

Overview of Current Housing Situation in Florida

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During this economic downturn, Florida has been one of the hardest hit states on many fronts. Tourism has suffered as an industry, personal investments too. However, Florida has been among the worst hit with respect to the housing sector. Here is an overview of current situation of Florida housing and information for foreclosure prevention.

Home Values

A recent report issued by National Association of REALTORS™ (2009) showed that home prices in Florida have sustained substantial losses over the last two years. The Miami/Fort Lauderdale/Miami Beach area saw a loss in median sales price of 32.3% from 4th quarter 2007 through 2008. Similar declines were also seen in other areas. Orlando metro area saw 27.1% decline in median sales price 2007-2008; other major metropolitan areas such as Tampa Bay/St. Petersburg/Clearwater saw similar declines. Other markets such as Gainesville, Jacksonville, and the Panhandle all saw losses but these were less. The declining home values and lack of marketability have contributed to the housing problems in Florida.

Home Foreclosures

The decline in home value leads to a decline in equity for many. This price decline and subsequent utilization of Home Equity Lines of Credit have led to numerous families being upside-down in their mortgages; owing more than their homes are worth. In addition, as of early 2008 around 12% of mortgages in Florida were adjustable-rate mortgages. The factors above combined with a depressed economy, and changes in mortgage payments have led to a record number of foreclosures. Florida had the second highest state total of foreclosures during 2008 with 385,309 properties having a foreclosure filing which comprises 4.52% of total housing units in Florida compared to national average of 1.84 %. (RealtyTrac, 2009). This represented a 133% increase from 2007 and 412% increase from 2006. This was also the 2nd highest foreclosure rate with 1 in 22 housing units receiving a foreclosure in 2008 (RealtyTrac, 2009).

Housing Market Forecast

The forecast for Florida's housing markets remains somewhat dismal. Many analysts are predicting a slow recovery. An analyst even predicts that foreclosures in Florida could increase by 50 to 100 percents in 2009 (E Foreclosure Magazine, 2009). Unemployment continues to be a problem and may increase to over 8% by some estimates. Many families have lost substantial capital as a result of the decline in the stock market. Housing demand is not expected to pick up, but that is only part of the issue. Many consumers with Adjustable Rate Mortgages that were fixed for three or five years will now start to see these rates unfreeze and may find themselves facing higher mortgage payments. This will certainly impact families for whom the budget does not have the room for this payment increase.

President's Recovery Plan

President Obama's recovery plan does have a few promising ideas that should help in Florida. Homeowners (with one home) who are upside in their mortgages may be able to refinance because of funds allocated to this purpose. Lenders will be compensated for lowering rates to help stem foreclosure for some families. Other elements included investing in projects and infrastructure which should lead to job growth over the next few years. For more information, please refer to an article that summarizes the President's recovery plan and eligibility to be benefitted (<http://www.tampabay.com/incoming/article977226.ece>).

How to Prevent Foreclosure

The U.S. Department of Housing and Urban Development (HUD) provides several articles to guide you to prevent foreclosure:

- Guide to Avoiding Foreclosure (<http://www.hud.gov/foreclosure/index.cfm>)

Basically, the keys for foreclosure prevention are learning and practicing financial management skills and timely communication with your lender. For more information how to manage your resources wisely, Check the following publications by UF/IFAS or consult with your local county Extension office. You can find your local office at <http://solutionsforyourlife.ufl.edu/map/>

- How to Prevent Foreclosure on Your Home (<http://edis.ifas.ufl.edu/HE724>)
- How to Manage the Foreclosure Process (http://edis.ifas.ufl.edu/document_fy1034)
- Money and Marriage: A Spending Plan (http://edis.ifas.ufl.edu/document_he156)
- Managing in Tough Times (http://solutionsforyourlife.ufl.edu/families_and_consumers/money_matters/managing_in_tough_times.html)

For information on how to communicate with your lender, please refer to the following publications by the UF/IFAS and Federal Housing Administration (or FHA) at HUD.

- You and Your Credit Series (UF/IFAS, http://edis.ifas.ufl.edu/document_fy1071)
- Explore Loan Workout Solutions with Your Lender (FHA, http://portal.hud.gov/portal/page?_pageid=73,1827467&_dad=portal&_schema=PORTAL)

You may want to consult HUD approved housing counseling agency near you from the following list (<http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=FL>). For further resources for foreclosure prevention in Florida, please refer to <http://www.hud.gov/local/fl/homeownership/foreclosure.cfm>

You can also consult <http://Foreclosure-Response.org>, a website maintained by the Center for Housing Policy, KnowledgePlex, Local Initiatives Support Corporation (LISC), and the Urban Institute, for more resources on foreclosures,

References

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