

A Tale of Two House Flips

By Cathy Tyson

There used to be shows on cable television highlighting the process of flipping a house: buy a fixer-upper at a low price, do some improvements and sell quickly – making a profit on the deal. That was back in the day when it seemed like real estate prices in California, and elsewhere could never go down and there were actual buyers with, cough, bank-approved financing. The \$64,000 question these days is, has California's roller coaster real estate market hit bottom and can a contractor looking to quickly turn over a house make money on it?

According to Fannie Mae, the largest U.S. mortgage buyer, home prices

will probably start to gain in the third quarter of 2011. Dean Okamura, a realtor with Pacific Union in Orinda, agrees, "2010 was better than 2009 for the most part, values are not falling as rapidly as they were, but there is still a ton of Short Sales and a few REO's out there – both drag values south." He feels that good locations and values sell quickly and the market is picking up volume. Local home sale data demonstrate just that, for example in 2010 - 271 homes sold in Lafayette, compared to just 206 in 2009. Moraga saw a similar gain from 124 in 2009 to 167 in 2010, Orinda went from 166 sales in 2009 to 182 in 2010.

Is it possible to buy low and sell high? Two Lamorinda contractors are attempting to do that very thing – and are willing to take the risk to, hopefully, get the reward.

Contractor Robert Vallentyne purchased a very distressed property on La Espiral in Orinda. Carolyn Lacy and Stan Whal got in at the ground level on a home that had been declared a nuisance on Ruth Court in Lafayette. They had hoped to turn it around quickly, but a number of liens on the property stalled the project for months.

Vallentyne worked his way through the construction management program

at Cal State Sacramento while a young single parent. He enjoys transforming "the worst home in the neighborhood to the best." He describes the house on La Espiral as rotting away and the subject of numerous complaints. He purchased the property just before foreclosure with the help of some family members. By taking advantage of the lower area they more than doubled the square footage from 1800 square feet to 4000. The new "flipped" incarnation is completely different than the prior home. It now has five bedrooms, 3 plus baths, a wine cellar and a very spacious laundry room.

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Exterior of Ruth Court home in Lafayette before remodel.

Photos Cathy Tyson



Current view of Ruth Court house, construction should be completed in March.



Original La Espiral home in Orinda before flip.

Photo provided



Interior of finished remodel.

Photo provided