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Relocation spotlight: The Johnson Development Corp.

The Johnson Development Corp. is a Houston-based, award-winning residential and commercial land development company.

For more than three decades, its master-planned communities have consistently attracted local families and relocation buyers alike.

Larry D. Johnson is the company's president and CEO. Earlier this month I had the opportunity to visit with him about his thoughts on Houston and what continues to make his communities so popular.

Below are excerpts from our interview:

MS: Please tell me a little bit about the start and growth of your company over the years.

LJ: We've been around since 1975, and we've specialized in doing highly amenitized master-planned communities over the years. We started with a lot smaller communities and have grown with the times and grown with Houston.

MS: How has the big influx of people into the Houston area directly impacted your communities?

LJ: We have 14 projects, and nine large master-planned communities that are pretty much located around the city. Some areas are more affected by the new people that are coming into town than others.

Our project at Cross Creek Ranch, which is close to the Energy Corridor, and Woodforest up by The Woodlands, probably get more of the relocation traffic because that's where the jobs are.

We might get as much as 25 percent of our buyers as relocation buyers in those two communities.

The rest of them are always getting

ON THE MOVE

BY MICHELLE SANDLIN



of slows the whole process down. Of course prices have gone up quite a bit recently, and I think that tends to slow things down a little bit.

MS: How is the low inventory of available properties impacting your communities, especially with more people coming in?

LJ: I think it definitely slows sales down. It's hard for us to have spec homes available for people who are moving in and want to buy a house right now, because the builders start building the spec home and they sell it before it's finished.

MS: How do you partner with the real estate community to help attract relocation buyers into your communities?

LJ: The main thing is our websites. Every buyer that shows up today already knows all about everything. They've been on the web and they've looked at our development plans, and at the builders, and at the house plans, and pretty much know what they're looking for when they get here.

The other way is through the Realtor community. Probably 85 to 90 percent of our sales in our projects are with Realtors.

new people, but not quite to the same extent.

MS: How are your communities being affected by the current construction labor shortage?

LJ: It's an issue. It's taking the builders longer to build homes

and kind of slows the whole process down. Of course prices have gone up quite a bit recently, and I think that tends to slow things down a little bit.

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MS: What amenities are the most important to the buyer today?

LJ: It's definitely changed over the years. The most popular amenities today are walking trails and open space, and then probably swimming pools. Golf used to be way up on the list, but it's moved way down now. Schools are always pretty close to the top.

MS: What are the top things attracting new residents to your communities?

LJ: The amenity package is probably the most important. Families see the big water parks and the slides and big swimming pools and pocket parks and walking trails. Plus, we do a lot of programming in a lot of our communities where we have a "director of fun," and they're always organizing events and getting people together. I think the people who visit can see how people are reacting there and have that sense of community.

MS: Are you seeing an increase, decrease or steady stream of relocation buyers so far this year as compared to last year?

LJ: I would say we're down from last year maybe 20 percent. I think it's all tied to how these large companies make their move. Most of them have been moving in here the last few years and we have some big ones still coming, like Exxon.

MS: Will the builders be ready?

LJ: We hope so. We've got some really good builders that can really turn out the houses, so I think we will be able to meet the demand.

MS: Why is now a great time to be in Houston?

LJ: I think we're all fortunate to be in Houston, Texas. It's a fabulous place to be and be involved in business. It's just an exciting place. It's growing, it's very vibrant, and it's the energy center of the



Larry D. Johnson

world. We have an incredible Medical Center, and we just have a lot of stuff going for us. I've seen lots of changes with the building in this town, and I am very proud of it.

Michelle Sandlin is a writer and relocation industry expert. She is the 2014 President of Houston Relocation Professionals (HRP), and is a speaker at various conferences and events locally and around the country. Follow Michelle on Facebook: www.facebook.com/HoustonRelocation and on Twitter: @MichelleSandlin. Also visit "On the Move - Exploring Houston Relocation with Michelle Sandlin" at blog.chron.com/onthemove.

If you have something to share or contribute, please send an email to michelle.sandlin@me.com. Please look for another Michelle Sandlin "On the Move" relocation article in today's Jobs section.

Martha Turner Sotheby's agent a force for cancer research

Realtor Susan Whitacre has met the enemy, and it is prostate cancer. An agent with Martha Turner Sotheby's International Realty, Whitacre has given countless hours during the last seven years working to support the Tony's Prostate Cancer Research Foundation.

Even though prostate cancer is a disease in men, Whitacre wants to change the perception that it isn't a woman's disease as well.

"You would be mistaken to believe that cancer of the prostate affects only men. It also profoundly affects the lives of the women who love them; their mothers, daughters, wives, sisters and friends," she said. "That's why I'm driven to make sure women get prostate

cancer — not contract it, but understand its wide-ranging effects."

Whitacre's more than 4,000 hours of volunteer service through TPCR has raised financial support as well as local, national and international awareness of the ground-breaking research and development of the GLUPRI therapy for the cure of prostate cancer conducted at MD Anderson Cancer Center.

"Committed donors and committed volunteers like Susan make it possible the cure for prostate cancer will be found in my lifetime," said Tony Masrraf, the 77-year-old TPCR founder who was diagnosed with prostate cancer in 1999. "She is a big part of the success

we've had in gaining FDA approval for the development of the GLUPRI therapy for Phase B testing on the first group of men. Susan deserves our thanks and recognition for being a compassionate ear, a positive supporter and a knowledge base for those facing prostate cancer."

In addition to fundraising and public relations, Whitacre's service for TPCR includes writing feature articles and copy for the organization's website, www.TPCR.org, partnership development and volunteer recruitment.

"As Realtors, we care about our community," said Martha Turner, co-founder and president of MTSIR. "I encourage my agents to be active in

charitable pursuits, and I can't think of a more worthy endeavor than TPCR. The good Susan has done through all of her hard work over the last seven years is phenomenal. I'm very proud of her and look forward to more positive news on this important trial to combat this deadly disease that disrupts the lives of so many men — and women."

Shown are Susan Whitacre, agent with Martha Turner Sotheby's International Realty, an "enemy" to prostate cancer, and Tony Masrraf, founder of Tony's Prostate Cancer Research Foundation, who was diagnosed with prostate cancer in 1999.



Photo courtesy of Martha Turner Sotheby's International Realty

OPEN HOUSE

Problems can arise from homeowner lines of credit

By Jim Woodard
CREATORS SYNDICATE

In recent years, many homeowners have borrowed cash from the equity in their home to pay off credit card balances, or to pay for their kids' advanced education.

In some cases they reasoned this was a more practical and less costly way to generate funds than to pay the high fees required for a reverse mortgage.

The most popular way to access that cash was by arranging a home equity line of credit (HELOC) with their local banks.

Analysts now are warning bankers about the potential danger of those loans in the near future.

They warn home equity lines of credit taken during the housing bubble will come due in the next several years. That could cause a surge of defaults.

Regulators are pressing banks to be proactive in helping clients avoid defaults, or banks may risk losing hundreds of billions of dollars, it was reported by the National Association of Realtors.

More than \$221 billion in HELOCs at the nation's largest banks are reaching the 10-year mark within the next four years.

At that point, borrowers must start paying down the principal loan as well as the interest.

The number of borrowers who miss payments can double in the 10th year, according to data from Equifax, a consumer credit agency. So federal regulators are urging banks to help borrowers before it's too late.

"When borrowers experience financial difficulties, financial institutions and borrowers generally find it beneficial to work together to avoid unnecessary defaults," according to a statement issued by five major federal regulators. The agencies have released a plan for how banks could oversee their HELOC portfolios as they near the timeline and how to work with clients who may be unable to pay.

Banks stand to lose 90 cents on a dollar when a HELOC defaults, since the line of credit generally is a second mortgage.

If the property is foreclosed upon, most of the sale's proceeds go to pay off the first mortgage, leaving the home equity lender with little left over, if any.

Q: What are the prospects of continuing moderate mortgage rates?

A: Those prospects are very good at this point. As it has for much

of the spring and early summer, the economy seems to be maintaining an upward path, it was noted in a report from HSH Market Trends.

This has resulted in record highs for major stock market indices, while the global investor search for yield and to keep funds out of harm's way has helped U.S. interest rates remain low.

Q: Do most home buyers consider the likelihood of increasing property taxes?

A: Probably not. They typically overlook the toll rising property taxes are taking on consumers' ability to get mortgage financing and borrowers' ability to make payments, it was reported by *National Mortgage News*.

As it is, many loan applicants are having difficulty meeting the 43 percent debt-to-income limit in the Consumer Financial Protection Bureau's definition of a qualified mortgage. Higher property taxes only make it tougher.

And while historically property taxes are factored into underwriting and loan terms, tax hikes that can increase the size of a monthly payment are an unknown that tends to creep up on borrowers.

Nationwide, state and local property tax collections per capita have increased each year since 2006, when they were \$1,208, according to the Tax Foundation's Center for State Tax Poli-

cy, a nonpartisan research organization in Washington. By 2010 they had risen by more than \$200 to \$1,434.

Q: Will FHA mortgage premiums rise?

A: That depends on actions taken by the new Housing and Urban Development secretary, Julian Castro. One of Castro's early dilemmas as head of the Department of Housing and Urban Development likely will be how he handles industry calls to lower Federal Housing Administration premiums, it was reported by National Mortgage News.

The San Antonio mayor, who recently won Senate confirmation as the new HUD secretary, is bound to face lobbying from banking and housing groups that view lowering FHA premiums as the answer to improving loan affordability.

Many expect HUD to avoid such a move and instead push for lenders to reduce their self-imposed credit overlays that limit lending. HUD also is developing special programs to help marginal borrowers gain access to FHA financing.

Q: Where are luxury homes usually located?

A: They usually are found in small areas of cities and towns. The Demand Institute, a non-advocacy, non-profit think-tank jointly operated by the Conference Board and Nielsen, released a new report entitled: "A Tale of 2000 Cities: How the sharp contrast between successful and struggling communities is reshaping America."

The report finds "that a large proportion of housing wealth is concentrated in a relatively small proportion of America's cities, towns and villages."