

ISSUES

SHIMBERG CENTER FOR AFFORDABLE HOUSING

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Buying/Selling a Home Today

Buying or selling a home in 2008 presents a considerable challenge. The seller is faced with putting their home up for sale at a time when there are many homes on the market. Similarly, the buyer of the home, particularly in a coastal location, is faced with the task of first finding a company that is willing to provide property insurance coverage and then determining if they can afford the insurance premium. Presented in this edition of the newsletter is a suggestion that may help sellers make their home more attractive to buyers. Similarly, home buyers may be able to reduce their homeownership costs by reducing property insurance premiums.

Product Differentiation

Attempting to sell a home at this time will require that the home offer the potential buyer something that other homes on the market do not have to offer. In the world of marketing this is called product differentiation. Product differentiation refers to the features of any product that make it unique or set it apart from all of the other similar products on the market. In the case of a home in a coastal area, a home that can demonstrate that it offers the buyer superior hurricane-force wind resistance has a clear advantage over other homes that lack this characteristic.

When a house is the product to be sold, it is common to hear the term “curb appeal” in reference to

what the home looks like from the street without considering anything else about the building. Also, near the top of the list of characteristics of a home being listed for sale, of course, are the price and the location.



Florida Department of Financial Services
My Safe Florida Home Program
www.mysafefloridahome.com

Buyers of homes in coastal areas have the added challenge, first, of finding an insurance company that is willing to provide wind-damage insurance coverage and, second, of determining if they can afford the insurance premium. Given good curb appeal, the right location, and the right price, if the building is not built to withstand the anticipated wind forces in the location, then its property insurance premiums will be high (if property insurance is available) and the home is not a good investment.

Inspection

An important question to answer is whether the home being considered for purchase is able to withstand the hurricane wind forces that can be expected in the area. Fortunately, the Florida Department of Financial Services' My Safe Florida Home Program offers free storm-worthiness inspections for site-built, single-family detached homes. Buildings that are not eligible for these free inspections are: Mobile or manufactured homes, Apartments, Condominiums, Multi-family dwellings, and Businesses.

In order to schedule a free storm-worthiness inspection by a certified inspector, the buyer calls the My Safe Florida Home Program Office at 1-866-513-6734. The inspector will perform a visual inspection of the building from top to bottom and will provide the owner or potential buyer with a report of the results. This report will:

- Outline improvements that may be made to the home to increase resistance to hurricane wind damage;
- Provide an estimate of how much each improvements would cost;
- Provide an estimate of insurance discounts that may be available; and
- Offer a hurricane resistance rating that shows the home's current ability and future ability with the improvements, to withstand hurricane-force winds.

It is also possible for a buyer to arrange to have the storm-worthiness inspection done at their own cost of \$150.00 by directly contacting one of the Department-approved companies that perform the certified inspections. The My Safe Florida Home Program website at www.mysafefloridahome.com contains a list of certified storm-worthiness inspection firms. In order to view the list, click on "Wind Inspections" shown at the left of the screen and then click on the "List of Inspection Firms/WCES".

Financial Assistance

Because of their critical nature, some of the windstorm damage mitigation home improvements are eligible for financial assistance from the My Safe Florida Home Program. That is, you may apply to the My Safe Florida Home Program in order to receive up to \$5,000 in the form of a dollar-for-dollar match for one or more of the following improvements:

- Protecting openings (windows, gable-end attic vents, and skylights). Note that if you choose to protect your windows, you must protect all windows, gable-end attic vents, and skylights.
- Protecting exterior doors. Note that if you choose to protect your exterior doors, including sliding-glass doors, you must protect all exterior doors.
- Replacing a garage door with an impact-resistant garage door.
- Bracing gable-end walls in an attic.

In order to determine your eligibility for financial assistance, go to the My Safe Florida Home Program web site and click on the "Matching Grants" link shown on the left-hand side of the screen.

Buyer Advantage

The buyer is in an excellent negotiating position. They can use the absence of wind resistant features that are identified by the storm-worthiness inspection to negotiate the asking price with the seller. For example, an offer that is \$20,000 below the asking price may reflect the estimated cost to upgrade the roof covering and underlying structure and fasteners. Even if the seller counter offers with a “split-the-difference” approach, the buyer can include the cost of the roof system upgrade in the mortgage, which is likely to be the lowest interest financing available. Further, the buyer can then turn to the property insurer and request a reduction in premium due to the improved wind-damage-resistance of the upgraded roof covering and structural improvements.

Additional Information

The inquisitive reader is encouraged to visit the My Safe Florida Home Program’s web site at www.mysafehome.com for additional information.





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