason, economist with the University of North Florida, said the jobless figure fell to 4.9 percent in October 2015, down from 5.1 percent in September. That is the lowest rate since April 2008 and lower than the national unemployment rate of 5 percent.

Three Fortune 500 companies are headquartered in Jacksonville. In Florida, Miami is the only city with more. The economy has always been very diverse, driven by logistics (world class international port, situated at the intersection of three major interstates), healthcare (Mayo Clinic, Baptist Health, UF Health, St. Vincent's, Nemours, etc.), finance (Citi, Wells Fargo, Bank of America, JP Morgan Chase, Deutsch Bank, etc.) and the military (two large Navy bases; NAS Jax and Mayport).

The falling unemployment rate can be attributed to a plethora of new companies opening up a headquarters, regional office, or new store in Jacksonville. The following announcements have been made in just the past two months:

- Sept. 15, 2015: International banking giant Macquarie Group choses downtown Jacksonville over 20 other cities to be its Southeastern headquarters. Will initially be adding 125 high-wage jobs.
- Oct. 7, 2015: Ikea announces plans for a 294,000 square foot store in the St. Johns Town Center (already home to Nordstrom, Coach, Louis Vuitton, The Apple Store, etc.).
- Oct. 27, 2015: Fidelity Investments announces it will be adding 300 high-wage jobs to its Jacksonville offices, which already house 800 people.
- Oct. 28, 2015: Google Fiber announced it will be expanding its high-speed Internet services to Jacksonville — currently Google Fiber is available in only three U.S. cities.
- Nov. 2, 2015: AT&T officially launches its Gigapower 1-gigabite Internet service in Jacksonville — the 18th market to get the service.
- Nov. 19, 2015: Deutsche Bank announces plans to add 350 high-wage jobs to Jacksonville. It already has 1,700 people in Jacksonville. DB opened its first Jacksonville office in 2008 with 100 people.
- Nov. 19, 2015: Resource Solutions, a global recruiting firm with offices in 24 countries, chooses Jacksonville to open its second U.S. office, with 75 high-wage jobs.

Announcements like the ones above have caused many national publications to stand up and take notice. In 2014, *Forbes* named Jacksonville the #4 city in the country for finding a job, the #2 city for tech job growth — and a top 10 city for

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attracting college graduates. *Global Trade Magazine* named Jacksonville a top 10 city for logistics infrastructure. And just last month, Thumbtack.com, a business development website, named Jacksonville the number two city in the country for its favorable outlook for small businesses.

Of course, new jobs will bring new people, and, predictably, Jacksonville's population has boomed over the last decade and a half, despite the economic downturn. According to Census Bureau data, the Jacksonville MSA has seen 24 percent population growth from 2000-2013, which is among the highest in the country, and better than Miami (16 percent) or Tampa (20 percent).

Job growth and population growth are meaningful to the real estate market, of course, because all of these new residents need places to live. More people drive more demand for housing, which drives increased home and rent prices.

Urban Core Revitalized By Tech, Entrepreneurial, Foodie Scene

In addition to a rising real estate market and a booming economy, Jacksonville is a great place to live. National publications are taking notice, and in October 2015 *Huffington Post* named Jacksonville the #1 "Secretly Coolest City in Which You Can Get in On the Ground Floor."

Why is Jacksonville so "secretly cool?" A thriving tech and entrepreneurial scene (remember the *Forbes* accolades from the list above) — led by OneSpark, Jacksonville Community of Entrepreneurs, Startup Jax, the STEM Hub, CoLab Jax, etc. — has led to an influx of millennials living in the urban core. Millennials are looking for great places to eat and drink, so many new high-quality offerings have sprung up to cater to this crowd.

This change has become very visible in places like 5 Points and Hemming Park. In the heart of downtown, a few years ago Hemming Park was devoid of life (except for a few panhandlers). Now, thanks to a public-private partnership, Hemming has sprung to life — during the day you can listen to live music, let your children play with giant foam pieces in a kiddie area, grab a coffee at Vagabond's coffee trailer, or grab takeout from Café Nola and sit and enjoy the fountains. The new Hemming Park would fit right in in New York, San Francisco or Austin.

It isn't just entrepreneurs, hipsters and millennials that have contributed to the revitalization of the urban core, however. The city itself has been investing many public dollars into downtown, and many private developers, including the owner of the Jacksonville Jaguars, Shad Khan, are now entering the fold. The city and the Jaguars are looking into partnering up on many transformative projects for downtown, including a new amphitheater, a new multi-use indoor practice facility, and The Shipyards, a 43-acre riverfront mixed-use development.

Other downtown development projects underway include:

- "Healthytown" — A 30-acre riverfront mixed-use development by local heavyweight developers Peter Rummell and Mike Balanky.
- 220 Riverside and Unity Plaza — 280 luxury residential units and waterfront amphitheater and recreation space opened in 2015.
- Brooklyn Riverside — Over 300 new residential apartments opened in 2015.
- Wholefoods — Opened a brand new store in the Brooklyn area of downtown in 2015.
- Intuition Ale Works — A local craft brewing company is opening a new brewery and rooftop taproom in the stadium district in early 2016.

What This Means for Investors

Obviously, current Jacksonville market fundamentals such as median home prices and inventory levels make Jacksonville a great place to invest in the near future. A thriving jobs market, tremendous population growth, a rapidly growing tech and entrepreneurial scene and a revitalized downtown will continue to make it a great place to invest over the next 10, 20, 30 years.

After adding over 500 properties to our own and our clients' portfolios over the last year, it is clear that at JWB, we believe the Jacksonville real estate market has plenty of fuel left to burn.

Alex Sifakis is the co-founder and president of JWB Real Estate Capital. As one of the leading turnkey investment companies in the country, JWB provides and manages passive real estate investments for its clients across the country. Since 2006, Alex and his team have purchased over 1,800 properties in Jacksonville, Florida.

NEWS BRIEFS

Fed Raises Mortgage Interest Rates

The Federal Reserve raised short-term interest rates for the first time since the financial crisis struck nine years ago. The Fed raised the benchmark interest rate by 0.25 percent.

Interest rates on mortgages and other kinds of loans, and on savings accounts and other kinds of investments, are likely to remain low by historical standards for years to come.

The Fed cited the strength of job growth, and the broader backdrop of a moderate-but-steady economic expansion, as evidence that the economy no longer needed quite as much help from ultralow borrowing costs.

"The committee judges that there has been considerable improvement in labor market conditions this year, and it is reasonably confident that inflation will rise over the medium term to its 2 percent objective," said the Federal Open Market Committee in a Dec. 16, statement.

SOURCE: Federal Reserve

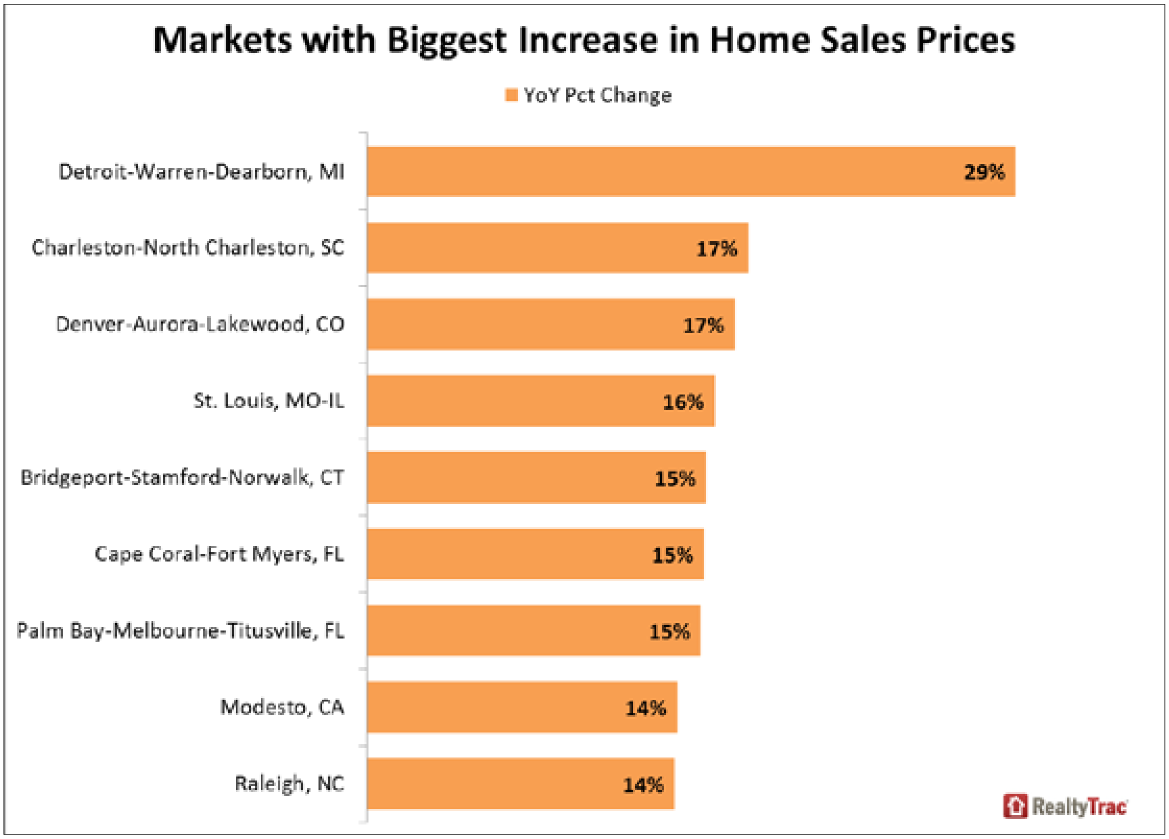
Google Unveils Loan Comparison Tool

Google has entered the mortgage industry. The company is now a licensed mortgage broker in California, launching its own mortgage comparison tool with Zillow and Lending Tree.

The company is launching this product under its Google Compare brand, which already includes an auto insurance comparison tool. To power the tool, Google has partnered with Zillow and Lending Tree. Google already has a similar product in the United Kingdom.

Earlier this year, Google unveiled an auto insurance comparison tool that lets users compare rates from different providers. Similarly, the new mortgage service gives users quotes for home mortgage rates in California, with support for more states to come.

SOURCE: Tech Crunch



SOURCE: RealtyTrac

Florida Supreme Court Slated to Rule on 'Zombie Mortgages'

When does the clock start ticking on a mortgage foreclosure case?

That's the question that was argued Nov. 4 before the Florida Supreme Court in the high-profile mortgage foreclosure case of *Bartram v. U.S. Bank*.

In 2006, U.S. Bank filed a mortgage foreclosure suit against Lewis Bartram of Ponte Vedra Beach, Florida, who after a divorce stopped making payments to the bank or to his ex-wife, Patricia, on a $650,000 mortgage. In 2011, the trial court dismissed the bank's 2006 foreclosure case because U.S. Bank missed a case management conference and its foreclosure case was discharged.

Meanwhile, Bartram had filed a claim seeking declaratory judgment from the bank because it had been more than five years since his default and the statute of limitations had run out. He argued that the clock began to run when he defaulted in 2006 and the bank accelerated the loan.

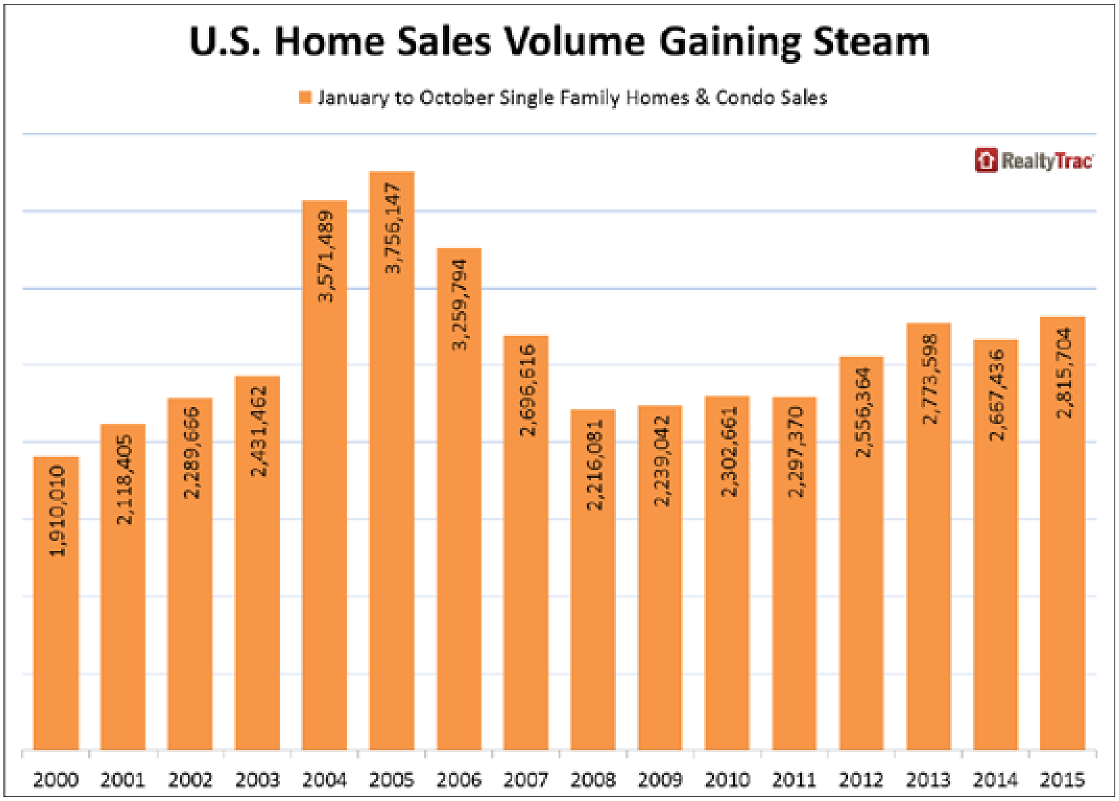
The trial court sided with Bartram, but U.S. Bank appealed that ruling, and in 2014 Florida's Fifth District Court ruled in the bank's favor, throwing out Florida's five-year statute of limitations on mortgage foreclosures.

The 2014 ruling was a victory for banks in Florida who continue to foreclose on so called "zombie mortgages" — or foreclosures that have been started but not completed. In Florida, it takes an average of 1,004 days (or nearly 3 years) to clear out such foreclosures, and many cases have been dismissed because they fell under the state's five-year statute of limitations rule.

This case could have serious consequences for banks in Florida if the Florida Supreme Court reverses the Fifth District Court's decision.

A ruling in the case is not expected for several months.

SOURCE: *Bartram v. U.S. Bank*



SOURCES: RealtyTrac

FINANCIAL BRIEFS

FHA Eases Condo Financing Rules

The Federal Housing Administration (FHA) announced new guideline changes under its condominium approval process on Nov. 13, increasing affordable housing options for first-time and low- to moderate-income homebuyers.

Effective immediately, FHA will streamline the condominium recertification process and expand its definition of acceptable "owner-occupied" units to include second homes not owned by investors. The provisions expire in one year "until the agency can implement a more comprehensive condominium rule change."

The change should qualify more condo complexes for FHA loans. That, in turn, will give more buyers access to FHA low-down payment mortgages.

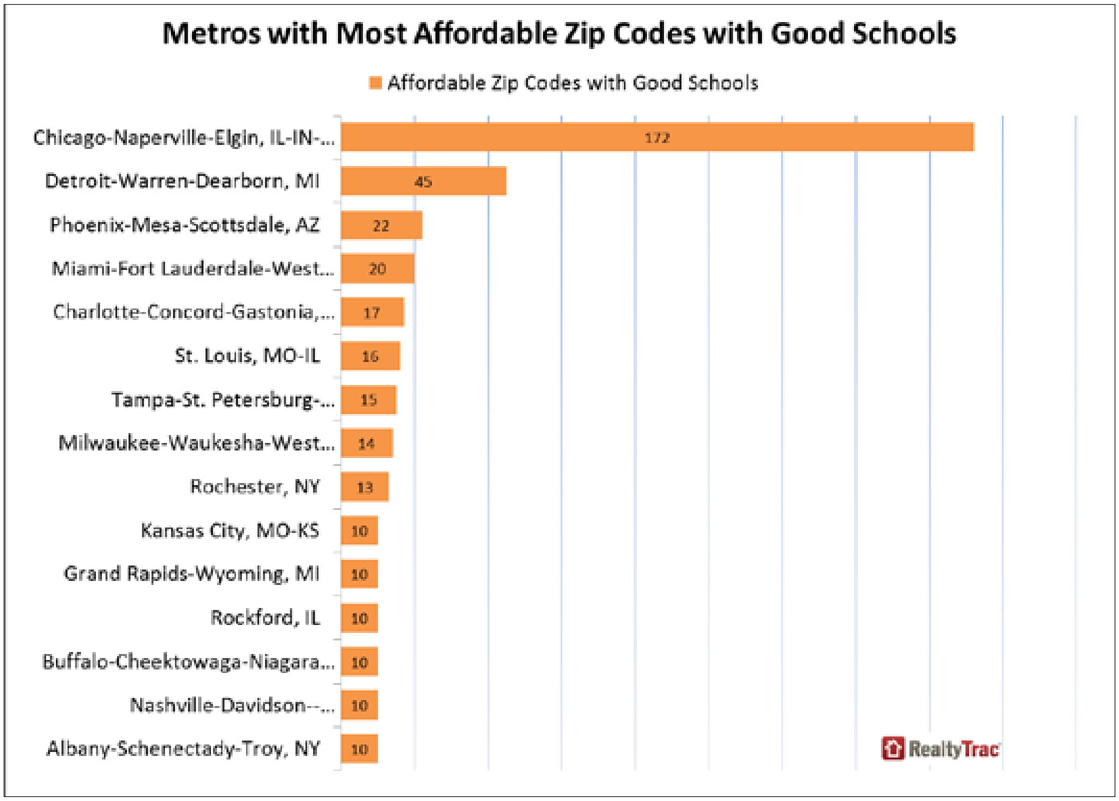
The new guidelines outline three condo rule changes: 1) modifies the requirements for condominium project recertification, 2) revises the calculation of FHA's required owner-occupancy percentage, and 3) expands eligible condominium project insurance coverages.

Quicken Launches Rocket Mortgage

Quicken Loans launched a fully online mortgage product — Rocket Mortgage — that takes only a few minutes to complete. It's financing's iPhone moment, Quicken Loans founder Dan Gilbert told *Tech Crunch*.

The new digital home loan product promises an mortgage approval in just eight minutes. Rocket Mortgage enables prospective borrowers to complete a simplified application online or on a wireless device.

Borrowers are given the opportunity to compare and customize their interest rate, mortgage term, monthly payment and fees based on current underwriting guidelines and what type of product they are looking for or can afford.



SOURCES: RealtyTrac

STATE SPOTLIGHT

Why Are Investors Flocking to Alabama? Turn-Key Rentals

By Octavio Nuiry, Managing Editor

Investment banker Kenneth H. was tired of Wall Street.

After working in finance for a New York City bank for nearly a decade, he moved to San Diego, California, where he plotted his next career move. A few Orange County firefighter friends suggested he invest in rental properties in Alabama. They introduced him to turn-key real estate investing. He said the firefighters were purchasing rental properties in Birmingham, Alabama.

He was intrigued.

"Playing the stock market is a tricky thing," said Kenneth, who didn't want his last name published. "Turn-key rental units really sounded good to me. But I wanted to go with the best firm. I didn't want to worry about broken toilets and other issues. But it turned out to be great. So I took a trip to Alabama."

Kenneth's firefighter friends introduced him to Clayton Mobley, CEO of Spartan Invest in Birmingham, a turn-key real estate company that buys, renovates, leases and resells properties to both move-in-ready buyers and investors.

"When Clayton sent over his marketing material on rental properties in Birmingham they looked like my spreadsheets," said Kenneth, who has rentals in Birmingham and Jacksonville, Florida. "It comes down to the right people. They were committed to the business — and they had skin in the game."

Last year, Kenneth flew to Birmingham to check out properties and meet Clayton and his team.

"They drove me around," said Kenneth, describing his market tour of Birmingham. "We had lunch. I got to touch the properties. I met some tenants. It was really fun. The experience for me was great."

Continued Next Page

Downtown Brimingham, Alabama

Kenneth was so impressed with Clayton and his team that he bought three rental properties in Birmingham.

"This was a perfect fit," said Kenneth. "Building a relationship with Clayton was an important thing for me. Clayton understands that property management is the core of his business. And that was important to me too."

Mobley said investors can buy Birmingham rental property for under $100,000 and get capitalization rates at about 9 to 18 percent. He said there are hundreds of older homes in need of renovation that can be purchased at a low cost.

"Typically, we pay $50,000 to acquire a property, we put $30,000 in renovations and we sell it for $95,000," said Mobley, whose company is a full-service investment firm specializing in real estate investment and residential rental properties. "Our value proposition is quality; quality renovations and quality management."

Mobley started his company in 2009 after leaving a six-figure corporate job in Tuscaloosa, Alabama.

Clayton Mobley
CEO
Spartan Invest
Birmingham, Alabama

"We have about 50 doors in our rental property portfolio. We also manage 220 properties for our investor clients."

Then, he started bidding on properties at the Birmingham courthouse steps, fixing them up and flipping them mostly to home buyers. For four years, Spartan grew steadily; then the market turned.

"We started Spartan Value Investors in 2012," he said, referring to his turn-key rental management company. "The market was going that way. It was an easy transition."

He said Spartan Value Investors manages over 220 residential properties in the Birmingham area, in addition to 50 properties the company owns and manages. It purchases properties at the Birmingham courthouse steps and renovates each property, sells them to investors and then provides ongoing property management for investors around the country.

"Our customers wanted a product that was low maintenance," said Mobley, who buys and sells approximately 150 properties a year. "We put new tin roofs on 91 percent of our properties. We put new HVAC units on 85 percent of our houses. Over

Continued Next Page

Metro Birmingham, Alabama

THREE FOR SALE

WHAT: 4-bedroom home
HOW MUCH: $85,000

This home has a completely remodeled kitchen with granite counter tops, brand new 40-year tin roof, and a brand new heating and cooling system. The house features 1,550 square feet of living space and has 4 bedrooms and 2 bathrooms. Contact: Clayton Mobley, Spartan Value Investors, (205) 202-4118, http://www.spartaninvest.com.

WHAT: 3-bedroom home
HOW MUCH: $92,000

This amazing brick home with 3 bedrooms and 2 bathrooms sits on 1.5 acres of land. It has a completely remodeled kitchen, brand new heating and cooling system and a new tin roof. With almost 3,000 square feet of living space, this house is a steal. Contact: Clayton Mobley, Spartan Value Investors, (205) 202-4118, http://www.spartaninvest.com/.

WHAT: 4-bedroom home
HOW MUCH: $105,000

Located in the Shades Valley neighborhood, this turn-key property has a completely remodeled kitchen with granite counter tops, new heating and cooling system and a new tin roof. Contact: Clayton Mobley, Spartan Value Investors, (205) 202-4118, http://www.spartaninvest.com/.

95 percent of our houses have granite countertops. Everything that we do is to achieve the best return on investment for the investor. If the investor is successful, we are successful. If they're not, we're not. It's an easy correlation. But it's the biggest driver of our success."

Mobley said there are largely two types of investors that are driving a lot of his business growth: retirees and millennials.

"When I started I thought our rental business would be driven by retirement folks," he said. "But surprisingly a lot of our business is from millennials. They are tired of market fluctuations and they don't trust Wall Street."

Mobley said many local investors are buying Birmingham rentals, but most of his business is from out-of-state investors like Kenneth H. He represents investors from 27 states, including New York, Ohio, Tennessee, North and South Dakota, California, Nevada and Utah. He said he buys rental homes in several Birmingham neighborhoods, including Adamsville, Center Point, Forestdale, Fultondale, Gardendale, Grayson Valley, Hueytown, Irondale and Pleasant Grove.

Darnell Williams
Realtor
Keller Williams Realty
Birmingham, Alabama

"The real estate market is good. It's strong. Home prices are slowly going up."

Birmingham At a Glance

Birmingham, Alabama, the largest city in Alabama, with a population of 212,000, is home to a quarter of the state's population. The city is currently experiencing a dramatic renaissance that has brought revitalization to the downtown, massive new foreign automotive manufacturing plants and population growth.

Birmingham is the seat of Jefferson County, which in 2008 began wrestling with a daunting fiscal crisis when interest rates on a $3.2 billion sewer bond issue ballooned to 10 percent from 3 percent during the financial crisis. Unable to meet debt payments, the county eventually made a $4.2 billion bankruptcy filing in 2011 — the largest government bankruptcy in U.S. history until Detroit's filed two year later.

But the area has had a dramatic economic comeback, according to Darnell Williams, a

Continued Next Page

Metro Birmingham, Alabama

THREE FOR SALE

WHAT: 3-bedroom home
HOW MUCH: $135,000

Don't miss this great home in located in Savannah Pointe, Alabama. This three bedroom, with two bathrooms, is a short sale that won't last long. Agent: Darnell Williams, Keller Williams, (205) 356-4280, http://www.kw.com/kw/agent/darnellwilliams

WHAT: 5-bedroom home
HOW MUCH: $499,000

This luxury five bedroom, 4 bathroom home is located in the upscale neighborhood of Courtyard Manor in Chelsea, Alabama. Agent: Darnell Williams, Keller Williams, (205) 356-4280, http://www.kw.com/kw/agent/darnellwilliams

WHAT: 4-bedroom home
HOW MUCH: $235,000

Come home to this spacious two level, 4 bedroom home nestled in the quiet community of Chapel Hills, located In the fast growing city of Fultondale, Alabama. Agent: Darnell Williams, Keller Williams, (205) 356-4280, http://www.kw.com/kw/agent/darnellwilliams

Realtor with Keller Williams Realty in Birmingham, who said foreign automakers are transforming Birmingham and the state overall, bringing much needed jobs to the region. He said the local real estate market and the regional economy is being reeved up by foreign carmakers in Alabama.

"The real estate market is good," said Williams. "It's strong. Home prices are slowly going up and buyers are searching for desirable neighborhoods with good school districts like Hoover, Vestavia, Mountain Brook, Trussville and Homewood. It's a really good market."

"A lot of homeowners live in Birmingham and commute to the Mercedes and Honda factories," said Williams, who in addition to being a Realtor has been a real estate investor for 20 years.

Shedding Steel City Reputation

During the early 20th century, metals and steel manufacturing played a vital role in the development of the Birmingham economy. Though long known as the "Pittsburgh of the South," Birmingham is no longer synonymous with steel and manufacturing. Birmingham, which thrived from Reconstruction to the 1960s as an iron and steel town, has shed the steel city reputation, forging a new industrial age by luring foreign automobile manufactures to the Appalachian foothills. According to the Bureau of Labor Statistics, the metal manufacturing sector still employs nearly 38,000 workers.

Over the years, Alabama has become a center of automotive production in the South, attracting several foreign auto manufacturers to the state. Since 1999, Alabama has won three foreign automotive assembly plants, from Honda, Hyundai and Mercedes-Benz, plus a Toyota engine plant, as well as numerous investments by parts makers.

In 1999, Japanese manufacturer Honda built an auto plant in Lincoln, Alabama, where 2,500 workers crank out 150,000 Odyssey minivans each year. In 2003, Honda's Japanese rival Toyota, the biggest foreign automobile manufacturer in the United States, built an engine plant in Huntsville, Alabama, which employs 1,150 workers. In 2005, South Korea's biggest auto company, Hyundai, opened a plant in Montgomery, Alabama. Japanese companies have invested more than $4.9 billion in Alabama, according to the Global Automakers, a trade group representing foreign car companies.

European automakers have also followed their Asian competitors. West of Birmingham, in Tuscaloosa, German automaker Mercedes-Benz built a $600 million manufacturing plant just outside suburban Vance, Alabama. Like other foreign automakers, Mercedes-Benz prefers to manufacture in the South, where so called right-to-work laws make it difficult for unions to organize workers.

As Detroit's automakers close factories and eliminate blue and white-collar jobs, Birmingham and other Alabama cities are thriving

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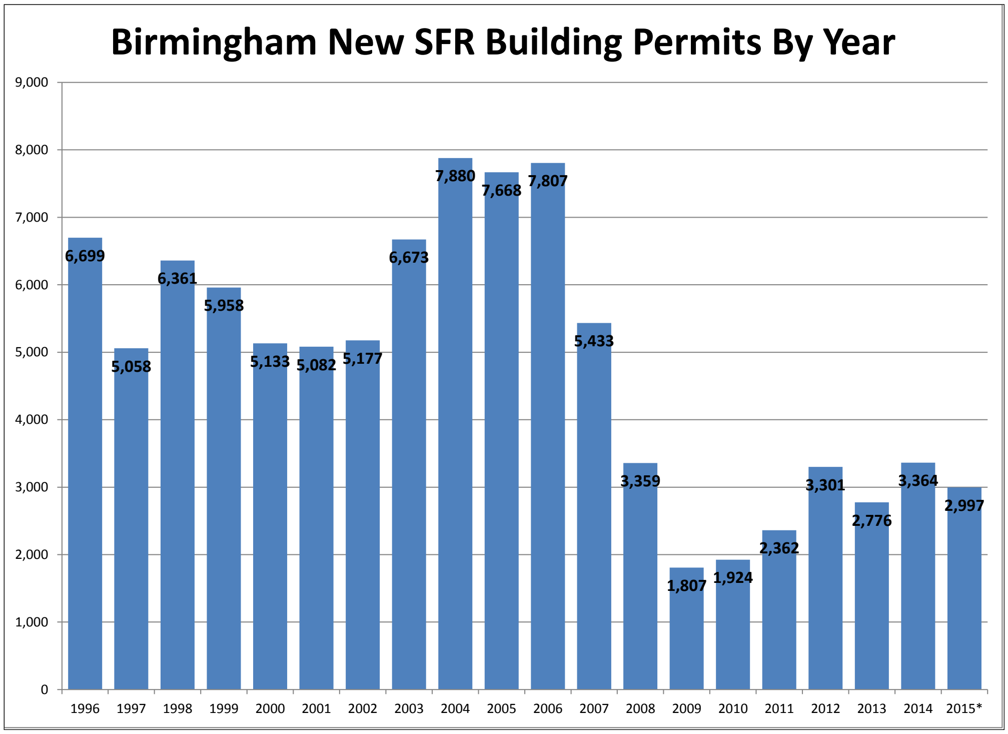


SOURCE: U.S. Census Bureau

because humming factories employ thousands, leading to the construction of new homes, schools, hotels and dozens of smaller factories run by suppliers to the foreign auto manufactures.

New Home Permits on the Rise

Birmingham saw a sustained increase in new residential building activity. In Birmingham, the number of new home permits issued in 2014 was greater than the number issued one year earlier. In 2014, 3,364 permits were pulled, compared with 2,776 in 2013. As of October 2015, 2,997 new home permits were issued.

Investor and property manager Jared Garfield, broker/owner of American Realty in Johns Creek, Georgia, is bullish on Alabama's residential housing market. His company is investing in three Alabama cities — Birmingham, Huntsville and Montgomery.

"Birmingham is a strong market," said Garfield, who buys 20 to 30 properties a month in Alabama. "But there are a lot of high-crime areas. On paper they perform really well. Investors that buy in the $40,000 to $80,000 range can really do well there. But when you start buying homes below $40,000, we found it's difficult to get tenants to stay put. We also have problems collecting rent. You have to get into the better areas like Bessemer, Gardendale, Center Point and Pleasant Grove."

Jared Garfield
Associate Broker
American Realty
Johns Creek, Georgia

"Birmingham is a strong market. We are getting better returns in Huntsville and Montgomery."

Garfield started buying in Birmingham two years ago. But he said he recently starting buying Huntsville and Montgomery.

"We are getting better returns in Huntsville and Montgomery," said Garfield, whose rental management company manages 650 properties for investors. "We have 12 full-time employees on the property management side of the business, and employ nine full-time remodeling crews, plus teams of bird dogs who are looking for properties for us."

Huntsville: Rocket City

Along with the automobile industry, Alabama has a renowned reputation in the fields of science and technology.

Continued Next Page

Birmingham, Huntsville and Montgomery Alabama

THREE FOR SALE

WHAT: 3-bedroom home
HOW MUCH: $52,000

Birmingham: This is a three bedroom home with one bath located in the Historic District of Birmingham. It has stunning arts and crafts styling, including multiple arches, wood and tile inlays, built-in cabinets, period fire place and mantle, and very thick moldings. Agent: Jared Garfield, America's Realty, (404) 718-9126, http://richliferealestate.com/.

WHAT: 4-bedroom home
HOW MUCH: $62,300

Huntsville: Built 1965, this two-story red brick Huntsville home has 4 bedrooms and 2 bathrooms, with 1,600 square feet of living space. It rents for $850 a month, with a capitalization rate 10.7 percent, and cash-on-cash returns of 37 percent. Agent: Jared Garfield, America's Realty, (404) 718-9126, http://richliferealestate.com/.

WHAT: 4-bedroom home
HOW MUCH: $60,000

Montgomery: Investors can realize a capitalization rate of 10.6 percent, and cash-on-cash returns of 43 percent in this 4 bedrooms and 2 bathroom home, which was built in 1970 and features 1,699 square feet of living space. It rents for $900 a month. Agent: Jared Garfield, America's Realty, (404) 718-9126, http://richliferealestate.com/.

Huntsville is the center of rocket propulsion research for the Army and NASA. It is home to NASA's Marshall Space Flight Center, the second-largest research center in the United States. It is also home to the Army's Redstone Arsenal, where NASA scientists designed and built the Saturn 5 rocket, which powered Apollo astronauts to the moon.

In the 1950s, Huntsville was largely a rural cotton market town in the rolling hills of northern Alabama, until a few hundred German rocket scientists arrived and helped transform Huntsville into Rocket City. Ultimately, those German immigrants made history in 1958, launching Explorer I into orbit, and later launched a crew of American astronauts on the first manned flight to the moon in 1969 during the Apollo Project. Over the years, the space — and military — programs transformed Huntsville into a city of 170,000 with one of the nation's highest concentrations of scientists and engineers.

The high concentration of rocket scientists, military contractors and propulsion experts has given the area one of the nation's highest median income levels, well above the national average and the rest of the state.

"In Huntsville, we're getting cap rates in the 8 to 11 percent range," said Garfield. "It's a nice city. Crime rate is one-third the national average, and it has high median income at $73,000 a year. And appreciation is stronger."

Montgomery

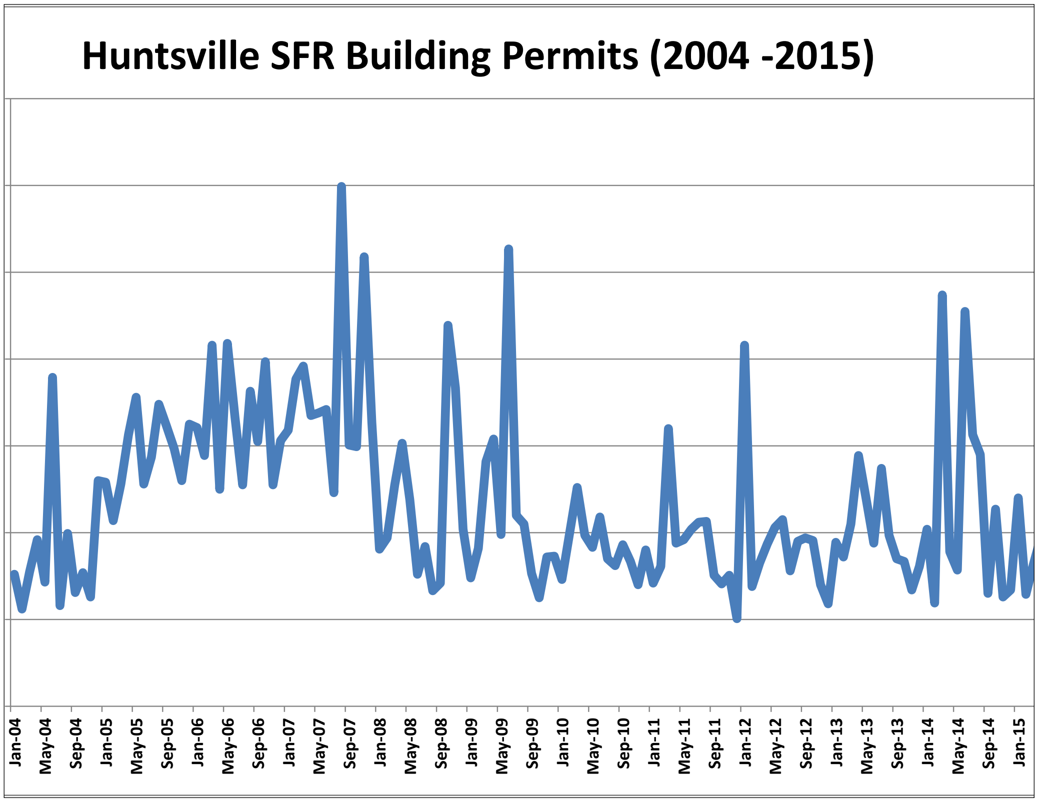
"We like Montgomery too," he said. "It's a little bit more blue collar. This is a very good market for small, mom-and-pop investors. We're one of the largest buyers in Huntsville and Montgomery. The big players aren't here. We'll do 20 to 30 houses a month; half in Montgomery and half in Huntsville. We're going to buy as much as we can until the market changes."

Montgomery, the second-largest city in the state and the capital of Alabama, has a strong military presence. It is home to two military bases — Maxwell Air Force Base and Gunter Annex. Montgomery is home to the 42nd Air Base Wing and the 908th Airlift Wing. In 1910, the Wright brothers established the first civilian flying school in Montgomery. And in the 1930s, the Army Corps Tactical School moved to Maxwell and Montgomery. Montgomery is a riverside town of 200,000 located on a high bluff overlooking the meandering Alabama River.

Montgomery's east side is the fastest growing area of the city, Garfield said.

Over the years, Garfield has learned a few tricks of the trade.

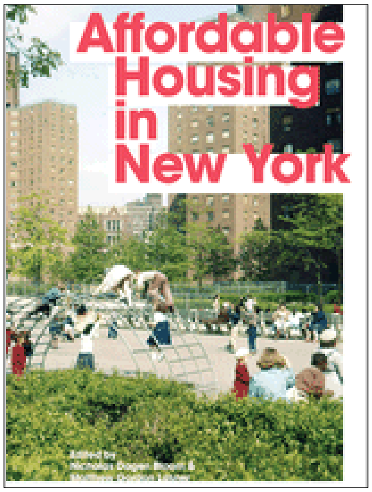
"I think the most important thing is to pay close attention to the all the numbers," said Garfield. "Also, you never want to buy where you have to pick up the rent with a shotgun."



BOOK REVIEW

Tracing the History of Affordable Housing in New York City

By Octavio Nuiry, Managing Editor



“Affordable Housing in New York”

Edited By Nicolas Dagen Bloom and Matthew Gordon Lasner

(Princeton University Press, 352 pages, $39.95)

With affordable housing as the cornerstone of New York City Mayor Bill de Blasio’s ambitious housing policy to build 200,000 affordable housing units over the next 10, the timing of the release of the new book “Affordable Housing in New York,” couldn’t be better.

But like the populist mayor who is struggling to find support for his grand housing plan, the book weaves together a long and sometimes checkered past of affordable housing in America’s most expensive and progressive city, a fast-gentrifying city where condominiums sell for an eye-popping $100 million.

In a city where two of every three homes is a rental, where median rents are $3,391 a month, and where the waiting list for public housing can be years, housing affordability in New York City is one of the most urgent issues of our day, according to “Affordable Housing” editors Nicolas Dagen Bloom and Matthew Gordon Lasner.

For the rich, New York City is a gleaming Oz of towering skyscrapers, famous parks, urban plazas and multi-million dollar condominiums.

But for the poor, New York City is an unaffordable urban jungle, where rents consumes more than one-third of their household income.

In “Affordable Housing in New York,” Bloom and Lasner trace the century-long struggle by New York City housing reformers to build affordable housing for the poor, bringing together a dozen writers — many of them historians, urban planners and social scientists — who explore the past, present and future of the city’s “below-market subsidized housing” from the 1920s to the present.

Housing Squeeze

“To share the stories of New York City’s below-market subsidized housing and draw attention to its remarkable achievement, this volume revisits nearly three dozen projects, some familiar, like Sunnyside Gardens (1928), Stuyvesant Town (1949), and Starrett City (1976), and some more obscure, like the West Village Houses (1974), Twin Parks (1976), and Riverbend (1968,” write Bloom and Lasner in the introduction. “To help us, we invited more than two dozen colleagues — including leading social and political historians, architectural historians, and urban planners as well as many up-and-coming voices to do the same. Together, we tell an alternative story about below-market subsidized housing in the United States.”

In six chapters, the book’s essays tell the story of New York’s leading housing visionaries, including New York mayor Fiorello LaGuardia, developer Robert Moses, high-density urbanist writer Jane Jacobs, and New York mayor Ed Koch. The book profiles 25 housing complexes, including Queensbridge Houses, America’s largest public housing complex; the massive Stuyvesant Town apartment complex; Co-op City; and subsidized housing complexes like Via Verde, a pioneering green-tinted housing project in the South Bronx, which has thrived since it opened in 2012.

The book is richly illustrated and tells the origins and story of the New York City Housing Authority (NYCHA), America’s largest public housing manager, which offers permanent affordable housing to over 400,000 tenants in 328 public housing developments, where the average monthly rent is $436, but demand is so strong that there are currently more than to 250,000 families on a waiting list for Section 8 federal housing vouchers. As New York’s biggest landlord, the NYCHA employs over 12,000 workers to keep the massive and aging infrastructure afloat. Created in 1934, the NYCHA predates the creation of the U.S. Housing Authority, which was founded in 1937.

Despite NYCHA’s enormous size, the city is struggling to hold onto its dwindling stock of affordable housing. A recent audit by New York City Comptroller Scott Stringer criticized the NYCHA for “sitting on” more than 2,000 vacant apartments despite 250,000 New Yorkers waiting for NYCHA housing. The audit also highlighted that some apartments remain vacant even after repairs are complete.

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The essays in the new anthology are written largely by architects and historians. Contributors include architect Matthias Altwicker, Hilary Ballon, historian Lizabeth Cohen, Andrew S. Dolkart, historian Peter Eisenstadt, historian Richard A. Greenwald, historian Christopher Klemek, historian Jeffrey A. Kroessler, historian Nancy H. Kwak, Nadia A. Mian, historian Annemarie Sammartino, sociologist and photographer David Schalliol, architect Susanne Schindler, architect David J. Smiley, historian Jonathan M. Soffer, Fritz Umbach, and historian Samuel Zipp.

In an age when public housing is disappearing from America's big cities, New York seems to be the exception in large-scale public housing. While scores of housing projects across the United States have been demolished (the massive Pruitt-Igoe in St. Louis and Cabrini-Green in Chicago come to mind), large-scale public housing has surprisingly thrived in New York City.


Nicolas D. Bloom

Affordable housing is something of a hornet's nest in moneyed Manhattan, pitting progressive housing advocates of low-and middle class affordable housing against conservative free market thinkers.

Critics of affordable housing argue that government-sponsored housing — including housing Section 8 vouchers, community development corporations, low income housing tax credits and the Community Reinvestment Act — are failed housing programs, working in concert to undermine sound neighborhoods and perpetuate a permanent dependent underclass.

Surprisingly, the book says very little about zoning and land-use restrictions and other heavy-handed government regulations in New York City, where excessive zoning laws and other local building barriers to housing development discourage building and exacerbate the losses in housing affordability. The connection between excessive land-use regulation and losses in housing affordability has been linked to the doubling or tripling of house prices relative to incomes in high-density places such as San Francisco, Los Angeles and New York City.


Matthew G. Lasner

Ease Rent and Building Regulations

A fundamental misconception of the housing market is that the free market has failed to produce affordable housing, and that government intervention is necessary to enable ordinary people to find a place to live that is within their means. However, it has been precisely where there is massive government intervention, in the form of severe building restrictions that housing prices have skyrocketed.

Places that have extremely restrictive land use laws — like San Jose, San Francisco, Los Angeles and New York City — have seen the cost of housing skyrocket. Restrictive laws that prevent development — including height restrictions, zoning laws, minimum lot size, historical preservation laws, open space laws, building permit limits, stringent land use constraints, "smart growth" policies, among many others — drive up home prices and keep less affluent people at bay.

Simply put the affordability of housing is overwhelmingly a function of just one thing, the extent to which government places artificial restrictions on the supply of residential land.

For the last few decades, "affordable housing" in New York City usually means new, expensive, deeply subsidized construction — large units for a lucky few, supported by higher rents for other tenants and tax credits for big developers.

Nicolas Dagen Bloom is the author of "Public Housing That Worked," (Pennsylvania, 2009), a comprehensive history of the New York City Housing Authority. He is an associate professor of social science and director of the Urban Administration program at the New York Institute of Technology. Matthew Gordon Lasner, author of "High Life: Condo Living in the Suburban Century" (Yale, 2012), is assistant professor of urban affairs and planning at Hunter College.

In the closing chapter, Bloom and Lasner worry that affordable housing in New York City faces formidable challenges.

"Yet the entire system is precarious and the question now on everyone's mind is whether New York will be able to avoid the fate of public housing in other American cities. For despite a remarkable record of success, the unfavorable national political climate has taken a major toll."

With wages declining, rents soaring and gentrification spreading across formerly affordable New York City neighborhoods, "Affordable Housing in New York" is a timely and welcome contribution to a housing issue that continues to plague hundreds of thousands of New Yorkers. This book will especially appeal to architects, urban planners, housing bureaucrats and social scientists.

NOVEMBER 2015

STATE-BY-STATE FORECLOSURE ACTIVITY SUMMARY

TOP 20

Foreclosure rates in the Nation's 20 largest metros in November 2015

Rank	Metro	Housing Units Per Foreclosure Filing (Rate)
1	Baltimore, MD	482
2	Tampa, FL	512
3	Miami, FL	645
4	Philadelphia, PA	714
5	Chicago, IL	728
6	Riverside, CA	894
7	Atlanta, GA	903
8	Washington, DC	1,007
9	St. Louis, MO	1,086
10	New York, NY	1,096
11	Minneapolis, MN	1,271
12	Seattle, WA	1,398
13	Dallas, TX	1,434
14	Detroit, MI	1,454
15	Phoenix, AZ	1,607
16	Los Angeles, CA	1,636
17	Houston, TX	1,670
18	San Diego, CA	1,678
19	Boston, MA	2,158
20	San Francisco, CA	2,628

State Rank	State	Default	Auction	REO	Total	1/every X HU (rate)	%Δ from Oct 2015	%Δ from Nov 2014
	U.S. Total	**27,373**	**36,409**	**40,329**	**104,111**	**1,268**	**-9.57**	**-7.46**
20	Alabama	0	834	560	1,394	1,562	-8.65	-11.49
42	Alaska	21	37	25	83	3,695	-16.16	-60.29
23	Arizona	0	735	967	1,702	1,680	-10.33	8.41
40	Arkansas	0	193	205	398	3,319	-40.86	69.36
18	California	4,145	2,780	2,567	9,492	1,446	-14.49	-6.23
35	Colorado	0	554	284	838	2,652	-8.71	-20.11
11	Connecticut	830	123	303	1,256	1,184	15.87	0.96
12	Delaware	134	85	120	339	1,203	-4.24	-42.15
	District of Columbia	2	18	17	37	8,063	-2.63	311.11
3	Florida	3,253	3,918	6,435	13,606	662	-12.50	-30.04
8	Georgia	0	1,478	2,302	3,780	1,083	15.14	-5.14
45	Hawaii	43	7	66	116	4,501	-47.03	-62.70
34	Idaho	53	155	105	313	2,141	-29.66	-51.47
5	Illinois	1,703	2,120	2,338	6,161	859	-20.84	-1.31
9	Indiana	899	958	716	2,573	1,089	14.97	-14.26
39	Iowa	99	211	124	434	3,090	-47.77	-63.80
38	Kansas	99	162	152	413	2,991	11.62	12.84
41	Kentucky	69	309	170	548	3,522	-45.09	-46.06
31	Louisiana	272	477	301	1,050	1,880	13.27	8.70
33	Maine	196	86	74	356	2,028	-5.07	14.84
1	Maryland	1,849	1,424	1,358	4,631	516	-9.66	13.09
27	Massachusetts	881	467	286	1,634	1,719	-9.52	15.15
21	Michigan	0	1,287	1,600	2,887	1,569	-8.58	-3.77
28	Minnesota	0	854	497	1,351	1,742	27.57	11.75
37	Mississippi	0	191	247	438	2,917	18.06	94.67
30	Missouri	0	582	880	1,462	1,856	-11.87	58.23
48	Montana	0	9	24	33	14,646	-17.50	-26.67
43	Nebraska	73	54	87	214	3,740	-31.63	-4.04
4	Nevada	623	437	468	1,528	771	-23.02	2.14
36	New Hampshire	0	176	46	222	2,771	-10.84	-12.94
2	New Jersey	2,569	2,081	1,798	6,448	553	-14.70	-13.30
22	New Mexico	244	182	115	541	1,668	-38.87	4.24
24	New York	2,755	681	1,383	4,819	1,684	-3.68	-0.10
10	North Carolina	1,173	1,048	1,597	3,818	1,139	-20.92	-7.26
49	North Dakota	9	0	13	22	14,760	175.00	450.00
7	Ohio	1,565	1,675	1,814	5,054	1,014	-4.53	-14.71
15	Oklahoma	460	425	352	1,237	1,350	4.39	34.16
25	Oregon	166	418	399	983	1,706	-27.83	-1.70
13	Pennsylvania	1,189	1,638	1,640	4,467	1,246	-2.23	4.56
32	Rhode Island	0	140	97	237	1,952	14.49	7.24
6	South Carolina	987	603	864	2,454	873	-13.99	7.26
50	South Dakota	0	14	7	21	17,414	-43.24	-27.59
14	Tennessee	0	1,009	1,225	2,234	1,263	-8.74	67.72
29	Texas	13	2,455	3,107	5,575	1,806	20.38	3.66
26	Utah	213	197	168	578	1,710	-23.34	-55.74
46	Vermont	0	19	21	40	8,073	-13.04	8.11
19	Virginia	0	1,487	704	2,191	1,543	-5.76	58.31
17	Washington	16	1,041	980	2,037	1,423	-22.55	-10.50
47	West Virginia	0	2	78	80	11,012	-21.57	-20.00
16	Wisconsin	770	539	614	1,923	1,366	3.00	-6.20
44	Wyoming	0	34	29	63	4,175	-4.55	-34.38

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