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From Today's Editions Of The News-press

Cheaper new homes on horizon

To keep prices down, developers are offering new ideas

By [Dick Hogan](#)

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Increasing numbers of Southwest Florida builders are going to the low end of the new-home market — betting that their spartan offerings will hit a sweet spot in a post-boom economy.

Experts say they may be in the right place at the right time.

Land is cheap, subcontractors are hungry and there's a glut of the expensive homes that were being churned out during last year's go-go real estate market.

Plus, affordable housing has become a huge issue in Lee County with incomes of many working families failing to keep up with soaring real estate prices.

The Horizon Council, an advisory group to the county Economic Development Office, has formed a task force to study the issue. Cape Coral officials may allow row houses so they can fit more homes on a piece of property. And Bonita Springs officials are looking at ways to reward developers for providing affordable housing as part of new projects.

Until recently, private builders have expressed little interest in building low-cost housing.

Now some local developers are willing to accept smaller profit margins to offer homes well less than \$200,000, and that's a new phenomenon, said John McIlwain, at the Washington-based nonprofit Urban Land Institute.

"It's a natural response to a cooling market," McIlwain said. "They're moving back to people who are buying houses to live in rather than to invest."

If the trend becomes widespread, McIlwain said, it probably will be in housing markets such as Lee County's, where prices have fallen and inventories of more expensive houses has soared.

Even a few months ago, Lee Building Industry Association executive vice president Michael Reitmann said there was little or no interest as most builders were focused on houses costing \$250,000 and more.

That's changed in a softening market, he said.

The median price of an existing home sold with the help of a real estate agent was \$286,500 in May, down 11 percent from the all-time high of \$322,300 in December 2005, according to the Florida Association of Realtors.

Even with the lower prices, a typical house still is out of reach for many.

Seventy percent of working families in Lee County earn less than the average \$52,927 because people in high-income jobs skew the number.

A family making the average income can afford only a house in the \$122,000 range; builders say they have a financial incentive to go down the income scale.

"There is a slim margin there, but you know, when you're doing 50 to 100 houses, those margins start to add up," said Kendra Maroon, of Innovative Development Group. The firm is gearing up to offer twinned-out attached villas for as little as \$150,000 in Englewood and Lehigh Acres.

It helps that builders are able to buy land more inexpensively than in last year's frenzied market, she said. In Lehigh Acres, for example, "they might not get the \$50,000 they could last year, but they might just get \$35,000."

Fort Myers-based real estate broker Denny Grimes, of Denny Grimes & Co., said the builders putting up cheaper houses appear to be on the right track.

"The magic price point that I've seen has been builders getting under the \$200,000 mark," Grimes said.

About 500 existing homes less than \$200,000 are on the market in Lee County,



Andrew West/news-press.com

Lehigh Acres resident Don Awrey, 62, patches his yard with sod Friday. Awrey has a piece of property next door and is planning on building a house. Some developers are building more affordable homes in Lehigh Acres as the market cools.

INEXPENSIVE BUILDERS

Here are some of the developers who are asking rock-bottom prices to build minimal homes in Lehigh Acres:

- Affordable Homes by AI: Expandable single-family homes, designed to add rooms easily, for as little as \$159,000 — with \$10,000 off that for police officers, firefighters, teachers and nurses.
- Innovative Development Group: Twinned-out attached villas for as little as \$150,000.
- Troy Development: Single-family homes for as little as \$160,000.
- York Pre-engineered Residences: Modular homes assembled in three or more components, starting at \$125,000 plus the price of the lot.

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he said, most of them pretty dilapidated. The total inventory of existing homes for sale is about 12,500, three times what it was a year ago.

"It'll be interesting to see if the market accepts a stripped-down version with no bumpers and no tires," Grimes said.

Cape Coral-based Bodo Kleber, of Affordable Homes by AI, is rolling out a line of "expandable homes," engineered in advance to have additional bedrooms, bathrooms or a garage added on to the minimal two-bedroom, one-bath model he sells for \$159,000.

He offers \$10,000 off that price for essential workers such as teachers, police officers, nurses or firefighters.

"It took me about four months to talk to engineers, architects and the counties (Charlotte and Lee)," he said. "The whole idea was to be able to stay in the same house instead of having to move up to a larger house."

Having more builders offer inexpensive homes has created new choices for potential buyers.

Retired professional hockey player Don Awrey hopes to sell his house in Lehigh Acres, build another one on a lot he owns next door, and perhaps "come out with some cash in hand."

Awrey, 62, is shopping for a builder and already has talked to Lehigh-based York Pre-Engineered Residences, which sells modular homes assembled in three or more components, starting at \$125,000 plus the price of the lot.

The dilemma, Awrey said, is that he's not sure what he'll get for his existing house because a glut of houses in Lehigh has sent prices down for the past few months.

"I understand how a lot of speculators are going to be left holding the bag," he said.

It's not just houses and land that are more reasonable, said Jim Morrisette, president of Troy Development in Fort Myers, which will sell houses for as little as \$160,000 for a three-bedroom, two-bath house in Lehigh Acres and Charlotte County.

There's no longer a shortage of subcontractors who do the nuts and bolts of building a house, he said.

"It's much easier to get your hands on the sub-trades now than it was even four months ago," Morrisette said. "They're more readily available" and willing to work for less.

Orlando-based economist Hank Fishkind said private enterprise is unlikely to make much of a dent in the need for affordable housing even in a soft market.

"There have been some attempts, but I really don't see a substantial commitment," he said.

What's needed in the long run, he said, is government action to make cheaper houses more profitable by giving builders incentives and making rezoning easier.

But government can do only so much to help and sometimes even has to do things that push prices up, said Wayne Daltry, Smart Growth director for Lee County.

For example, he said, as more people move into Lehigh, it will become necessary to put in central water and sewer systems rather than the wells and septic tanks that prevail now.

Still, he said, Lee is trying to make it easier for developers to build work force housing. Permitting is being made more flexible, and sites for the housing are being figured out in advance "so developers aren't left spinning their wheels."

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