# CALIFORNIA Real Estate

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OFFICIAL MAGAZINE OF THE CALIFORNIA ASSOCIATION OF REALTORS®

MAY 2016
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## WHO'S YOUR REALTOR®?

C.A.R.'s ad campaign demonstrates the benefits of utilizing industry professionals


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# PRESIDENT'S FORUM

# REALTORS® Champion Home

Last month, C.A.R. kicked off its annual consumer advertising campaign, promoting the value of using a REALTOR® with the tagline "Who's your REALTOR®?"

Now in its second year, the campaign commercials and consumer advertisements continue to highlight how California REALTORS® are drivers of economic growth within the state and emphasize the benefits of working with REALTORS®.

C.A.R. once again partnered with NBC, with commercials airing exclusively on the network and on select properties, including HGTV. We're also capitalizing on new media outlets, such as Hulu, and Curbed to expound on the message that REALTORS® help Californians realize their dreams of homeownership every day.

Airing during the peak home-buying season, the commercials are airing in Sacramento, San Francisco, Los Angeles, and San Diego. If you haven't seen the commercials yet or are outside of these markets, you'll want to visit car.org or championsofhome.com to view them.

New this year, the campaign features a special series of "First-time Home Buyer Journeys," focusing on details of home buying that only REALTORS® know and encouraging consumers to contact and work with a REALTOR®.

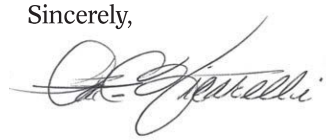
Also new is a REALTOR®-specific emoji keyboard for you to use in your texting, instant messaging, and social media platforms.

Independent surveys have shown the ad campaign to be tremendously effective, and consumers increasingly understand the importance of working with a REALTOR®. Last year, 94 percent of all consumers rated their overall opinion of C.A.R.'s ad campaign a 4 or 5, with 5 being the highest rating. Additionally, 97 percent of consumers who recalled the advertising said it improved their opinion of REALTORS® to some degree.

What do these numbers mean to you? Nearly nine in 10 California consumers have used or plan to use a REALTOR® for their home-buying needs, which suggests they're depending on you to help guide them through the process.

Read more about C.A.R.'s 2016 consumer ad campaign on page 20 and be sure to share it with your colleagues and clients. And don't forget to use the campaign in your marketing materials to demonstrate the benefits of working with a REALTOR®.

Sincerely,



Pat "Ziggy" Zicarelli

# Lead the way. Be a PSA.

## Take the guesswork out of pricing homes.

Whether you've been a REALTOR® for years or just listed your first house, it's essential to price homes accurately. Now is the time to master this essential skill by becoming a Pricing Strategy Advisor (PSA).

This brand-new certification will make you an invaluable resource for your clients by:

- Creating Comparative Market Analyses (CMAs)
- Working with appraisers
- Using the latest technology
- Addressing home pricing misperceptions

Determine a home pricing strategy with confidence. Learn the skills that result in accurate prices.

**Become one of the first REALTORS® to say, "I'm a PSA."**
**Learn more at PricingStrategyAdvisor.org.**

REALTOR®
NATIONAL ASSOCIATION *of* REALTORS®
*Official Certification*

PSA

# Contents

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## Features



**COVER:** Illustrated by Claire Fletcher

## Departments



**>>COMING NEXT ISSUE:**

The June/July issue will focus on how technology has changed–and will continue to change–real estate. We'll take a look at the latest apps shaking up the industry and the state of venture funding in real estate technology.

View us online at www.car.org/newsstand/crem/current-issue

[ FINANCE ]

# Sunshine and Mortgages

There may be a strong link between positive sentiment influenced by weather and mortgage approvals, according to a recent paper published by the Cleveland Fed.

Positive sentiment, which emerges in sunnier weather, tends to lead to higher credit approvals. In contrast, rainy-day moods are associated with tighter credit conditions.

The researchers analyzed data in more than 2,000 U.S. counties and utilized the database of the National Oceanic and Atmospheric Administration.

Overall, sunny dispositions increased approvals for credit applications by 0.80 percent, while overcast days are associated with a 1.41 percent drop.

"Sentiment has a stronger effect on the approvals of applications by low-income and medium-income households, which require more judgment," the paper noted. "In contrast, the effect of sentiment disappears when the decision is clear-cut and when pre-approvals are common–namely, for high-quality applications from households earning more than $100,000 per year."

[ ECONOMY ]

## It's About Affordability

>> When asked what's preventing them from buying a home, nearly half (45 percent) of all non-homeowners said finances are keeping them from buying, according to a new report from Bankrate.com.

Of that portion, 30 percent said they could not afford a down payment. Sixteen percent of those surveyed said they felt their credit isn't good enough to qualify for a mortgage.

Further, more than one-third of non-homeowners–35 percent–said they don't want to be homeowners yet. Of that portion, 44 percent of millennials said they don't want to own a home right now, which falls in line with research showing Generation Y (those born from the early 1980s to the early 2000s) is delaying milestone events.

# Newscan

Business Briefs & Bottom-line Boosters

## Home Prices on the Upswing

>> Home prices have been rising faster than wages in most of the United States, making homeownership increasingly difficult for average Americans in some of the most populous areas of the country, according to a recent report from RealtyTrac. The report showed that home price growth exceeded wage growth in nearly two thirds of the nation's housing markets so far this year, with urban centers like San Francisco and New York City among the least affordable. Home prices in 9 percent of the U.S. housing market are now less affordable than their historic norms. While prices have increased, there still are 3.2 million homeowners nationally who owe more on their mortgages than their homes are worth, according to Black Financial Services.

## Inventory Troubles

>> Low inventories and eroding affordability coupled with financial market volatility contributed to a second consecutive month of year-over-year declines for pending home sales statewide in February, according to CALIFORNIA ASSOCIATION OF REALTORS® data released in the spring.

## Anticipating Improved Spring/Summer

>> C.A.R.'s February Market Pulse Survey saw an increase in floor calls, listing appointments/client presentations and open house traffic, and auctions indicating improved market conditions leading into the traditional spring/summer home buying season.

## Metro Growth

>> According to recent data from the U.S. Census Bureau, Texas' two largest metro areas gained more residents from July 1, 2014, to July 1, 2015 than any other metro area in the country. The Census Bureau population estimates show that the Houston-The Woodlands-Sugar Land metro area grew by 159,00 residents from July 1, 2014, to July 1, 2015. The Dallas-Fort Worth-Arlington metro area grew by 145,000 residents.



Photos: shutterstock

Illustration: shutterstock

[ FOREIGN BUYERS ]

# Calling All Canadians

Booming real estate markets in Vancouver and Toronto have created a bubble in Canadian cities and prices are near "dangerously" unaffordable levels, according to the Royal Bank of Canada. It's no surprise that so many Canadians have looked southward. Best of all, a vacation home in the warm climate of California for Canadian buyers is still an affordable deal, according to Alain Forget, director of business development for RBC bank.

While Chinese buyers still top the foreign buyer list in California, Canadians come second and have been at No. 1 on the list in previous years. It's partially because of the climate, Forget told *California Real Estate*. "Many of these Canadians are from Alberta and British Columbia," he said. "They go to Arizona and California, but California is the top Sunbelt state for them."

Five countries accounted for 51 percent of purchases by foreigners in 2015, according to the NATIONAL ASSOCIATION OF REALTORS®. Those countries were Canada, China, Mexico, India, and the United Kingdom. While home sales occurred nationwide, Florida, California, Texas, and Arizona accounted for 50 percent of international sales.

"Four to five years ago, it was the perfect storm for Canadians, because interest rates for buying were low for them." Forget suggests helping clients realize that they can take out mortgages instead of paying all cash, as there are banks that don't charge Canadians for a premium, making the conversion rate to U.S. dollar from Canadian dollar less problematic. "Our bank, for instance, goes up to $2.5 million with competitive rates."

California REALTORS®, especially in Southern California, are in a good position to work with Canadian buyers, according to Forget. That's because Toronto and Vancouver are very expensive markets, even in comparison to Southern California. "There's a lack in understanding how referrals work," he said. Professionals also need to show Canadian buyers that "waiting may not be their best option."

[ NEIGHBORHOODS ]

# Safest Cities

**>> Potential buyers are always interested in knowing if a neighborhood is safe. Two Orange County, Calif., cities–Aliso Viejo and Rancho Santa Margarita–made it to the top 10 list for NeighborhoodScout's annual list of national safe neighborhoods.**

**A further recent California study from SafeWise found that Hillsborough, which is situated in San Mateo County, is the safest city. Aliso Viejo and Rancho Santa Margarita made the top 15 cities in the list as well, along with Imperial, Saratoga, Laguna Woods, Clayton, Moraga, Foster City, Danville, Laguna Niguel, San Ramon, Yorba Linda, Mission Viejo, and Palos Verdes Estates.**

# INDUSTRY NEWS

[ DEMOGRAPHICS ]

## Millennials Move to the Suburbs


It was just a matter of time. Millennials are seeking to buy bigger homes and care about good schools, which means they're moving to the suburbs, according to a recent CNBC report. Millennials are getting tired of paying higher urban rents and watching those rents rise, the report noted.

Just 17 percent of millennials purchased homes in urban or central city areas, the annual survey by the NATIONAL ASSOCIATION OF REALTORS® found in 2015. That number of urban homebuyers came down from 21 percent in the previous survey from 2014.

"The median age of a millennial homebuyer is 30 years old, which typically is the time in life where one settles down to marry and raise a family," said NAR chief economist Lawrence Yun. "Even if an urban setting is where they'd like to buy their first home, the need for more space at an affordable price is for the most part pushing their search further out."

The same survey found that millennials who aren't homeowners generally want to buy. The majority who said they weren't homeowners cited student loan debt as a barrier to saving for a down payment. Credit card debt was more of a problem for Generation X and younger baby boomers. ◆



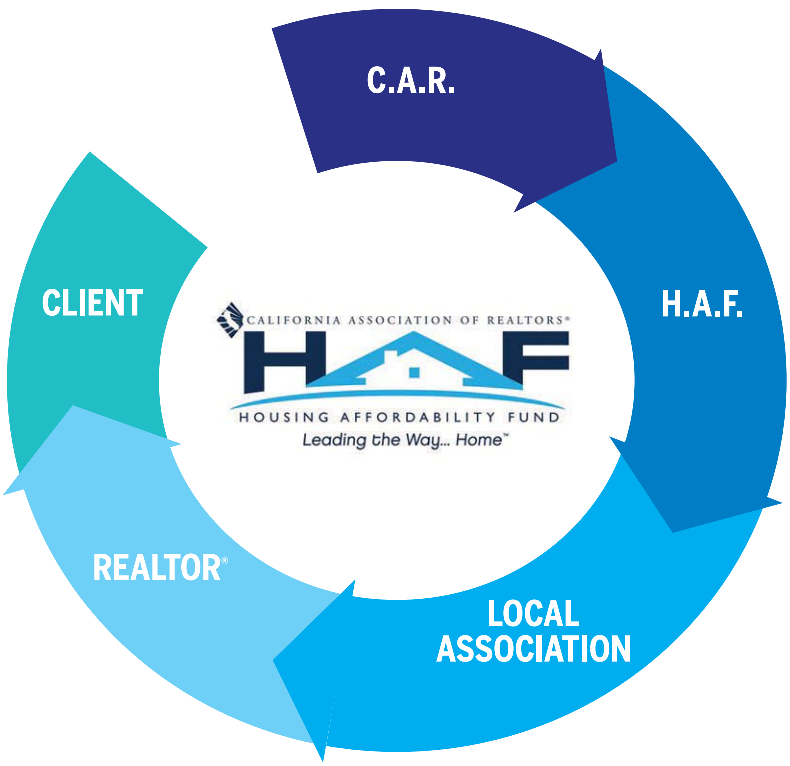
Illustration: shutterstock

# Help Your Clients Tackle Home Affordability

**California's housing affordability crisis has been exacerbated by rising home prices. For consumers, a lack of access to capital to afford a median priced home in the state means many in the middle class who want to buy simply cannot afford to. Industry professionals like you have seen how more working families are getting pushed away from the American dream of homeownership.**

To put it into perspective, California boasts a population of 38.8 million. It's a desirable place to live, but the lack of adequate housing in the state's major coastal communities is an economic and social problem, according to the Legislative Analyst Office's data.

REALTORS® have seen this problem first-hand. You've tirelessly worked with clients who are waiting on approval for loans to buy their dream home. You've helped to connect clients with financial resources. But what can we do about raising greater awareness about the affordability squeeze felt by many middle class Californians?




H.A.F. has raised over $6.8 million to date. Learn more about how your local Association can participate here: www.car.org/members/haf

That's where C.A.R.'s Housing Affordability Fund (H.A.F.) comes in.

H.A.F. was established in 2002 to provide more options for first time homebuyers' entry into homeownership. Since then, the 501(c)(3) has played an active role in addressing ongoing affordability issues in the state. H.A.F. raises and distributes funds in partnership with local associations and other groups to promote housing and homeownership.

The program has raised over $6.8 million to date, with $4.6 million spent on programs that include local grant opportunities, the REALTOR® Energy Audit Program, and the Mortgage Protection Program, which aids the home buyer with financial assistance for up to six months in the event of a job loss.

With the generous donations from members, non-members and other institutions, H.A.F. is then able to distribute these resources to local associations that have submitted funding requests for local programs which address housing affordability and housing supply directly.

With those funds, REALTORS® can then make requests from their local association on behalf of their client(s) for down payment or other financial assistance with the home buying process. This year, H.A.F. has created a bowling tournament to benefit H.A.F. Associations that take part in a local bowling tournament through Oct. 1. H.A.F. even awards prizes for tournament winners–but the best part is that all the proceeds go toward the Housing Affordability Fund and contributions are tax deductible.

Consider making a tax deductible contribution for the program here: www.car.org/members/haf/hafonlinedonation. ◆

 | By Robert Bloom, Esq.

# Things You Should Know About Local Ordinance Point-of-Sale

**Q: I'm an agent in a city where there is an existing retrofit law for water-conserving fixtures as a point-of-sale requirement. Will those retrofit laws still be in force when the new statewide 2017 water-conserving fixtures law becomes effective for all single-family properties?**

**A: Yes. A city or county has the authority to enact local ordinances or establish policies that will result in a greater amount of water savings than those provided under California's statewide law on water-conserving plumbing fixtures (Cal. Civ. Code section 1101.8).**

**Incidentally, beginning Jan. 1, 2017, all single family property owners will be required to replace noncompliant plumbing fixtures with water-conserving fixtures regardless of whether the property is being sold. At that time, a seller will have to disclose in writing to the buyer the requirement of water-conserving fixtures and whether the real property has any noncompliant fixtures.**

**One of the perennial questions** from agents that keep real estate attorneys employed is "What is a local point-of-sale requirement?" Simply put, they're laws enacted by a city, county or other local government entity that impose various requirements as a condition of closing escrow. • How common are these local laws? City by city, they are not common. In California, out of roughly 500 cities, perhaps only 10 percent of them have any such requirements. The exceptions, however, are noteworthy. Los Angeles, San Francisco, and San Diego have retrofit requirements. And a number of counties require "Right-to-Farm" disclosures.

## The four types of local requirements

>> The types of local requirements can be broken down into four groups, including reports, retrofits, local area disclosures, inspections.

**1) Reports.** Locally required reports, generated by the city building department, typically compile city real estate records regarding zoning, permits, and authorized occupancy use.

In the city of Los Angeles, the local 9a report contains the above information and also information about city liens; pending assessments for demolition, sidewalk repair, street lighting, and weed clearance; a notice for brush abatement; and permits for a house sewer connection. In San Francisco, the local 3R report contains a list of building permits and their status (I = Issued, N = Unknown, X = Expired, C = Completed), as well as information about original and current use.

**2) Retrofits.** Local laws may require installation of certain types of upgrades, called "retrofits," along with (typically) a seller certification that such work will be complete by close.

One of the more common retrofit requirements is installation of water-conserving plumbing fixtures. For example, San Diego's local retrofit ordinance requires homes to have water-conserving toilets, shower heads and faucets before they can be sold. Like many retro-fit ordinances, the San Diego law requires that the seller sign a certification of compliance prior to close. (And like many local retrofit laws, the buyer can make the certification that the retrofit work will be completed after close. But this is not typically done, nor is it advisable.)

However, retrofits can cover all manner of repairs that a city deems important.

**3) Local Area Disclosures.** These required disclosures typically explain to the buyer a unique aspect of local law.

The most common local area disclosure is the "Right-to-Farm" disclosure which is required by various California counties including Humboldt, Kern, Lake, and many others, which gives warning that nearby agricultural uses are not legal nuisances and are permitted.

Even some cities have local area disclosure requirements. The city of Pasadena requires that contracts for sale of multi-family housing and condominiums reference the city's anti-smoking ordinance and that a copy of the law be attached.

**4) Inspections.** Finally, the local law may require inspections. Here the city requires an inspector to actually come to the property and inspect for specific issues. Often, the inspection will be for compliance with zoning and permitted improvements, or it may pertain to other issues such as sewage systems. In some cases, the city will even require correction of any deficiencies prior to sale.

For example, in Pasadena, Calif., the law prohibits sale of a single family or duplex unless a certificate of inspection is issued. This certificate is only issued once an approved inspector certifies that the house is in compliance with the city's housing and zoning laws. Failure to comply carries a criminal sanction.

Inspections regarding sewage systems are not uncommon. In the city of Colfax, any sewer lateral connection must be appropriately tested, and if found wanting, either properly cleaned or repaired prior to close.

## How do you find out if such a local point-of-sale requirement exists?

>> An agent who is doing business in a new area should make the effort to find out if any local point-of-sale ordinances exist, and one way an agent can do that is simply by talking to people. You can speak to other agents who have conducted a lot of transactions in the area. You can speak to your broker. You can call the local permit or building standards office.

But often the best person to contact is a local escrow or title company representative who has been well established in the area.

## Where in the RPA-CA are these issues covered?

>> The C.A.R. purchase agreement references the possibility of these local point-of-sale requirements in paragraph 7.B.(2) and allows the costs for the reports, inspections and retrofit work to be apportioned between buyer and seller. There are three provisions.

First, 7.B.(2)(i) allocates the cost of any locally required inspection or report between the buyer or the seller. If there is such a report or inspection, the city will ordinarily charge for it.

Second, 7.B.(2)(ii) allocates costs of any mandatory retrofit requirements. This is the cost of performing the retrofit work itself.

And, finally, 7.B.(2)(iii) states that "the buyer shall be provided" a copy of any point-of-sale inspection report at the same time as all of the other disclosures. This is seven days by default.

What if there aren't any local reports of retrofit requirements? If there are no such local requirements, then this provision is irrelevant. You don't need to worry about it.

But if there are such requirements, then it should be filled out, and the costs allocated. To leave it blank may lead to needless disputes during the transaction.

## General advice

>> The following is general advice for dealing with point-of-sale requirements. But as a practical matter, your approach may have to vary according to the local requirements and practice.

First, try to have the report (or inspection certificate) issued before putting the property on the market. By doing so, you'll avoid surprises during the escrow for such things as code violations that the seller may be unaware of. This also will allow you to be more accurate in your advertising.

Second, do not attempt to waive or evade the requirements. Realize that waiving the requirements is often not legally

*Continued on page 28*

# Industry Feedback Drives Changes to Home Warranty Product

Simplicity, ease of use and value.

Those are the three attributes California REALTOR® Jamie Duran looks for from a home warranty company. It's what she says she gets from American Home Shield®, the nation's largest provider of home warranties and a business unit of ServiceMaster (NYSE: SERV).

"If you want a super-simple, easy-to-market, full-service home warranty plan, American Home Shield has it," said Duran, president of Orange County, Desert Region and San Diego Companies for Coldwell Bank Residential Brokerage®. She ought to know. For years, Duran has turned to American Home Shield for home warranty protection for her personal homes and investment properties. Today, she encourages 2,000 sales associates in 37 Coldwell Banker offices to consider American Home Shield for their clients' home warranty needs. The coverage cannot only help alleviate stress during and after the transaction, but also help cover the cost of potentially expensive (and unexpected) repairs.

**You Asked. We Listened.**
With input from real estate professionals like Jamie Duran, American Home Shield recently introduced new easy-to-understand coverage plans, an updated application, simplified pricing, and a mobile-friendly online portal. Now, agents meeting with a buyer or sitting across the table with a seller at a listing presentation can easily walk through everything they need to know about top-quality home warranty coverage – including how it works, what is covered, what repairs may cost without a home warranty, and what packages and options are available. By the end of a brief conversation, the agent and client will have filled out a complete application.

Gone from the process is confusing pricing based on the age of the home. Instead, clients can select from one or more coverage packages, including ShieldEssential (covers major components of the most critical home systems), ShieldPlus (covers major components of critical home systems, plus common household appliances), and ShieldComplete (adds additional home items like garage door openers and doorbells). All three packages offer the same high level of other coverage, including code and permit violations, failure due to lack of maintenance, rust and corrosion – even improper installations or modifications. Optional packages also are available for additional refrigerators, well pumps and septic systems, pool and spa equipment, saltwater pool equipment, and guest units under 750 square feet.

For the agent, the upgraded MyAccount Pro 2.0 online portal (pro.ahs.com) also makes it easier to enroll clients in warranty programs, manage warranty contracts, upgrade warranty services after closing, and order service, quickly and efficiently – from any mobile device or computer"

**"With input from real estate professionals, American Home Shield recently introduced new easy-to-understand coverage plans, an updated application, simplified pricing, and a mobile-friendly online portal."**

Today, no matter what you are doing for the consumer, you have to be mobile friendly," added Duran, reacting to the significant advances American Home Shield has made in mobile-optimization.

**Strong. Simple. Trusted. Every Time.**
Real estate professionals have embraced the changes, according to Jeremy Kelly, American Home Shields' regional vice president for Southern California. "The feedback I've received from agents when I have been out in the field is 'Wow! You guys have made my selling job simpler and easier.'"

"We believe we have the best – and the simplest – coverage options available in the home warranty industry," said Trafford Seymour, vice president of sales at AHS. "With these improvements, we're proud to bring an even better experience to real estate professionals in California and across the U.S. "Serving the real estate community has been at the core of our business, ever since we founded the home warranty industry 45 years ago.  Today we have more than 1.5 million customers across the country, and we accept and pay more service requests than any other home warranty company in the nation."

*For more information, visit ahs.com/realestate or the 24/7 toll-free hotline at 800-735-4663.*

STRONG. SIMPLE. TRUSTED.

# EVERY TIME.

## You asked. We listened.

See how we've improved!

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Inside our newly re-designed application you'll find:

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- **Easy-to-read coverage chart** that better defines what clients are getting
- **Updated repair and replacement costs** to show what your clients might spend without a home warranty

## Do more ON THE GO

**MyAccount Pro 2.0** is completely mobile friendly and has added functionality:

- Modify current plan selection including adding and removing options
- Search and view closed orders and active warranties
- Set up automatic emails for confirmations and invoices
- And more

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**Add an AHS® Real Estate Home Warranty to Every Home. Every Transaction. Every Time.**

REAL ESTATE EDITION



American Home Shield®

# GENERATION SHOWDOWN

Millennials' top competition for housing might come from their parents

**BY MELISSA DITTMANN TRACEY**

**ILLUSTRATED BY GREG CLARKE**

Dayna Wilson is real estate's "Downsizing Diva." In trying to reach potential baby boomer clients, the real estate pro conducts seminars in her community about "downsizing made easy," showing baby boomers how they can go from 2,000-plus square feet to 600 square feet as smoothly as possible. These transactions can get emotional too, as owners acknowledge they will need to part with belongings and will be forced to say goodbye to a family home they may have owned for 30 or 40 years.

But Wilson, a sales associate with Keller Williams in Walnut Creek, Calif., seeks to simplify the process, calling upon her vast senior-assist network that she's fostered over the years. The network helps baby boomers on every aspect of a move, from move managers and financial planners to remodeling contractors and in-home care providers. "I want to minimize the time and effort of the transition and be the resource they need to move on with their life," Wilson explained.

Wilson is cued into what economists say is a critical component to the housing market. After all, the housing market's success in the next few years may hinge on baby boomers moving on in order to allow millennials to move in.

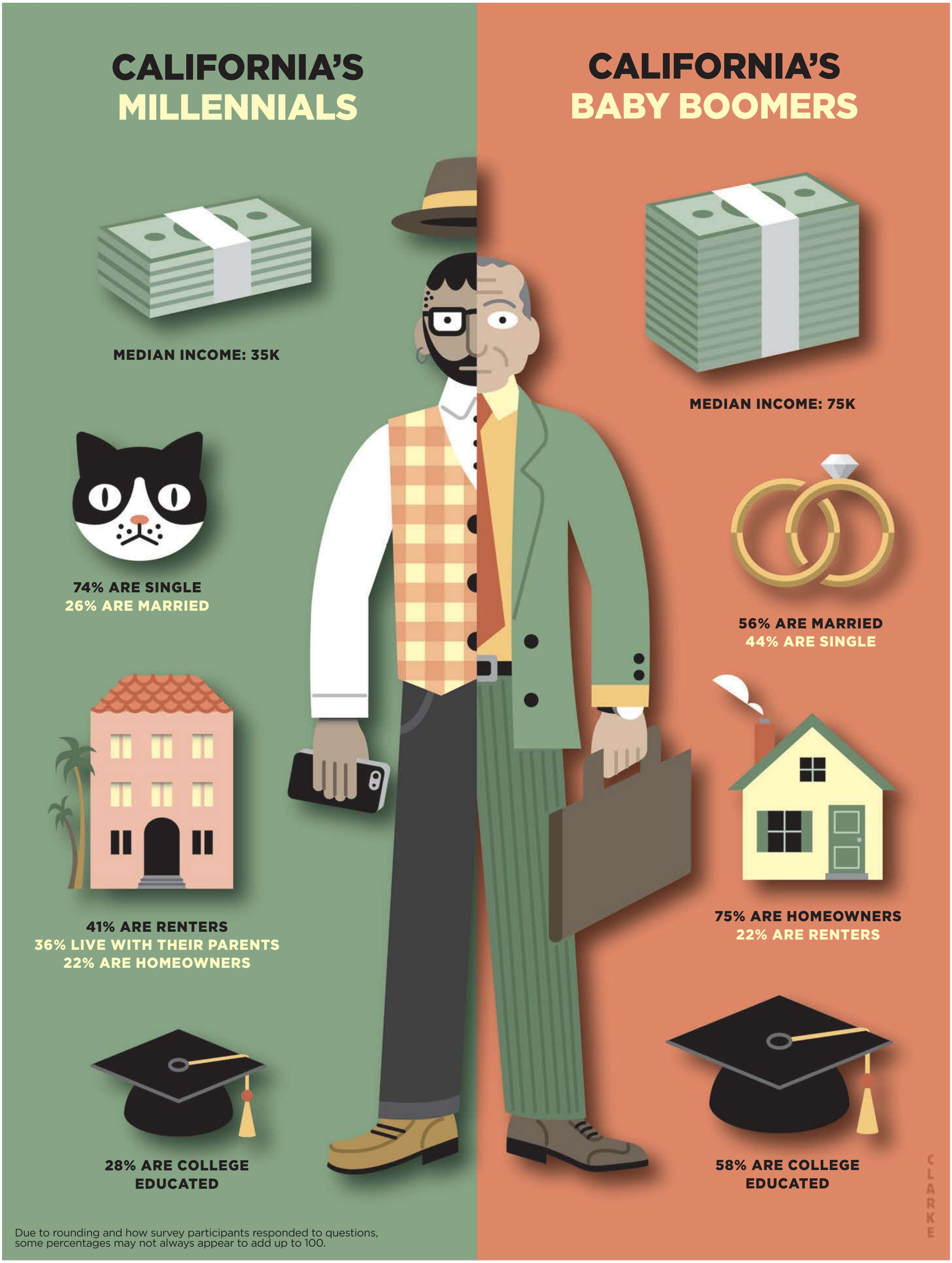
Baby boomers are expected to have a strong foothold on the housing market until at least 2030, according to new research from the Pew Research Center. In California, they're certainly the dominant force, with 75 percent of baby boomers who are homeowners compared to just 20 percent of millennials who own, according to data from the CALIFORNIA ASSOCIATION OF REALTORS®.

Still, the millennials–the young 20- and 30-somethings–aren't being discounted either. They are, after all, bigger in numbers than the baby boomers, representing about a quarter of the nation's population (millennials at 83.1 million versus 75.4 million of the baby boomers), according to 2015 U.S. Census Bureau estimates. Millennials, however, may be slow to enter the housing market–as they are saddled with debt, stagnant wages, limited access to credit, delayed marriages and child-rearing, and one-third still live with their parents. But they show a high desire to own–that is, when they're financially able to.

As such, real estate professionals are preparing to assist two broad spectrums of the next wave of home buyers–the first-time millennial buyer and the downsizing boomer. The two are very different from one another in how they communicate, their finances, and their housing preferences. But the two generations are more dependent on one another than they may even realize.

## THE TWO MAJOR FORCES OF HOUSING

Baby boomers and millennials currently are more passive in the housing market than what forecasters believe is their potential. Sales in the state are improving. However, given low mortgage rates and recent job growth, home sales really should be about 25 percent higher than what they currently are, said


CALIFORNIA'S
MILLENNIALS
CALIFORNIA'S
BABY BOOMERS
MEDIAN INCOME: 35K
MEDIAN INCOME: 75K
74% ARE SINGLE
26% ARE MARRIED
56% ARE MARRIED
44% ARE SINGLE
41% ARE RENTERS
36% LIVE WITH THEIR PARENTS
22% ARE HOMEOWNERS
75% ARE HOMEOWNERS
22% ARE RENTERS
28% ARE COLLEGE EDUCATED
58% ARE COLLEGE EDUCATED
Due to rounding and how survey participants responded to questions, some percentages may not always appear to add up to 100.
CLARKE

## WHO ARE CALIFORNIA'S MILLENNIALS?

**AGE:** 18 to 35

**MEDIAN INCOME:**
$35,000

**EDUCATION:**
- 28 percent college educated

**EMPLOYMENT:**
- 33 percent have full-time jobs
- 19 percent part-time jobs
- 20 percent are full-time students

**MARRIAGE/FAMILY:**
- 26 percent married
- Nearly half don't have children

**DIVERSITY:**
- 62 percent are minorities
- 35 percent are Hispanic or Latino
- 18 percent are Asian
- 7 percent are African American/black
- 38 percent are Caucasian/white

**LOCATION:**
- 64 percent live in Southern California
- 17 percent live in Northern California
- 19 percent live in other parts of California (such as in the Central Valley)

**OWN OR RENT:**
- 22 percent own a home
- 41 percent rent
- 36 percent live with their parents

SOURCE: 2014 CALIFORNIA ASSOCIATION OF REALTORS® Millennial Survey of 1,000 California residents between ages of 18 and 34

Leslie Appleton-Young, chief economist at the CALIFORNIA ASSOCIATION OF REALTORS®.

There may be a backup in the pipeline of home buyers and it may be mostly attributed to the low mobility rates of baby boomers, suggested demographer Dowell Myers, the director of Population Dynamics Research Group at the University of Southern California.

Baby boomers may be feeling they can't afford to move (although not due to equity: 92 percent of baby boomers now have equity in their homes, according to C.A.R. data). But financially, boomers may feel compelled to stay put, reluctant to give up a super-low mortgage rate they locked in, such as a 30-year fixed-rate mortgage under 4 percent.

What's more, long-term homeowners may have taken advantage of the state's Proposition 13 (People's Initiative to Limit Property Taxation) and now don't want to part with a low property tax rate too. Also, there's the $500,000 capital gains exclusion–which may be more applicable to areas like the Los Angeles and the San Francisco Bay Areas, where homeowners who've been in their homes 20 to 25 years may have accrued more than $500,000 in equity. That equity would then be subjected to tax if Prop. 13 didn't exist.

Then, there's the added problem of low inventory of homes for sale in California and high prices that are prompting some boomers to worry that if they sell their home quickly whether they'd be able to afford to buy a home in the same area.

"People are stuck. A lot of boomers don't want to move and they don't see the need to move with a low mortgage rate and low tax rate," said Appleton-Young.

So the big question becomes: How can we get them unstuck? That's where REALTORS® come in.

### JUMP-STARTING THE GENERATIONS

To better serve these two major generational forces in the housing market, here are some ways you can ready your business.

**Change the conversation to boomers.** Help boomers realize another way to tap into their home equity and wealth, even if they're adamant about staying put. Baby boomers may be reluctant to move now but C.A.R. surveys show the majority are concerned about their children's ability to become homeowners.

"Boomers who may not want to move may be willing to help their children with a down payment," Appleton-Young noted. "Reach out to them on financial literacy and offer a suggestion to keep their money in real estate by diversifying in additional property–like an entry-level condo for their children." They can take equity out of their home and then help their kids buy one.

Indeed, the number of baby boomers helping their adult children buy a home is growing. Forty-three percent say they plan to help children with a down payment on a home, according to the 2014 C.A.R. Baby Boomer Study of more than 600 California residents ages 50 to 68. Be sure to educate on the strict guidelines that must be followed for gift givers. For conventional loans, for example, lenders often require a gift letter and a copy of the donor's bank statement to show proof of funds. Not having such information could delay qualification or closing.

**Offer financial literacy.** Millennials say their biggest concerns are financial, either price and affordability of a home (45 percent) or problems with credit or mortgages (19 percent), according to C.A.R. research. What's more, about 70 percent say they don't think they could get a mortgage today or they're unsure if they could. "Financial literacy is a huge issue" in the housing market currently, C.A.R.'s research team said.

Lenders have tightened the reins on underwriting standards in recent years–often requiring more checks on finances and higher credit scores as well as higher down payments.

Become a resource to help millennials by partnering with a mortgage lender for seminars or marketing handouts on how to improve credit scores or learning more about options to home buying, such as low-down-payment mortgage offerings.

FHA offers loans with down payments as low as 3.5 percent and starting last year, Fannie Mae and Freddie Mac opened the door to mortgages with 3 percent down payments. There are also low-down payment loans to help cover the costs of home repairs, such as FHA 203(k).

**Show urgency.** Mortgage rates aren't always going to be this low. The overall market could benefit from a sense of greater urgency, said Myers. Thirty-three percent of millennials don't see any urgency to buy, according to C.A.R. surveys. But that could change as mortgage rates start to rise, which are largely predicted to happen later this year. Myers believes that will prompt more baby boomers and millennials to take action. "Interest rates have been low for so long that it has made people complacent," he explained. "There's no sense of urgency. Flat interest rates take the incentive all away."

**Build a network.** Your network can be a powerful ally to help serve clients and build trust now, even if it's in the future that they'll call upon you for their real estate needs. That's Wilson's strategy. "I do understand the majority of boomers do want to stay put, and if that is what they want to do, I want to give them resources to help do that," Wilson described. "But I also know a huge percentage of them will eventually find out they can't stay in their house. I want to help them create a 'what if' plan." That way they know what to do–and whom to contact–when and if they do need to move. Wilson co-founded the East Bay Senior Resource Solutions, a network of about 14 professionals serving seniors. The group consists of an expert on VA benefits, elder law, estate planning, contractors and remodelers, mortgages, and a financial planner who regularly meet to glean insights into the most pressing issues facing boomers and swap referrals to help their senior clients.

**Tailor your message.** How you market to a boomer likely won't be the same as to a millennial. Baby boomers and millennials don't tend to communicate in the same ways or have the same preferences in how they want to work with their agent. Younger buyers tend to place higher importance than older buyers on agents' communication via e-mail and text messages, while older buyers place higher importance on personal phone calls, according to the NATIONAL ASSOCIATION OF REALTORS®' 2015 Home Buyer and Seller Generational Trends study.

Jennifer B. Anderson with Anderson Coastal Properties in Del Mar, Calif., has found that with her clients. For example, she says her younger clients tend to be tech-savvy and like to do a lot of digging on their own online before reaching out to her for help. She caters to that market via social media and blog posts on relevant content, such as "how to avoid common Millennial home-buying mistakes." On the other hand, she's found that her boomer clients tend to gravitate toward more traditional marketing methods, such as direct mail postcards, e-newsletters about market conditions, and even are receptive to door knocking.

For Wilson's outreach to baby boomers, she delivers content that responds to their most pressing concerns and has a website that features a "for seniors" tab that includes step-by-step guides and checklists to ease the relocation process as well as offers complimentary luncheon workshops, like her "Downsizing Made Simple: 5 Steps to a Successful Move."

**Learn more about generational styles.** You can get specialized training to learn the lingo of millennials and baby boomers. For example, the Real Estate Buyer's Agent Council (or REBAC) offers "Generation Buy," an elective course through its ABR® (Accredited Buyer Representative) designation to learn the home-buying characteristics, agent expectations, and communication preferences of these generations. Also, NAR offers the SRES® designation–Senior Real Estate Specialists®–for those looking to earn some credentials in serving the population over the age of 50.

"I love helping both sides of the spectrum–the first-time home buyers and older home sellers," said Wilson, who has her SRES. "They are two groups that each look at you with wide eyes. You have those who have never bought a home and then the older buyers who haven't bought or sold a home in 30 or 40 years. And they both really, really need our help." ◆

*Melissa Dittmann Tracey writes about real estate, business, and technology. She is a contributing editor to REALTOR® magazine.*

## WHO ARE CALIFORNIA'S BABY BOOMERS?

**AGE:** 51 to 69

**MEDIAN INCOME:** $75,000

**EDUCATION:**
- 58 percent college educated

**EMPLOYMENT:**
- 28 percent are retired

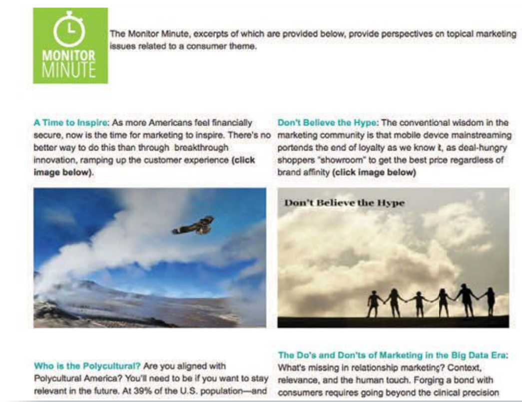
**MARRIAGE/FAMILY:**
- 56 percent are married

**DIVERSITY:**
- 79 percent are Caucasian/white
- 9 percent are Asian
- 4 percent are African American/black
- 4 percent are Hispanic/Latino

**LOCATION:**
- 51 percent live in Southern California
- 30 percent in Northern California
- 19 percent other parts of California (such as in the Central Valley)

**OWN OR RENT:**
- 75 percent are home owners
- 22 percent rent
- Average number of years in current residence: 16

Source: 2014 CALIFORNIA ASSOCIATION OF REALTORS® Baby Boomer Study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# PUMP UP YOUR MARKETING

**BY MARY BELONGIA**

**ILLUSTRATED BY PETER HOEY**

It's springtime and the start of the traditional home buying season. If you're a working REALTOR®, you're probably busy lining up showings and organizing open houses. You may even be thinking that it's time to give your marketing a spring cleaning. However, you may not know where to begin or how you should go about it. If this is you, we have good news—C.A.R. has done it all for you and all you need to do is incorporate it.

Follow this simple roadmap for step-by-step instructions.

**Last month, C.A.R. rolled out its annual consumer advertising campaign which reinforces the value and emphasizes the benefits of using a REALTOR®.**

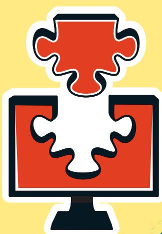
**Through two television commercials and a handful of radio ads, each spot features a recent home buyer answering a simple question with a "long story" that starts with a home purchase and ends with the listener asking "Who's Your REALTOR®?"**

## START

### CUSTOMIZE A TELEVISION COMMERCIAL

As in previous years, C.A.R. is partnering with the NBC Television Stations division of NBCUniversal for the campaign. Commercials will air exclusively on the NBC Owned Television Stations in the San Francisco, Los Angeles, and San Diego markets, on the NBC Network affiliate in the Sacramento market, and with local cable affiliate inventory to air on HGTV and Bravo.

**HOW TO USE IT:** Visit REALTOR-ReelMaker.com to customize your own video using one of the television commercials. Once it is customized, you can post the video to your website, share on social media, and send it to your clients via email.




### TUNE IN FOR RADIO ADS

Continuing the success of the "drive-time roadblocks," consumers are being reached in four major California media markets: Sacramento, San Francisco, Los Angeles, and San Diego. Through purchasing simultaneous airtime on multiple radio stations each Friday for 14 weeks, C.A.R. is ensuring that the spots are heard, even by station-surfing drivers.

**HOW TO USE IT:** Each week, C.A.R. will post a schedule listing the stations and times that the radio commercials will be heard. Share the schedule to let your clients know when they can tune in to hear how a REALTOR® can help.


### SHARE THE VIGNETTES

Television host, author, and REALTOR® Egypt Sherrod—most recognized as the host of HGTV's Property Virgins—will present a series of video vignettes walking first-time home buyers through the process from start to finish and offering advice that only a REALTOR® could provide.

**HOW TO USE IT:** The vignettes will be posted to C.A.R.'s and Sherrod's social media accounts where you can share them with your clients and add your own tips to demonstrate your expertise.

## DOWNLOAD THE NEW REAL ESTATE EMOJI KEYBOARD

Texting and the use of emojis are pretty commonplace nowadays. So, why not communicate with your clients via a real estate-centric emoji keyboard?

**HOW TO USE IT:** Available now, you can download approximately 25 emojis such as a “Super REALTOR®” to convey your status as a super hero to your clients, a sold sign, champagne bottle to celebrate a close of escrow, house keys, home layouts, and much more. The keyboard is available as a free member benefit from most smartphone stores. Search for CARmojis in your app store.


## ATTEND A PHOTO OPP

If you attended CALIFORNIA REALTOR® EXPO last year, you probably saw the large “Who’s Your REALTOR®?” block letters available for you to stand next to and have your photo taken. Based on the sign’s popularity, C.A.R. is expanding the campaign’s reach by having additional signs made and shipped to several local associations throughout the state.

**HOW TO USE IT:** Visit http://on.car.org/wyr2016 to find the location of the sign nearest you. Once located, contact the local association to find out where and when you can take your photo with the letters. Snap your shot and share it! Show your clients, friends, colleagues, and more just how proud you are to be a California REALTOR®. We want to see your photos.

## ENTER THE SHARE TO WIN SWEEPSTAKES

A new social media “share to win” sweepstakes will run May-August.

**HOW TO USE IT:** You and your clients are encouraged to take photos during various stages of the homebuying and selling process and post them to social media using the hashtag #HomeChampSweepstakes. Every two weeks, a winning photo will be randomly selected and both the client and the REALTOR® will win a prize. Details, terms and conditions, and additional information to come.

## ADD A C.A.R. “WHO’S YOUR REALTOR®?” DIGITAL STICKER TO YOUR PHOTO

C.A.R. created digital “Who’s Your REALTOR®?” stickers for you to add to your photos.

**HOW TO USE IT:** Take a photo with a client, in front of your new listing, at the close of escrow, or another moment you want to capture. Then, add the digital sticker and your contact information to the photo and share. Download the CARmojis app to access the digital stickers.


## USE THIS ONLINE TOOL

The popular tool RealtorRealTalk which allows you to customize dos and don’ts for everything from purchasing a home to moving in, maintaining the house, and staging it again to sell, has new templates and tips.

**HOW TO USE IT:** Once you’ve customized your RealTalk, you can use it as a custom calling card for your clients. Send it via email, post it to your website, use it as your email signature, or share it on social media. Visit RealtorRealTalk.com to get started.


## FINISH

Incorporate all of these consumer ad campaign tools in your promotion for a game-winning marketing makeover.

# A Commitment to Real Estate

**Incoming officers talk about what serving on the Leadership Team means to them**

**GEOFF McINTOSH**
President

I was born in Twin Falls, Idaho, at the no-longer-in-existence Magic Valley Memorial Hospital a very long time ago. During my childhood, we moved frequently as my dad's job was working as a credit department manager for Sears Roebuck (now just called Sears for you YPNers). My family went from Twin Falls to Salem, Ore., then on to Salt Lake City, Utah, San Francisco and Santa Rosa, Calif., before dad left Sears. Although he had worked there 30 years, he didn't retire from there because he was only 48. That led him (and us) on a journey that took us to live in Europe, return to Idaho to live on a farm, and finally back to Oregon where I graduated from high school.

I returned to Idaho to attend Idaho State University in Pocatello. That is where I met my partner of 42 years, Rand Howell. After college, I worked for Mountain Bell (the phone company), in sales at Sears, and then in food and beverage–first as a bartender, but later as a server and manager before buying our own restaurant. It wasn't until after we had lived in California for a few years that I decided I needed to do something that required fewer hours (you should be laughing at this part) so I applied for my real estate sales license. Two years later, I sat again to become a broker. The following year–through a sequence of events I'll save for another time–I became the broker and co-owner of Main Street Realtors. I continue in that position today. I've also observed that life sometimes comes full circle–I'm now also back in the restaurant business after a hiatus of about 30 years.

My first job was working as an usher at the Orpheum Theatre in Twin Falls. It had once been a stage theater but had been converted to a movie cinema many years earlier. The building was full of abandoned spaces which I found fascinating. We were living on the farm at that time in a home about 40 years old which also had lots of nooks and crannies. I think this is when I became aware of my interest in architecture and real estate.

I bought my first house when I was 19. Sadly that would be almost impossible anywhere today, especially in California. This was the first step in a lifetime of real estate investment. I remain convinced that for most Californians real estate is one of the few viable paths to financial security for themselves and their families.

I became involved in my local as-

*Continued on page 28*

**"I remain convinced that for most Californians real estate is one of the few viable paths to financial security for themselves and their families."**

**STEVE WHITE**
President - Elect

This year represents 30 years as a REALTOR® for me. I'm proud to say that not only am I part of a REALTOR® family–along with my mother, brother and sister–but that I am a member of the broader local, state, and national REALTOR® community as well. Giving back to organized real estate as a volunteer since 1992 has been one of the most rewarding experiences I've had. During my tenure, I have personally witnessed massive changes in our industry. REALTORS® have adapted to change, embraced new technologies, and learned new skills.

> **"REALTORS® have adapted to change, embraced new technologies, and learned new skills."**

Unlike many caught unprepared for changes in their industries, we've proactively identified our industry game changers and, in doing so, have created what I believe is truly a blueprint for success in addressing them. The D.A.N.G.E.R. Report was created by the NATIONAL ASSOCIATION OF REALTORS®' Strategic Thinking Committee, whose chair and members include many California REALTORS®, and include several of our C.A.R. past presidents. The report clearly identifies 10 critical dangers currently, potentially or imminently affecting five key categories of our industry. I urge you to download the report at www.DangerReport.com and understand those identified dangers and how they are affecting, can affect or eventually will affect your ability to conduct business. Working collaboratively together on these issues as REALTORS®, we can remain at the center of the transaction.

As it has in nearly every aspect of our lives, technology has completely changed how we do business. In many ways, REALTORS® have embraced the sweeping changes by innovating and creating new ways to connect with consumers and clients. Yet, to compete with industry interlopers and remain relevant to the consumer, this remains the most significant arena in which we still have a lot of work to do. It's important to note that because the consumer is unconcerned about barriers that still exist within our industry to deliver the information they want and need, we must continue to change and innovate. And we must do so rapidly.

There is tremendous competition in our industry for delivery of property information to consumers. Yet, we all know there is so much more to a real estate transaction than merely providing information. In the vast majority of transactions we're involved in, the decision our

*Continued on page 29*

**JARED MARTIN**
Treasurer

As I started the first year of my two-year term as Treasurer, the importance of the mission of the CALIFORNIA ASSOCIATION OF REALTORS® was impressed upon me. The mission emphasizes that we serve members by developing programs to enhance their individual business and that we preserve real property rights.

> **"We serve members by developing programs to enhance their individual business and … preserve real property rights."**

Earlier this year, the leadership team had the opportunity to travel to Washington, D.C. and meet with many of the members of the California Congressional delegation, and representatives of Fannie Mae and Freddie Mac, U.S. Department of Housing and Urban Development (HUD),

*Continued on page 29*

**PROFILE** | By Deborah H. Huso

# Confronting Affordability

## When Homeownership Is Inaccessible

### ASK THE EXPERT:

**► How does California compare to other states with regard to affordability?**
California is significantly more expensive. Of the 30 most expensive cities in the country, 20 are in California.

**► How is the middle class coping with the affordability squeeze?**
People are moving farther and farther out from where they work, which goes against the state's climate goals. But even people fairly high up the income scale can't afford to save for a down payment given the extraordinarily high rents we're seeing.

**► Is affordability simply a supply/demand problem?**
The thing that is strangest to me is that we have so many people who need opportunities, yet it's so much more of a struggle today than even 30 or 40 years ago. People need affordability to be able to climb the economic ladder.

**► What about technology?**
New technologies have facilitated the housing search process and will continue to do so.

**► How is accessibility to homeownership changing?**
I don't see much change occurring in the next year. Young people are doubling and tripling up with two to three people sharing a studio apartment. If communities don't get their arms around this soon, we're going to see some of California's robust economic growth change because employees can't afford to live here.

**Carol Galante, who served as** Federal Housing Administration (FHA) commissioner from 2011 through 2014, knows a lot about affordability issues and not just from her time in Washington, D.C. where she served in one of the most scrutinized roles in housing policy post-recession. • A longtime California resident, Galante watched the Golden State struggle with housing supply and affordability for decades, particularly in heavily populated coastal areas. • "I raised my children in California," she told *California Real Estate*. "They have decent jobs, but I don't see them being able to afford a home in the [San Francisco] Bay Area without help any time in the near future."

Galante has one son in Bakersfield who is an assistant prosecutor. Generally, it's the kind of profession that would generate enough salary in most other parts of the nation for him to easily qualify for a mortgage loan.

But that's not California's story, and it hasn't been for a long time.

### Under-Supplied in a Climate of Profound Demand

» "California has under-supplied for decades," Galante noted, "and it's been exacerbated today by the huge surge in the renter population." She pointed out that the Great Recession, tighter credit standards, a large cohort of young people in the state's population, and general post-recession skittishness about home buying have all contributed to the pressure for more multifamily rental housing. Add to that Los Angeles and the Bay areas' staggering job growth post-recession, and you have a perfect storm for major supply, demand, and affordability issues.

Galante's concerns about California's ongoing housing issues are a big part of the reason she chose to serve as faculty director of the Terner Center for Housing Innovation at the University of California, Berkeley when she came home from Washington, D.C. "The primary challenges in supply have been California's regulatory environment and people's unwillingness to make room," she explained. "At the Terner Center, we're working on a number of ideas for how the state could change requirements as well as how we produce housing that could address these issues."

Galante suggested that there is a massive bottleneck occurring in new housing development due to local and state processes that "add significant time, delay, and costs" to bringing new homes online. She would like to see localities looking at possibilities for urban in-fill and building multifamily housing more inexpensively and more quickly, perhaps by adopting modular, off-site construction. Galante indicated there are seven Bay Area housing projects using modular construction right now.

The housing situation in the Golden State has become so dire that Galante said she'd be in favor of the state developing some kind of appeals board to which the public and/or developers could go when communities fail to meet certain levels of housing production. However, Galante suggested the private sector step up to the plate, too. "We can't look to the government to do everything," she argued.

Among the many ideas Galante is working on as a member of the Terner Center is how to scale a lease-to-own model. "We know of one

*Continued on page 29*



Photographed by Mitch Tobias

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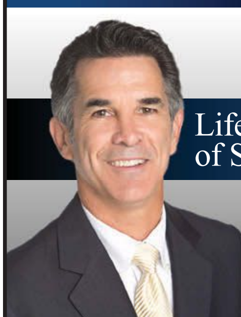
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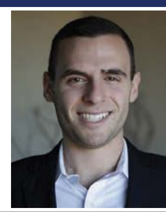
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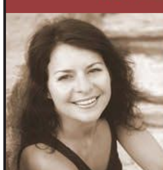
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## Legal

*Continued from page 11*

permitted. Unless the law specifically allows it, a waiver of the law is always going to be questionable. Just as importantly, these local laws often make agents liable for the requirements. So it's not just the seller and buyer that are waiving the requirements, and thereby risking liability. It's the agent.

Third, have all required retrofit work done prior to close. If the seller or buyer wants to do anything other than completing these repairs prior to close, then you will advise them to speak with their own attorney as to legality.

Local point-of-sale requirements do indeed carry risks, especially for out-of-area agents. But an agent who perseveres can learn them and smoothly handle any such local requirements. ◆

*Robert Bloom, Esq., is Counsel with C.A.R.'s Member Legal Services.*

## Geoff McIntosh | President

*Continued from page 22*

sociation in 1987. I was asked to serve on the Grievance Committee. I liked it because I got to hear "the dirt"! I had no idea that this was the first step on a path that would lead me to serve as president of the largest state association and second largest REALTOR® organization in the world. After serving on many committees and as Treasurer locally, I was encouraged to apply to serve as a C.A.R. Director.

In 1994, I began by serving on open committees including MLS and Taxation. I was hooked. As I learned who was there, I discovered it was a Who's Who of California real estate. I wanted to hang out with these influential folks. I am convinced my success is real estate is due in no small part to my involvement.

Leadership in C.A.R. was very generous to me. Officers appointed me to wonderful positions. My first chairmanship was of the CALIFORNIA REALTOR® EXPO Advisory Committee and to this day I have a very special relationship with EXPO. Along the way I was privileged to serve on Strategic Planning and Finance (one year as vice chair) and chair the Legislative Committee. I was most honored to be selected as a Director for Life and love serving as a C.A.R. appointed NAR director. Being elected treasurer and chair of the Strategic Planning and Finance Committee in 2014 was one of the pinnacles of my career, but I suspect the best is yet to come!

As an association, we have many areas of interest. We provide our members with products, programs, and services that increase productivity, professionalism, and value. We assist legally with benefits like the C.A.R. Legal Hotline, outstanding Q&As and the legal defense fund. Perhaps most important is our legislative work–our efforts to protect our members, protect our clients and create homeownership opportunities.

We've done a lot of great work together, but there is so much yet to be done. The environment politically is problematic at every level of government. Local government generally agrees we need more housing for the workforce, but would prefer that it be outside their communities because of the additional costs to our cities in infrastructure, schools, and resources.

The state wants to address the societal problems all citizens face by placing additional burdens on property owners. Transfer taxes loom, point-of-sale mandates are frequently proposed, and threats of changes in our property tax system to generate more revenue are on the table. Of course, the livelihood of our members is a big concern. Our independent contractor status is under attack; tax on services is proposed and our liability is ever expanding.

The federal government is tossing around the idea of tax reform that could eliminate the mortgage interest deduction, eliminate or restrict 1031 tax-deferred exchanges, and dismantle Fannie Mae, Freddie Mac and even FHA.

We are a family. The REALTOR® Family. Unfortunately, we sometimes are a dysfunctional family! I am so concerned that sometimes our own wrangling–turf wars as I call them–distract from our important work. We cannot and should not allow ourselves to resort to infighting. It drains us of resources and energy we need elsewhere. Frankly, we don't need to fear the third parties looking to disintermediate us as much as we need to worry about our own lack of unity. I believe that could lead to our extinction.

As members, we have another problem we must address–who will replace us? By that, I mean our aging REALTOR® demographic which causes me to worry that we are not doing enough to bring new members, new directors, and new future leaders into our ranks. We also need to educate those new recruits on the importance of our political presence and the real value of the money they contribute to this effort.

Next year, 2017, is going to be an incredible year. I am honored and humbled that I have been elected to serve as the spokesperson for this amazing Association. The journey here has been filled with incredible people, tremendous education and top quality information. I promise that with your help, we will all benefit from the work ahead. ◆

## Steve White | President-Elect

*Continued from page 23*

clients and customers ultimately make on whether to sell or buy a property is largely an emotional one. After they receive the information they want and need, they still need to feel good about it. That's where the REALTOR® is uniquely positioned. We advocate for property rights. We're involved in our local communities. We understand that a home is so much more than a set of statistics to a buyer or seller. It's the REALTOR® therefore that can demonstrate the importance of a property beyond its market value. It's this unique value we deliver that has kept us at the center of the transaction and makes us well positioned to remain there.

Our proactive REALTOR® political advocacy has brought real estate-related issues to the forefront in Congress and state legislatures across the country. We have long been involved politically at the local level, in Sacramento and in Washington, D.C. However, it's the amazing successes of our non-partisan REALTOR® Party over the past several election cycles that have made us a widely respected force. Rather than aligning ourselves with rigid ideologies or partisan politics as many industries do, our pragmatic support and education of moderate candidates and legislators from both sides of the aisle has helped preserve mortgage interest deduction, kept big banks out of real estate, prevented point-of-sale taxes and had many other successes on behalf of our clients. In doing so, we have made REALTORS® the recognized voice of real estate and housing issues.

As I move onto the CALIFORNIA ASSOCIATION OF REALTORS® Leadership Team, I'm excited to be working with C.A.R.'s brightest minds in meeting our industry challenges, strengthening our political advocacy, sharpening our technology and information delivery and keeping the REALTOR® relevant to the consumer. In order to do so, we need your input and involvement. Toward that end, I sincerely look forward to hearing from you. ◆

## Jared Martin | Treasurer

*Continued from page 23*

Federal Housing Finance Agency (FHFA), and the Consumer Financial Protection Bureau (CFPB).

We had the opportunity to talk about important issues with these groups. These issues included:

- The importance of a viable flood insurance program. And how a lapse in that program affects California REALTORS® and property owners.
- The need for the federal government to remain a part of mortgage financing.

**"The homeownership rate [in California] has fallen to 54 percent, according to U.S. Census figures. That is nearly 10 percent less than the national rate."**

Fannie Mae, Freddie Mac, and FHA may need reform, but they should not be eliminated.

- Homeowners' interest deduction and 1031 exchange (the tax deferred exchange) are critical to C.A.R.'s members. California is experiencing a home affordability crisis. The homeownership rate has fallen to 54 percent, according to U.S. Census figures. That is nearly 10 percent less than the national rate. Taking away the homeowners' interest deduction will make homeownership less affordable for Californians and affect our ability to conduct business, which we made clear in Washington, D.C.

All of these leadership actions occurred in the context of our C.A.R. Mission Statement.

As your Treasurer, I look forward to working with you, the members and directors of the CALIFORNIA ASSOCIATION OF REALTORS®, to achieve our mission each day. ◆

## Profile

*Continued from page 24*

company that helps people find homes they want to purchase but don't have the credit for doing so," she explained. "In these cases, the bank purchases the home, leases it to the borrowers, and then sells it to the borrower once they've established good credit."

She said the Center also is evaluating models where a homeowner and an investor share the down payment. Ultimately, Galante pointed out, this isn't so unlike Fannie Mae's Home Ready mortgage program for nontraditional households, where the income from all household members is part of the equation for evaluating readiness for homeownership and credit worthiness.

However, there still needs to be supply. That's step one of the affordability equation. With supply will come some automatic price softening, Galante said, pointing to Seattle, Denver, and Washington, D.C. as examples of where price escalation has occurred but then dampened once more housing came online.

"There has to be radical change," Galante emphasized, "or we'll keep having the 'missing middle.'" Of course, that radical change will likely require bipartisan legislative action. "One of the things I learned [as FHA commissioner] is that making change through legislative processes is very, very difficult," Galante noted. "But when you can make a legislative change at a high level, it has *major* impact in a way nothing else can."

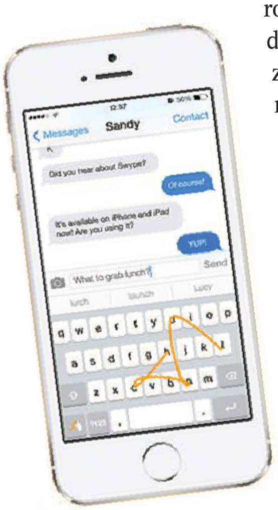
That's the kind of change Galante wishes to see. Her father and grandfather were in the building trades, and she grew up with a vision of "being in real estate development as a way to make the world a better place." She added, "I was interested in place-making." And making a place for everyone in California is critical. "I think there is a real opportunity in California right now to meet affordability *and* climate change goals," she said. ◆

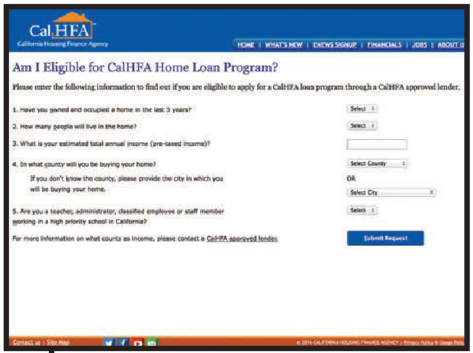
*Deborah H. Huso is a freelance writer and columnist.*

USE THIS!

## Type Better, Save Time

→ We waste quite a bit of time typing away on our tiny smartphone keyboards. Those minutes turn into hours. Or, worse, we begin to type in shorthand which doesn't look professional. Utilizing a resource like Swype minimizes typing errors and dwindles them down to practically zero. The app recognizes which letters, numbers, and characters you want to click, offers accurate autocorrect, and creates a custom dictionary for you to add terms you frequently use. It's available for Android and iPhone through Google Play and App Store.




WEB FIND

A home loan doesn't have to be unaffordable or impossible. Clients often may be unaware that they are eligible for a loan offered through the California Housing Finance Agency. Direct your clients to the CalHFA resource available online to find out what loan programs they might be eligible for.

Your clients will want to look at income limits, sales price limits, and other eligibility criteria, but the tool will be valuable in evaluating the kinds of financing programs that may exist for them.

## NUMBER CRUNCH

» The data below is updated each month and can be found at www.car.org/marketdata/marketglance/.

### Market @ A Glance

| California | Reporting Period | Current Period | Last Period | Year Ago | Change from Last Period | Change from Year Ago |
|---|---|---|---|---|---|---|
| Existing Home Sales (SAAR) * | Feb.-16 | 393,359 | 383,475 | 369,625 | 2.6% | 6.4% |
| Median Home Price * | Feb.-16 | $446,460 | $468,330 | $429,930 | -4.7% | 3.8% |
| Unsold Inventory Index (months) * | Feb.-16 | 4.6 | 4.3 | 4.9 | 8.5% | -5.9% |
| Median Time on Market (days) * | Feb.-16 | 41.6 | 44.5 | 44.1 | -6.4% | -5.7% |
| Traditional Housing Affordability Index (HAI) * | 2015-Q4 | 30% | 29% | 31% | 1.0% | -1.4% |
| 30-year fixed-rate mortgage (FRM) ** | Feb.-16 | 3.66% | 3.87% | 3.71% | -0.21% | -0.05% |

Source: *CALIFORNIA ASSOCIATION OF REALTORS® and **Federal Home Loan Mortgage Corp.

OVERHEARD

"Rising home prices are bringing more house flippers out of the woodwork, and that may be a sign of an overheating housing market."

— DIANA OLICK
*CNBC Real Estate Correspondent*

## Just the Facts

» **MILLENNIAL MARKET:** Generation Y, born from the early 1980s to the early 2000s, make up one-third of buyers nationwide, according to research from the NATIONAL ASSOCIATION OF REALTORS®. The findings show that millennials represent the largest segment of all home buyers despite the concerns about the propensity of 20-something years olds to delay milestone events, such as marriage, having children and buying a home. Interestingly, the survey found that in the suburbs, millennials are opting for traditional homes–a single-family, detached home with three bedrooms and two baths.

» **OLDER RENTERS:** Since 2005, there has been an increase in renters. This was particularly exacerbated after 2008 during the housing crash. But while we think of renters as being younger, recent college grads, the data shows that people in their 50s and 60s are making up the largest chunk of the increase in renters. The majority of all renters are 40 years old or older, according to a recent report from the Harvard Joint Center for Housing Studies. The study's authors point to the 2008 housing collapse and ensuing foreclosures as one reason for older renters. The tighter credit market has also hindered renters from securing a home loan, according to Jon Spader, senior research associate at the Joint Center for Housing Studies.