

OC REAL ESTATE NEWS

The moldy state of Orange County, California's real estate market



Would YOU buy this house?

**HOMES SQUEEZED
BY ALL THE HEAVY RAINS.
IS IT NOW TIME TO SELL?**

Orange County's costly rain pain

While it may appear that the rains have been beneficial drought wise, the hidden cost to Orange County homeowners could be incalculable thanks to the wrath of mother nature's climate change.

Foundations under siege

Because of all the rain, the expansive soil around Orange County homes, condos, apartments, townhomes, and other structures has expanded resulting in an extreme amount of hydrostatic pressure being applied to their foundations from all sides. The result: Foundation cracking, heaving, pipe leaks, and other problems, including an explosion of toxic mold under flooring and inside of walls, which occupants may be unaware of.

Mold lawsuits on the rise

Several high-profile mold lawsuits have been filed in Orange County, including a multi-tenant lawsuit against the Irvine Company which was filed by tenants of the Newport Bluffs apartments in Newport Beach. Mold lawsuits are also piling up from home buyers who were duped into buying moldy OC homes.

A nasty surprise may be waiting

If OC homeowners want or need to sell, a sale cannot be completed without an inspection. But if moisture (mold) issues are discovered during the inspection, they could derail the sale at a time when inspectors are watching for foundation and mold issues to avoid potential litigation from buyers, realtors, and others.

The squeeze on home values

When excessive rain (moisture) damages a home's foundation, the repair costs could exceed 20% of a home's value. The costs of replacing a foundation along with the costs of mold removal—not to mention the cost of mold damage to a homeowner's possessions—could be staggering, and that's only if a contractor can be found. The problem: Fewer contractors are providing mold removal services because they can't find workers willing to do the mold-removal work.

Issue may compel to sell

If OC homeowners do nothing about the problem, it will likely get worse as more rain falls. They could also find themselves caught up in a rush to sell once the problem—and its cost—compels others to sell. As inventory surges, prices may likely fall, as Zillow and others catch on to what is happening in OC.

Concern about buyer turn-off

Because mold must be disclosed to prospective buyers, realtors familiar with the problem have expressed concern about buyers who may not want to buy moldy homes in today's risky and volatile real-estate market. Other realtors said that if their moisture test of a property produces a positive result during their screening process, they may pass on pursuing these listings because of the potential for mold litigation after the sale. Thanks to simple low-cost moisture meters available online, a moisture (mold) test can be done at any property on the fly without needing to hire a contractor to determine the moisture levels under a home's flooring and inside its walls.

Homeowner defaults may surge

Once a home is contaminated with mold, it's almost impossible to remove it. Therefore, some OC homeowners may walk away while others may decide to turn their properties into rentals, which may be the ideal solution for many.