

Los Angeles Times

When will housing come back in California? Five experts offer their views

Although the steep decline of home prices in California ended in spring 2009, the weakness in the housing market after the expiration of federal tax credits for home buyers last year has led to some speculation as to whether the recovery is sustainable. Five experts, including Leslie Appleton-Young, the chief economist for the CALIFORNIA ASSOCIATION OF REALTORS®, were asked to provide their view on the state of real estate and what they think is needed to get the housing market moving again.

KEEP THIS IN MIND

- In terms of home prices, the experts differed slightly with the majority predicting that home prices will remain flat throughout 2011. Ms. Appleton-Young predicts home prices will rise 2 percent this year, while a foreclosure expert predicts housing prices to decline 5 percent in 2011.
- According to Ms. Appleton-Young, there is little chance of home prices returning to their previous peak levels anytime soon. “We are in a slow-moving recovery with prices stabilized at the moderate and low end,” she said. “We are still seeing price attrition and price softening at the upper ends of the market.”
- California’s recovery will hinge on location, according to Richard Green, director of the USC Lusk Center for Real Estate. Areas between El Centro and Sacramento likely will not see a return to peak prices for a long time. However, places like La Jolla, Laguna, Huntington Beach, Atherton, Palo Alto, the city of San Francisco, and Marin County could experience a return to their peak prices within the next five years, according to Mr. Green.
- Foreclosure expert Bruce Norris of the Norris Group believes the market is being artificially boosted by government programs and is set to fall further this year. Mr. Norris believes the demand for housing is most-needed for a sustainable recovery.
- California’s coastal markets will make a return once the job market improves, according to Emile Haddad, chief executive at FivePoint Communities Inc. In turn, that will lift consumer confidence. However, California’s inland areas are more likely to lag behind, and builders will have to reconsider the kind of product they offer in certain places.

Read the full story:

<http://www.latimes.com/business/realestate/la-fi-cover-housing-recovery-20110102,0,3428634.story>

Jan. 6, 2011



In Other News...



American Banker

Shortcomings?

A Jan. 6, 2011, American Banker article states that members of the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) has created a task force to examine the shortcomings of the U.S. Treasury Department's Home Affordable Foreclosure Alternatives program and why fewer than 400 successful HAFA transactions had been completed nationwide through the end of September.

The article cites a letter C.A.R. sent to Treasury Secretary Tim Geitner last month identifying servicers as being the cause for the dearth of short sales.

"Servicers are ignoring HAFA guidelines altogether," C.A.R. President Beth Peerce wrote in the letter. She said countless consumers have lost deals, primarily because servicers take so long to review and approve short sales that potential buyers gave up or walked away from the deal.

Read the full letter

[http://www.car.org/media/pdf/C.A.R. HAFA Short Sale Comment Letter 12-10.pdf](http://www.car.org/media/pdf/C.A.R._HAFA_Short_Sale_Comment_Letter_12-10.pdf)



CNBC.com

U.S. consumer bankruptcies hit 5-year high in 2010

The number of U.S. consumers who filed for bankruptcy protection in 2010 was the highest in five years, and the figure could rise as Americans struggle with excess debt in an uncertain economy, a report issued Monday said.

Read the full story:

<http://www.cnbc.com/id/40895714>



The Wall Street Journal

House appraisals under fire

Home appraisals, which were blamed for being too generous during the housing boom, are now being criticized by some homeowners for being too stingy, preventing them from refinancing or borrowing against their houses.

Read the full story:

http://online.wsj.com/article/SB10001424052970204204004576049974087536438.html?mod=W_SJ_RealEstate_LeftTopNews

Jan. 6, 2011



MSNBC.com

Home prices are down, so why not insurance?

If you're a homeowner, chances are your house is worth less than it was five years ago. But you could still be paying more to insure it.

Read the full story:

http://www.msnbc.msn.com/id/40845420/ns/business-real_estate/



Los Angeles Times

Housing bust creates new kind of declining city

A study says cities where home prices have fallen the most – including Riverside, San Bernardino, and Fresno – could suffer long-term deterioration similar to that of the Rust Belt.

Read the full story:

<http://www.latimes.com/news/local/la-fi-ghost-towns-20110106.0,3388283.story>



Press Enterprise

Proposed lending changes alleged to harm elderly

Changes in home lending rules proposed by the Federal Reserve Board could encourage predatory lending against the elderly, according to consumer advocacy groups.

Read the full story:

<http://blogs.pe.com/business/2011/01/proposed-lending-changes-alleg.html>



CNN Money

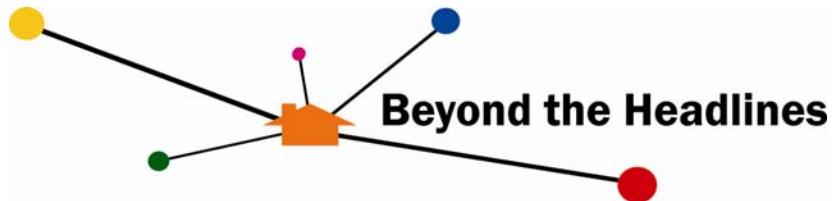
Kiss 4 percent mortgage rates goodbye

The era of near 4 percent mortgage rates has ended after a quick rate rise since early November. But some industry experts think that may be a good thing for the flagging housing market.

Read the full story:

http://money.cnn.com/2010/12/30/real_estate/mortgage_rate_spurt/index.htm?source=cnn_bin&hpt=Sbin

Jan. 6, 2011



San Diego Union-Tribune

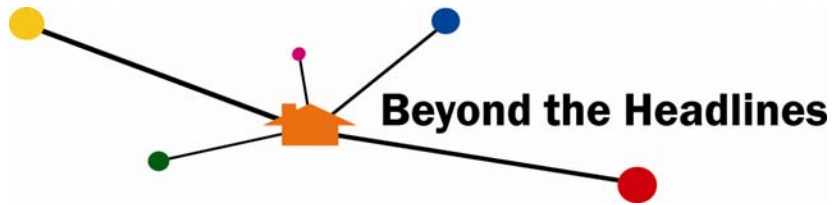
Federal Reserve: U.S. housing market is still weak

The U.S. residential market likely will weaken further as home sales, prices, and demand remain low, said members of a Federal Reserve committee in meeting minutes released this week.

Read the full story:

<http://www.signonsandiego.com/news/2011/jan/05/federal-reserve-us-housing-market-still-weak/>

Jan. 6, 2011



What you should know about the market

- As the new year gets underway, there are four housing issues consumers should keep a close eye on: Jobs, foreclosure delays, Washington, and lending standards and rates.
- Jobs: If the job market improves, the demand for housing picks up, and many other challenges facing the housing market can more easily take care of themselves. However, if it doesn't, home prices will decline further, and more homeowners will fall underwater.
- Foreclosure delays: In September 2010, some of the nation's largest lenders suspended foreclosures due to potentially fraudulent document-handling procedures. Regulators and state prosecutors have launched a series of reviews, and investigations could shed more light on abuses, such as misapplied or excessive fees by servicers, their attorneys, or other third-party vendors. If foreclosures are more difficult and expensive to process, banks and investors could step up bulk sales of loans or foreclosure alternatives such as short sales.
- Washington: This month, the Obama administration is set to issue an initial set of recommendations for how to remake Fannie Mae, Freddie Mac, and the broader mortgage market. Meanwhile, regulators also are writing new rules on provisions outlined in the Dodd-Frank Act that will clarify how banks must retain some of the risk on loans that are bundled and sold off as securities and define what constitutes a "qualified residential mortgage" that is exempt from such rules.
- Lending standards and rates: The government continues to dominate the mortgage-lending landscape, with more than nine in 10 new loans backed by Fannie Mae, Freddie Mac, or government agencies such as the Federal Housing Administration. While some analysts have raised red flags over the FHA's finances and say that loans with 3.5 percent down payments are leading the agency to take on too much risk, others worry about tighter lending standards that could further pinch demand.