

Welcome to the "**Stone Report**", a weekly publication brought to you by the Government & Community Affairs Department of the Monterey County Association of REALTORS®

Member involvement and advocacy are the moving forces behind the success of any association. As the challenges of our industry continue to evolve, we as an organization need to evolve as well. This publication will be one of tools utilized in this effort to disseminate information expeditiously to the membership. Our primary goal will be to educate and coordinate a rapid and unified response from the industry as issues occur. The "*Stone Report*", formerly "The Journal", will be one component of this strategy. Published weekly - it will serve as the insider's track on information relating to the real estate industry - highlighting current issues, challenges and successes.

Tax Dollars Hard at Work?

...maybe not.

I find politics fascinating. Just when you think you've seen and heard it all, a random glimpse into the transmission of the bureaucratic engine presents itself - inviting a perspective and view of the overall "big political picture" we tend to hear so much about.

I experienced one such opportunity for clarity this week while perusing the state and local media feeds. I came across an article entitled: "Big bucks to house sex offender". I must admit, at first glance and quick skim of the article, a cynical quip of "unbelievable" was issued as I quickly advanced to the sports section. Unfortunately, a persistent pestering by the lobbyist side of my brain suggested more consideration was required to fully digest the information taken in, so back I went.

To summarize, the state of California was spending nearly \$15,000 per month to house and treat a convicted sex-offender. That number will soon be doubling to around \$35,000 per month when he's released from the program and slowly ushered back into society. Did I mention his new residence will be a spacious modular home nestled upon a hill overlooking San Antonio Lake?

I would categorize this calamity as one symptom in a much greater disease. We hear daily about the financial crisis the State of California is in - faced with a debilitating budget deficit in excess of \$16 billion dollars. Local county coffers continuing to suffer as promised resources from the state cease to exist. Yet here we are, taxpayers footing the bill for Mr. Lamb's hilltop estate, extended care and existence.

The economic vitality of our local governments in Monterey County and beyond, along with our way life, are impacted daily by what happens in the legislature. Your ability to do business as a Realtor® or affiliated enterprise is challenged daily as legislation and policy is considered and voted upon at the state and local level. Reconciling a budget and adjusting to current market dynamics is what we as an industry do to ensure economic viability and longevity. In this editorial, I've highlighted but one of the bureaucratic travesties we continue to fund as other more critical services suffer.

Real estate is crucial to the success of an economy. It interweaves with a vast network of other businesses resulting in economic benefits our local and state governments appreciate and rely upon. We're at the precipice of change in this state and dialogue is beginning to occur that may have an opportunity to usher in change, and your involvement in this process is critical.

Kevin Stone
Government & Community Affairs Director

Monterey County home sales jump

By NICK RAHAIM
The Salinas Californian

More homes sold in Monterey County in April than in any other month in nearly two years.

Last month saw 190 homes sold in the county - a 68 percent increase over March's numbers - and the highest figure since August 2006, when 202 were sold, according to statistics from the Monterey County Association of Realtors. But while the number of homes selling has rebounded lately, prices haven't, especially in Salinas.

For example, in north Salinas last month, the median sale price for a single-family home was \$336,250 - a little more than half the August 2006 median price of \$610,000. Countywide, the average sale price fell from \$946,937 to \$689,950 during the same time.

Dramatically reduced home prices - as well as a high number of foreclosures - have played a big role in getting sales moving again, Realtors say. "It's an awesome opportunity for homebuyers," said Rose Clark, an independent Realtor based in Salinas. "The market has hit rock-bottom and is now bouncing back."

In north Salinas, home sales more than doubled last month with 56 sold, compared with 25 in March. In south Salinas, home sales doubled from seven in March to 14 in April, while sales remained flat in east Salinas, with five closings in both months. South county saw an increase from 14 to 21 in sales over the same period.

Sandy Haney, chief executive officer of MCAR, said probably half of the 75 homes sold in Salinas last month were foreclosed properties. "Market closing remains strong because the market price went down," Haney said.

New first-time buyers

A twist in the housing market right now is that a majority of people who lost their homes to foreclosure were first-time homebuyers, Haney said, while most of those purchasing the foreclosed properties are also buying for the first time, something previously not feasible for the more fiscally cautious who didn't get caught up in the subprime loan binge.

"With prices high, many were priced out of the market in years past," Haney said. Banks, which often prefer to sell foreclosed homes quickly and cheaply, have set the benchmark for housing prices in Salinas, she said.

Haney, however, said the market is seeing more houses with multiple offers, something that drives housing prices up.

But it's still not a good time to sell your house, said Linda Dorris, an associate broker at Coldwell Banker-Gay Dales Realtors in Salinas.

More houses on the market tend to create downward pressure on prices, Dorris said. "If the sellers don't have to sell, they should get out of the market," Dorris said, explaining it would be better to wait until prices rebound.

Credit standards stiffen

These days, many first-time homebuyers are relying on federal programs rather than financing through banks, she said. "(Creditors) are asking a heck of a lot more questions than they did before," Dorris said. "They're asking for more substantiation." Clark has had a different experience with homebuyers but a similar experience with lenders. She said many of her customers are current homeowners looking to upgrade or downsize.

"The housing downturn weeded out a lot of questionable loan agents," she said. "Those who remain are reputable and strict." Clark said she's optimistic about the current credit market. "Buyers need 'A' credit and high FICA scores," she said. "We're back to the old days when good credit was gold."

Calif. Assembly wants EIR before apple moth spraying resumes

By STEVE LAWRENCE - Associated Press Writer
Published 6:09 pm PDT Thursday, May 29, 2008

After a heated debate that included charges of fear-mongering, the Assembly narrowly approved a bill Thursday to require the state to complete an environmental impact report before moving ahead with aerial spraying to eradicate the light brown apple moth.

The bill was sent to the Senate by a 41-32 vote, but it wouldn't take effect until January. That's four months after the Schwarzenegger administration plans to spray in seven San Francisco Bay area counties, starting Aug. 17. It almost certainly faces a veto if it reaches Gov. Arnold Schwarzenegger's desk, although the governor's office said he had not taken a position on the measure.

The bill's author, Assemblyman Mark Leno, D-San Francisco, said it would prevent plans for repeated spraying over several years without an environmental impact report. He said he hoped the Republican governor would "come to the realization that it makes perfect sense to do this" and decide to sign the bill. "We definitely need an EIR looking at the health effects on humans, animals and the environment before spraying a seven-million-person urban area to eradicate a moth that has likely been in California for decades contained by natural predators," he said.

Leno said he had to remove language that would have made the bill effective immediately in order to get it out of the Assembly without a two-thirds vote. As it was, the measure passed with the bare majority needed to clear the 80-seat house.

The light brown apple moth, a native of Australia, feeds on nearly all fruit and vegetable crops. Officials warn of widespread damage to the state's agriculture industry if the pest spreads beyond the San Francisco and Monterey areas.

Several hundred people reported health problems after the state sprayed for the moth last fall in Santa Cruz and Monterey counties. That raised fears of health problems on a broader scale if spraying continues.

"I have had mothers, pregnant women frightened out of their minds, calling my office, meeting with me, suggesting they'd have to leave the state" if more aerial spraying takes place, Leno said. "They are that frightened." The bill's opponents said they agreed the state had a "public relations disaster" on its hands, but they downplayed the possibility of health risks from spraying and stressed the threat to crops.

Steve Lyle, a spokesman for the state Department of Food and Agriculture, said two studies found no link between health problems and last year's spraying. "Let's not let fear destroy the economy of the state," said Assemblywoman Jean Fuller, R-Bakersfield. But Assemblyman Jared Huffman, D-San Rafael, questioned how much of a threat the moth poses to agriculture. He said it moves within a range of a few hundred feet during its brief lifetime. "This is not a herd of locusts that can go across the entire continent of Africa," he said. "The way it gets to different places is through the transfer of nursery stocks." Assemblyman Todd Spitzer, R-Orange, suggested San Francisco-area legislators supporting the bill were "fanning the flames that are creating turmoil in your communities." "You are part of the hysteria," he said. "You need to calm down this debate. ... I will bet you \$100 that when the EIR comes out and says it's not unsafe, you will still oppose aerial spraying."

Leno said Spitzer "knows of which he speaks when he talks about fanning the flames of hysteria." "This hysteria is real," Leno added. "Mothers with children are frightened out of their minds because this governor and department don't know what the effects of urban spraying for a three-to five-year period will do."

Judges in Santa Cruz and Monterey counties have issued rulings prohibiting aerial spraying until the state completes an environmental impact report. The Schwarzenegger administration is planning to appeal those decisions, said Lyle, of the Department of Food and Agriculture. The state, in partnership with the U.S. Department of Agriculture, is planning to use a spray containing a moth pheromone - a sort of "moth perfume" - to spray in Santa Cruz, Monterey, San Mateo, Alameda, Contra Costa and Marin counties. It also would be sprayed in San Francisco. The pheromone confuses male moths and disrupts their search for mating partners, Lyle said.

The spraying needs to take place as frequently as every 30 days over three to five years to ensure eradication, he added. "This is an approach that is a progressive approach that is very different than a conventional pesticide," he said. "That's one of the reasons we embraced it."

The Department of Agriculture is conducting toxicology and feasibility tests on four different pheromone products, and the state is voluntarily doing an EIR on aerial spraying, Lyle said. But Leno said the toxicology tests wouldn't go as far as an environmental impact report and that the administration would not be bound by the findings of a voluntary EIR.

C.A.R. Opposed Point-of-Sale Bill Passes Assembly

AB 2678 (Núñez) was passed by the Assembly on a 44-33 vote on Wednesday. The bill needed 41 votes to pass. AB 2678 would require, among other things, that ALL homes and commercial property in California have an energy audit at point-of-sale, and that mandatory energy efficiency investments be made. While C.A.R. appreciates the goal of energy conservation, C.A.R. strongly opposes the point-of-sale requirements in AB 2678 because they are not necessary to achieve the bill's objectives and such mandates will weaken the housing market. If enacted, AB 2678 could add thousands of dollars to the cost of purchasing a home, including up to \$400 just to have the home audited. AB 2678 will next be considered by the state Senate. Stay tuned for a Red Alert on the bill.

Here's how Assembly members voted:

Yes Votes: Bass, Beall, Berg, Brownley, Caballero, Calderon, Carter, Coto, Davis, De La Torre, De Leon, DeSaulnier, Dymally, Eng, Evans, Feuer, Fuentes, Furutani, Hancock, Hayashi, Hernandez, Jones, Karnette, Krekorian, Laird, Leno, Levine, Lieber, Lieu, Ma, Mendoza, Mullin, Nava, Núñez, Parra, Portantino, Price, Ruskin, Salas, Saldaña, Solorio, Swanson, Torrico, and Wolk.

No Votes: Adams, Aghazarian, Anderson, Arambula, Benoit, Berryhill, Blakeslee, Cook, DeVore, Duvall, Emmerson, Fuller, Gaines, Galgiani, Garcia, Garrick, Horton, Huff, Jeffries, Keene, La Malfa, Maze, Nakanishi, Niello, Plescia, Runner, Silva, Smyth, Spitzer, Strickland, Tran, Villines and Walters.

Not Voting: Houston, Huffman and Soto.

Thank you to everyone who called to voice their concerns about AB 2678. Please look for another Red Alert soon on the bill.