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SAN DIEGO HOME BROKERS

latimes.com/business/la-fi-lew-20121104,0,1612782.story

latimes.com

Potential borrowers eager to find lenders with superior service

More than a third of potential home-loan applicants would pay a higher rate if the mortgage came with superior service, a survey says.

By Lew Sichelman

November 4, 2012

More than a third of potential borrowers would be willing to pay a higher rate if the mortgage came with superior service, according to a new survey.

The poll by the Carlisle & Gallagher Consulting Group didn't say how much more the 34% were willing to pay. But it did find that the "pay mores" are a frustrated bunch.

More than half think the process is too slow. A third find it impossible to track the status of their loan application, an equal percentage say it is too difficult to talk with their lender, and a quarter don't believe the advice they receive.

All this tells Tom Mataconis, vice president of consulting for the firm based in Charlotte, N.C., that banks must do a better job to win market share. But it doesn't tell borrowers how they can determine which lenders offer the best service.

A starting point is to ask your real estate agent. Agents know which lenders keep their promises and close quickly without incident. After all, their livelihoods depend on it.

Also quiz friends, co-workers and relatives about their experiences.

Beyond that, prospective borrowers should look for several attributes that will help them find a responsive company or accessible loan officer.

Look for a consistent point of contact. Federal regulators have already settled on this as a requirement for loan servicers — the companies that collect payments, disburse funds to cover property taxes and homeowners insurance and otherwise administer loans — so why not one for borrowers?

"Many lenders have discovered that consumers appreciate a single contact, someone they can reach out to for help or support at any time," says Andy Crisenbery of the mortgage technology company ELynx.

At the same time, you may not want to be bothered during certain periods of the day. If that's the case, make certain your feelings are known, suggests David Lo, director of financial services at J.D. Power &

Associates, the market research firm that judges customer satisfaction in various industries. If you want to be reached only by email or only by phone from 9 a.m. to 5 p.m., tell the lender.

Crisenbery also says you'll have a better experience if the lender has a way to get the necessary loan papers to you as quickly as possible. If you are old-fashioned, that might be by fax or overnight delivery. But if you are more current, it could be via the Internet.

Many institutions are putting all the documents the borrower needs to review directly into an online portal, Crisenbery says.

His company offers a product called EDelivery, which delivers documents by email "almost instantaneously" and which requires several layers of authentication, making it more secure than regular email.

At a recent Mortgage Bankers Assn. conference in Chicago, an ELynx competitor called LenderMobile launched an app for iPads (and, soon, for Android devices) that enables customers to fill in the standard 1003 application form and otherwise check on the status of their loans, all from their mobile device.

The lender also can set up the app to notify customers when rates hit a desired target or change enough to meaningfully affect monthly cost, either up or down.

The app "puts the entire process in the borrower's hands," Vice President Lovina Worick says. "You can even take a picture of a required document and send it straight to the loan file."

At the same show, Kofax debuted software that enables lenders to not only snap photos of W-2s and other support documents with their smart devices but also to extract data from the photos and use it to populate loan applications, all from the kitchen table.

You'll also want to deal with a company that provides up-to-date status information. There's nothing worse than chasing down an unresponsive loan officer to make sure this document or that report has been received, or to find out whether underwriting has looked at the application.

"One complaint borrowers have with the industry relates to the lack of timely status updates," Crisenbery says. "By providing real-time updates, borrowers will know exactly what's happening with their loans."

Beyond technology, Lo at J.D. Power suggests picking a lender that promises to provide the closing documents before closing. That way, you'll have plenty of time to find any discrepancies between the initial quote and what's now on the closing sheet, and to have the loan officer explain the differences to your satisfaction.

Speaking of accurate closing costs, LendingTree, the online mortgage search engine, recently asked the 300 companies on its network what questions borrowers should be asking. The top answer: What are the total costs involved in the loan?

In that regard, shopping website MortgageMarvel.com guarantees that the charges quoted by one of its lenders will be within $50 of actual charges. If they're not, it will pay borrowers up to $2,500.

"We believe it's important for consumers to understand and know these costs as early as they can in the mortgage application process," MortgageMarvel Chief Executive Rick Allen says. "We've worked hard to make sure the closing fees they see on our site are accurate, and we're willing to stand behind them."

lsichelman aol.com

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Bloomberg

Home Prices Rise in 81% of U.S. Cities as Markets Recover

By Prashant Gopal - Nov 7, 2012

Prices for single-family homes rose in 81 percent of U.S. cities as the property market extends a recovery from the worst crash since the 1930s.

The median sales price increased in the third quarter from a year earlier in 120 of 149 metropolitan areas measured, the National Association of Realtors said in a report today. In the second quarter, 110 areas had gains.

Values are climbing after a six-year slump as buyers compete for a shrinking supply of properties listed for sale. U.S. home prices jumped 5 percent in September from a year earlier, the biggest 12-month increase since July 2006, CoreLogic Inc., an Irvine, California-based real estate data provider, said yesterday.

“The housing recovery still faces a number of potential headwinds,” Paul Diggle, property economist for Capital Economics Ltd. in London, said in a note to clients after CoreLogic’s report was released. “But our central case is that tight supply conditions will mean that house prices will continue to rise steadily next year.”

At the end of the third quarter, 2.32 million existing homes were available for sale, 20 percent fewer than a year earlier, according to the Chicago-based Realtors group.

Short Sales

The national median price for an existing single-family home was $186,100 in the third quarter, up 7.6 percent from the same period last year, the Realtors said. Foreclosures and short sales, in which the price is less than the mortgage balance, accounted for 23 percent of third-quarter deals, down from 30 percent a year earlier.

The share of all-cash home purchases fell to 27 percent in the third quarter from 29 percent a year earlier. Investors, who make up the bulk of cash purchasers and compete with first-time buyers, accounted for 17 percent of all transactions, down from 20 percent a year earlier.

The best-performing metro area was Phoenix, where prices increased 35 percent from a year earlier. Prices rose 28 percent in the Cape Coral, Florida, area, and 27 percent in Akron, Ohio.

The Raleigh, North Carolina, area had the biggest decline, with the median selling price falling 16 percent in the quarter. It was followed by York, Pennsylvania, with an 9.4 percent decrease; and Binghamton, New York, with a 6.6 percent drop.

A survey by Fannie Mae, the nation's biggest mortgage-finance company, showed Americans expect home prices to increase an average of 1.7 percent in the next 12 months. The share of respondents who said they expect home prices to decrease fell to 10 percent last month, down 13 percentage points from a year earlier and the lowest level since the monthly survey began in June 2010, Washington-based Fannie Mae said today.

To contact the reporter on this story: Prashant Gopal in New York at pgopal2@bloomberg.net

To contact the editor responsible for this story: Kara Wetzel at kwetzel@bloomberg.net

The New York Times

November 1, 2012

Borrowing to Build Your Own Home

By LISA PREVOST

AS the housing market begins to improve, new homes are popping up again in prime areas. If lenders are staying away from speculative building projects, some are willing to finance new construction for buyers who put substantial money down.

Construction financing isn't the type of loan one goes shopping for online; it is more likely to be found up the street. "The places that are offering construction financing are typically the credit unions and the regional banks," said John Walsh, the president of Total Mortgage Services, a Milford, Conn., lender.

Local banks are more comfortable making home construction loans because they know the local market. But qualifying is more complicated than for a conventional mortgage. Borrowers have to do a lot more legwork ahead of time because, in addition to proving that they can afford the cost of the house, they must show that they have a viable project.

"People want to make sure they know what they need to do early in the process," said Penn Johnson, the president of the Stamford Mortgage Company, a broker. "You can't apply until after you have building plans, a construction contract and a cost estimate."

The cost of the land may be figured into the construction loan amount, if the borrower doesn't already own the lot.

"People either pay cash for the land, or they contract to pay cash for the land when the project's completed, or they pay it out of the construction loan," said Debi Orr, an agent with Keller Williams Realty in Ridgefield, Conn. But if they're not paying at the outset, "they're going to have to have a pretty solid down payment to qualify."

The down payment is figured as a percentage of the total cost of the project (land and construction costs). In general, the loan-to-value restrictions are "pretty onerous," requiring 20 to 30 percent down, said Mark Yecies, an owner of SunQuest Funding in Cranford, N.J.

Some lenders offer construction financing as a separate, short-term loan — usually no longer than a year. The borrower refinances into a permanent mortgage after the house is completed.

Increasingly, lenders are combining the two into a single 30-year loan, with a single closing, called construction-to-permanent financing. The streamlined loan process cuts down on closing costs, but some borrowers may prefer not to be locked in and to retain instead the flexibility to shop for mortgages.

That is because interest rates on construction-to-permanent loans are a little higher than on conventional mortgages.

“You might be paying an extra quarter to a half a percent above Fannie Mae” on such a loan, Mr. Johnson said, comparing that with “a 30-year fixed in the low 4 percent, and a 5-to-1 adjustable-rate mortgage at 3 percent.”

As funds are disbursed during construction, lenders charge the borrower only for interest on the amount owed. Yet the steep down-payment requirement for construction loans is limiting.

And those who hope just to buy land for a future home will find financing no easier. Lending for land alone, with no clear timeline for construction, is difficult to find, mortgage brokers say. Banks deem these loans to be very risky, “because there’s nothing really tying anybody to a piece of raw land,” said Mr. Walsh of Total Mortgage.

“If the borrower loses a job or runs into financial trouble,” he said, “the land will probably be one of the first things they stop paying on. Banks may compensate for that by asking for 50 percent down.”

In Scarsdale, New Rochelle and Mamaroneck, N.Y., builders are paying all cash for building lots, said Iris Kalt, an agent with Prudential Centennial Realty. Likewise, in Litchfield County, Conn., “the people that are buying the expensive pieces of land are usually buying them straight out,” said Kathleen Harrison, a principal of Fazzone & Harrison Realty in Sherman.

latimes.com/business/realestate/la-fi-wells-fha-refunds-20121027,0,2097257.story

latimes.com

Wells Fargo sends refunds to some FHA mortgage customers

The bank says the customers paid unnecessary fees for their loans. If customers cash the checks, they can't later sue Wells Fargo.

By E. Scott Reckard, Los Angeles Times

6:09 PM PDT, October 26, 2012

Thousands of Wells Fargo & Co. home loan customers recently received a surprise in the mail: refund checks from the big bank, along with letters saying they had paid unnecessary fees for their mortgages.

The unsolicited offers of thousands of dollars arrived with a catch — if the borrowers cash the checks, they can't later sue the No. 1 U.S. home lender. The San Francisco bank said in the letters that borrowers were put into more expensive loans when they could have qualified for cheaper ones.

Analysts said the letters sent to potentially 10,000 Wells Fargo borrowers were a way for the bank to sidestep further litigation over "steering" customers into unfavorable loans — allegations that the government has made about certain Wells Fargo operations in the past.

It's one in a long series of legal troubles for major mortgage lenders, the five largest of which agreed in February to a $25-billion settlement of accusations that they "robo-signed" foreclosure affidavits and otherwise abused distressed borrowers. Mortgage investors have barraged them with lawsuits over defaulted loans, and the government also recently filed separate complaints against banks including Wells Fargo, JPMorgan Chase & Co. and Bank of America Corp.

"It sounds like they either found some problems themselves or the regulators discovered them and told them to get things fixed," said Paul J. Miller, an analyst who follows Wells Fargo for Friedman, Billings, Ramsey & Co.

Wells Fargo's mailed refunds involve government-backed FHA mortgages made from 2009 through 2011. These loans are often made to borrowers with shaky credit or those who can't come up with the 20% down payments required for conventional loans.

Though they require as little as 3.5% down, the FHA loans are also more expensive because they require borrowers to pay steep insurance payments to protect against a default. However, in this case, the borrowers actually had the down payments or home equity needed to get a conventional loan, bank officials said.

Wells Fargo spokeswoman Vickee Adams said the problematic FHA loans turned up as the bank reviewed operations at two mortgage channels it has closed down: a subprime lending arm, Wells Fargo Financial, and a wholesale arm that made loans through independent brokers.

The bank previously paid a combined $260 million to settle Federal Reserve and Justice Department allegations that its lending, pay and sales quota practices in the home lending business caused borrowers to be placed into higher-cost mortgages. It didn't admit wrongdoing.

The loans were written as Wells Fargo surged to become the No. 1 originator of loans insured by the FHA. A bank mortgage spokesman said 528,000 Wells borrowers received FHA loans during the years 2009 through 2011, of which fewer than 2%, or 10,560, were offered refunds. He wouldn't say exactly how many refunds the bank has offered.

Mortgage professionals say banks often make more money packaging FHA loans into mortgage bonds than they do on traditional loans because of the government guarantee. And at the time in question, loan officers often made higher commissions on FHA loans.

The refunds came to light when the Los Angeles Times obtained a copy of one of the letters. The bank never announced them publicly.

Pomona resident Eric Murrillo-Angelo received a $6,676.89 check last month in a letter saying he "may have qualified for a conventional conforming mortgage" instead of the FHA loan he got in March 2010.

"I was really excited," he said, "although maybe a little leery at first."

Wells Fargo said a traditional loan would have had about the same interest rate as the FHA loan, but Murrillo-Angelo would not have been charged insurance premiums and higher appraisal and processing fees.

The refund included $4,847.50 for an upfront premium, $1,154.20 in annual premiums and $355 in increased closing costs, plus interest.

"You should understand that by cashing the enclosed check, you agree to release Wells Fargo … from any and all claims relating to Wells Fargo's origination of a more expensive mortgage loan than the loan for which you may have qualified," a bold-faced paragraph read.

After thinking the offer over for about a week, Murillo-Angelo cashed the check.

Loan officers were able to earn a commission of about 2.5% of the loan amount for FHA-backed mortgages in 2009, 2010 and part of 2011, said Fred Arnold, past president of the California Assn. of Mortgage Professionals. That compares with 1.75% commissions for conventional loans, he said.

For example, a $350,000 FHA mortgage would yield an $8,750 commission compared with $6,125 for a conventional loan.

"That meant that some unethical loan officers could potentially steer borrowers to the wrong loan," said Arnold, who noted that regulatory reforms that took effect in 2011 make it impossible to pay a loan officer more for originating one type of loan rather than another.

A Wells Fargo spokeswoman declined to comment directly about the firm's compensation practices. She instead provided a general statement of the bank's policies: "We work hard to offer the appropriate loan options so that every borrower receives the appropriate loan based on his or her credit characteristics and personal circumstances and our compensation reflects that commitment," the statement said.

Meanwhile, the bank — along with others on Wall Street — packaged its loans into mortgage-backed securities for sale to investors. Loans that met certain standards received a guarantee from government-supported housing agencies Fannie Mae and Freddie Mac.

FHA loans, however, received a higher premium when packaged into bonds. They receive a guarantee by the Government National Mortgage Assn., the federal agency known as Ginnie Mae. These securities are a notch safer for investors than Fannie or Freddie bonds, and that made them more appealing for big institutional investors like sovereign wealth funds or mutual funds.

Although the federal government has not pursued criminal prosecutions of bankers at the heart of the mortgage operations that collapsed in 2007, it has stepped up civil lawsuits against the largest originators and securitizers of home loans during the boom.

This month's federal suit against Wells Fargo was filed by the U.S. attorney's office in Manhattan, which has brought six mortgage-fraud lawsuits against big banks in the last 18 months. The latest, filed Wednesday, seeks more than $1 billion from Bank of America for allegedly flawed loans that its Countrywide Financial Corp. unit sold to Fannie and Freddie.

scott.reckard@latimes.com

Possible end of mortgage tax deduction worries homeowners

By Jack Katzanek The Press-Enterprise San Jose Mercury News
Posted:

MercuryNews.com

Tax reform has been a frequent campaign issue this year, with tax cuts enacted under former President George W. Bush scheduled to expire at the end of this year.

Among the many changes discussed is one beloved by homeowners across the country -- the mortgage interest deduction.

If homeowners were no longer allowed to deduct the interest they paid on a mortgage -- the only significant deduction for many -- it might convince thousands that their best move is to walk away from their homes, experts say. It could also curtail discretionary spending and hurt the retail sector of the economy.

No one knows how large a role tax deductions on mortgage interest will play in the Washington debate as Congress tries to deal with spending and taxes. Experts predict it would be unlikely that any new policy would wipe out the deduction entirely in one year. The more likely scenario would be a phased-in program that starts with expensive houses.

According to a recent Pew Research Center study, the best definition of middle income is about $68,000 for a family of four. Most at that level might contribute something to their church or write a modest check to the Red Cross but are not likely to accumulate enough charitable contributions to make a big difference at tax time.

"I don't know why they took away the other deductions, like the car notes and the credit cards," Ronald Newton, a 72-year-old retired shipyard foreman in Menifee, Calif., said, referring to tax code revisions made in the mid-1980s. "About the only thing I have left is my mortgage."

According to the congressional Joint Committee on Taxation, an estimated 40 million homeowners take the mortgage interest deduction every year, and the average savings is about $600. The mortgage deduction shrinks the federal government's coffers by $82 billion a year.

Richard Green, director of the Lusk Center for Real Estate at the University of Southern California, testified last year before the U.S. Senate Banking Committee that the deduction, which has been around for almost 100 years, is outdated and does not encourage homeownership.

What it does is encourage debt and spur consumers to purchase bigger houses than they would otherwise. Green told senators a tax credit for buyers would go further in getting first-time buyers into homes.

Research economist John Husing said that many people are still making regular payments on a house purchased for well more than it is worth now and have little cash left over after writing that check.

"If you take away the mortgage interest deduction you'd take away part of their income, and we're not talking about very wealthy people," Husing said.

Taking a deduction for mortgage interest is considered an important part of many taxpayers' financial plan, said Jamil Dada, vice president for investments at Provident Financial Holdings in Riverside, Calif. Frequently he advises clients not to pay down extra mortgage debt and use excess cash to take care of other payments.

The reason, Dada said, is that credit cards and other debt are not tax-deductible.

"It's more beneficial to have cash flow," Dada said.

Dada, a ranking official of the National Association of Workforce Boards, said it is unlikely the deduction would be eliminated outright because hitting middle-class taxpayers that hard would be politically dangerous.

Green said his guess is that Congress would look at mortgages worth $1 million first and possibly drop that level down over a period of years.

"It's one thing to look at an ideal policy, and another to get there," Green said.

(Reach reporter Jack Katzanek at jkatzanek@pe.com. Distributed by Scripps Howard News Service, www.shns.com)

Bloomberg

Foreclosures Drawing Cash as 401K Returns Sag: Mortgages

By Kathleen M. Howley - Nov 5, 2012

David and Michelle Haisley from Fort Wayne, Indiana, weren't happy with the performance of their retirement funds, so they made another investment -- aforeclosed home for $27,000.

Haisley, a heating and air-conditioning technician, said he worked on the house before it went into default and decided to make an offer when he saw it listed at about a third the price of surrounding homes. They've already found tenants for the house and David said they'll buy another foreclosure if they can find the right deal.

"It's an income stream for us, and when it's time, we'll sell it and make more money than we could from our 401K," said Haisley, 49, who rents out the property for $900 a month for an annual return of more than 20 percent, excluding appreciation."There's nowhere for prices to go but up, so it seemed like a pretty safe bet."

As the housing market recovers from the worst bust since the Great Depression, neophyte investors like the Haisleys are following the lead of private-equity firms like Blackstone Group LP, investing in properties they can pick up cheaply, rent and sell when values rise enough. Home prices rose 4.6 percent from a year earlier in August, the biggest gain since the end of the real estate boom in 2006, according to a CoreLogic Inc. index.

"The typical small-size mom-and-pop investor has two or three properties, looking at it as an income supplement with the possibility of being able to sell at some point when prices rise enough for them," said Lawrence Yun, chief economist of the National Association of Realtors.

Stock Wary

Investors are becoming more comfortable with real estate after the six-year housing slump, which brought prices down nationwide by 35 percent, according to the S&P/Case-Shillerindex. Many remain skeptical of stocks, even as the Standard & Poor's 500 index has more than doubled since falling to a 12-year low in March 2009.

"I'd rather buy real estate than gamble on the stock market or get almost no return from putting my money in a bank," said Barton Wallace, 60, a real estate investor and broker in Hingham, Massachusetts, who owns four rental properties. "I don't have any problem getting tenants."

Wallace, who turned to real estate four years ago when she couldn't get a full-time job, has one client who cashed out his home's equity to buy his first foreclosed home. Other clients are tapping retirement accounts for the same purpose, transferring their cash into self-directed Individual Retirement Accounts that allow them to make their own investing decisions, with returns going back into the accounts, she said.

Indirect Plays

Investors bought about 66,780 homes in August, the highest since the beginning of the foreclosure crisis, according to Bloomberg calculations based on National Association of Realtors data. Investors' share was 18 percent of sales. About 90 percent of those homes went to people with fewer than 20 properties, Yun estimated.

"Some people are making an indirect real estate play by investing in funds that buy foreclosures to rent, but most of the demand is from small-scale investors who live in the community," Yun said. "It provides a decent rate of return for them because rents are rising and prices are still low."

The average U.S. rent rose to a record $1,086 a month in the third quarter, a gain of 3.3 percent from a year earlier, according to MPF Research in Carrollton, Texas. The vacancy ratefell to a 10-year low of 8.6 percent in the second quarter, according to the Commerce Department. There are about 40 million rental units in the U.S., compared with 75 million owner-occupied homes.

'Risky Move'

For individual investors, "the demand is there, but it's a risky move if you are putting all your eggs in that one basket," said Greg Willett, director of research for MPF.

Even with rent gains, buyers of distressed properties to rent would need to get a discount of about 30 percent to get a yield of 8 percent, said Paul Diggle, a real estate economist for London-based Capital Economics Ltd. If investors are looking for 12 percent yields, they'd need to get a 50 percent discount, he said.

The simplest way to calculate yield is to subtract expenses from annual rent and divide by the cost of the property. A $125,000 home will yield about 8 percent a year if a tenant pays $1,200 a month in rent and monthly carrying expenses are $400.

That formula doesn't account for the time a landlord may spend responding to disgruntled tenants and repairing burst water pipes, broken furnaces or leaky roofs, Diggle said. Many homes in foreclosure are neglected, which could lead to maintenance problems down the road, he said.

'Sweat Equity'

"Small-scale investors may actually run at a loss on rental housing if their sweat equity is accounted for," Diggle said.

Yovaldi Venter, a first-time real estate investor, is buying a foreclosed property using money from her retirement funds. She said she plans to buy her first property before the end of the year after transferring some of her 401K into a self-directed IRA this month.

Her target: a duplex on the south side of Jersey Citypriced at $60,000, a fifth of what it went for in 2008 when it last sold. Its two rental units bring in $2,000 a month, according to Venter, 45.

"It would be a buy-and-hold with an eye on the long-term gain -- a stream of income for now, with the possibility of selling it when prices come back," Venter said.

Gary Hippensteel, who owns six properties he rents in Indianapolis at about 10 percent yields, said he didn't want to keep his money in a bank because it earns "next to nothing."The highest yield for a one-year certificate of deposit in the U.S. last week was about 1 percent, according to Bankrate.com.

"People want the safety of having a tangible asset,"Hippensteel said. "While it's still subject to volatility in the overall economy, you at least have an asset that people will need, because if they can't buy a house they are going to have to rent."

To contact the reporter on this story: Kathleen M. Howley in Boston at kmhowley@bloomberg.net.

To contact the editor responsible for this story: Rob Urban at robprag@bloomberg.net.

After housing crash, people want new styles of houses

By Hudson Sangree
Sacramento Bee
Posted: 11/07/2012 04:19:39 PM PST
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As the real estate market starts to recover from its epic crash, home builders, especially those in hard-hit California, are betting that many buyers will want new houses that are different from the big suburban tract homes that proliferated during the boom.

They're building houses intended to use no more electricity than they produce, houses with separate quarters for aging parents, and houses that are more compact and closer to jobs, shopping and restaurants.

These models target first-time buyers, growing families and downsizing baby boomers -- all expected to be among the next wave of homebuyers.

"Coming out of this downturn, people don't want more of the same," said Gordon Jones, Northern California president of home building giant Lennar Corp. "They're saying, 'We're not going to make the same mistake again.' "

For Miami-based Lennar, that means multi-generational housing. The company's NextGen model has an attached apartment -- with kitchen, laundry, garage and outdoor courtyard -- for older parents, adult children who need to move back home, or extended-stay guests.

Recent buyer Ryan Wallace said he and his wife opted for a NextGen house in El Dorado Hills, Calif., so his parents, who live in British Columbia, could come for longer visits to see their children and grandchildren in Northern California.

"It allows them to have their own space and space for us as well," Wallace said.

Their move to more than doubled their living area to accommodate a growing family.

Kari Chicoine and her husband are heading in the opposite direction -- downsizing after their children left for college. They're moving from a 3,300-square-foot house in El Dorado Hills, Calif., on 1.3 acres to a roughly 2,000-square-foot home in Folsom with a small courtyard.

Their future house is part of the fastest-selling new home community in the region with 21 sales in 11 weeks, according to a recent report by the North State Building Industry Association.

The appeal of the project is that the airy, modern homes -- with combined kitchen, dining and living areas -- use space efficiently and require little maintenance, said Chicoine.

The couple plans to have a fireplace and fountain in the courtyard, she said.

"With the upkeep of 1.3 acres and cleaning, we never had time to do everything we wanted to do," Chicoine said. In their future home, with no lawn to mow and fewer rooms, "We can put our effort into making it our little personal Shangri-La and have time to travel."

The other important factors, she said, is that the development is adjacent to a system of bike trails that traverse the area, and it sits across the street from a large shopping center with dozens of stores and restaurants.

Kevin Carson, president of The New Home Co., said the developer polled focus groups and found that lowering utility bills through energy efficiency was a prime goal for homeowners in coming years. So were features such as more windows, downstairs bedrooms and proximity to jobs and shopping.

The New Home Co., a California startup that opened in 2010, is focused on meeting those needs, he said.

"Home building is a dated industry. It really hasn't kept up with the times," he said. "You can't just keep building houses and expect to have neighborhoods."

People will also opt for smaller homes in the future, he predicted. "The economic downturn changed the mentality. People are not biting off more home than they can afford," he said.

gy efficiency to a new level.

In downtown Sacramento, Calif., developers are putting the finishing touches on a home that they say will be a net-zero-electricity house -- meaning it uses no more electricity than it produces with roof-mounted solar panels.

It's intended as a model for a larger project to be built on an industrial site on the edge of an older, leafy neighborhood.

The first phase will include about 200 homes -- from studio apartments to stand-alone houses, said project manager Kevin Smith.