

# chicago homes

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## Special feature inside

The Festival of Homes section in Chicago Homes brings you the latest news, photos and more about local new home developments every Friday through March 26.

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## Is your guess as good as Zillow's?

Zillow was a much clicked-on Web site after its 2006 debut, when homeowners were gleefully rubbing their hands together about their property's escalating value before the bubble burst.

Even then though, there were questions about the accuracy of Zestimates, Zillow's estimates of property value based on public



**Mary Ellen Podmolik**  
**Local Scene**

records, local real estate listings and sales information. Now a trio of professors at the University of Texas at San Antonio are adding their voice to the conversation.

Their harsh conclusion:

Zillow not only overvalues properties but homeowners' own estimates might be more realistic than Zillow.

The study, thought to be the first look by academia at Zillow and its proprietary formula for determining home value, focused on 2,045 homes in the Arlington, Texas, area sold in the second half of 2006. The research found that for 40 percent of the homes in the sample, Zillow overestimated the value by more than 10 percent, and only 0.88 percent of property values were underestimated by more



Some baby boomers and families prefer a first-floor master suite. This downstairs master bedroom at KZF Development's Meadow Ridge community in Northbrook was decorated by interior designer Beth Kopin of Kopin Interiors of Highland Park. PHOTOS BY ERIC HAUSMAN

## Staying grounded

For many buyers, a master suite on the first floor feels like a retreat



published in the winter edition of The Appraisal Journal, a trade publication of The Appraisal Institute.

The findings have been lambasted by Zillow, which faults the study for being conducted three years ago, focusing on only one city, and comparing sales for one time period and Zestimates a few months later. "It's unfortunate this limited study is being published and publicized so far out of date," said Zillow spokesman Jill Simmons in an e-mail. "It's also unfortunate that they did not reach out to Zillow to learn more about our approach to home valuation for this study. We would have been happy to talk to them as we are very open and transparent about both our accuracy and the intended use of Zestimates as a starting point for learning about home values."

Finance professor Ron Rutherford, one of the study's authors, said the Arlington real estate market was purposely picked because it was a stable real estate market and Zillow gave it four stars, its best rating for accuracy. Also, the researchers first collected sales data on the properties from the multiple listing service and then looked up their Zestimates several weeks later because they waited for sales to be recorded and then gave Zillow a month to update its Zestimates to factor in sales data.

Rutherford stands behind the findings. In fact, he says Zestimates are likely to be off even more in unstable housing markets. "My guess is when you're using an automated system, it's going to be difficult to get close

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**By Jeffrey Steele**  
SPECIAL TO THE TRIBUNE

Anyone who has lived in a two-story or split-level home for long knows how tiresome those stairway ascents can become. All that climbing up to the bedroom wing is downright taxing. And growing older doesn't make it any easier.

But folks weary of the ups and downs of two-story living are getting in on the ground floor of a trend. They're demanding first-floor master bedroom suites.

The first-floor suite's popularity is borne out by a recent survey of the 55-plus homebuyer by the National Association of Home Builders (NAHB). It reported the first-floor master bedroom suite was among the 10 most important design features for that age bracket, said Stephen Melman, NAHB director of economic services.

More than 70 percent of 55-and-older respondents said a master suite on the first floor was a priority, he added.

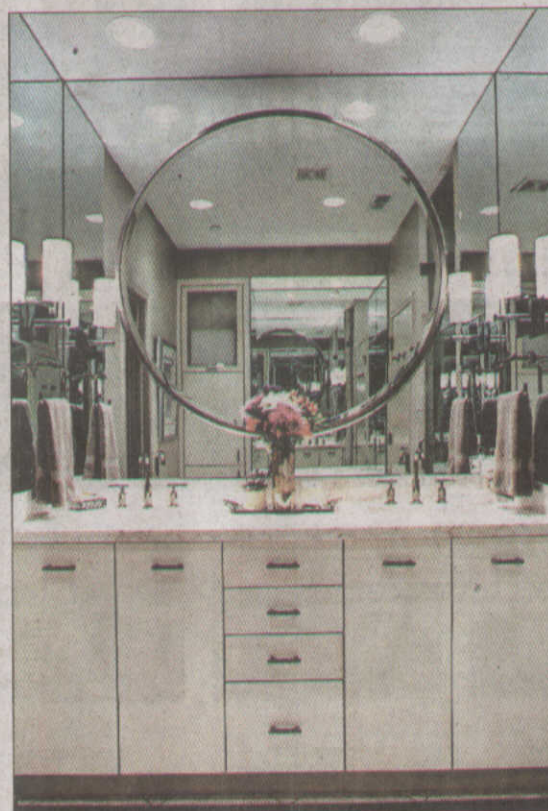
First-floor master suites allow residents to live on a single floor as if in a ranch home. But when family and friends pop in overnight, they can always be pointed to the guest bedrooms upstairs. Or, if the owners need some mid-day respite from the grandkids, the latter can be sent to a playroom one floor up.

However, it's not always an older homebuyer with achy bones who specifies a first-floor master suite, said Patrick Curran, president of Hinsdale's West Point Builders, which has first-floor master plans in its Princeton and Foxwood models at West Point Gardens in Elgin. "Our original intention was to sell to older people," Curran said. "But it's proven popular with younger buyers who have older relatives coming to live with them, and want them to live on the ground floor."

It's also favored by downsizing adults with the foresight to look ahead, said Steve Friedman, partner in Northbrook's KZF Development, offering first-floor master suites at its Meadow Ridge development of town homes and duplexes in Northbrook.

"They may be able to walk the stairs today, but they can see into the future when climbing stairs may be something they don't want to do," he said.

While mobility hurdles are the leading incentive to place a master suite on the ground floor, there is another benefit as



A first-floor master suite bathroom at Meadow Ridge in Northbrook. Interior designer Beth Kopin repurposed the homeowner's circular mirror.

well, said Tony Cesario, president of Oakbrook Terrace-based Cesario Builders, a custom builder constructing 4,000- to 9,000-square foot homes in the west and near north suburbs.

"Most of our buyers tell us they can shut off the upstairs and live downstairs," Cesario said of the first-floor master. In closing

off the second floor most of the time, the owners reap energy savings, he added.

"Most of our homes are zoned so that you can heat or air-condition downstairs or throughout the home," he noted. "They may turn down the thermostat to 60 degrees upstairs, and leave the downstairs at 72 degrees."

First-floor masters can also be a blessing when the unexpected occurs to younger, able-bodied buyers.

When Bill and Nancy Malicki viewed the first-floor suite at Meadow Ridge, Bill Malicki recalled, "My wife and I thought, 'That's nice, but that's for older folks. We're younger than most of the people in this community.'" But after they bought the home, Nancy had a medical emergency and later entered physical rehab.

The first-floor bedroom turned out to be a huge convenience because she did not have to climb stairs to an upstairs bedroom when she came home.

"It was a godsend," Bill said. The couple now appreciate and enjoy having a first-floor bedroom. "When you have a second-floor bedroom, you wake up and look out at the tops of trees. This way, you wake up and you're looking out at a great view," he said.

Just because first-floor master suites are becoming more common doesn't mean they are the easiest or most affordable houses to build.

Hurdles begin with carving out adequate space downstairs to create master suites, said Andy Konovodoff, president of Lombard-based Town & Country Homes. The production builder offers buyers the option of first-floor masters in its estate homes at Providence in Elgin, and intends to introduce first-floor master plans at two new

home developments that it will soon start in Oswego.

"Something has to give," he said. "You have to lose some space, whether it be in a formal dining room or a formal living room or in the den."

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A bedroom designed by Orren Pickell Designers & Builders. With the proper design features, a first-floor master suite can be a secluded, quiet haven.

## Bedroom that feels like a retreat

Continued from Page 1

Konovodoff noted that in a 2,500-square-foot or larger home, it's relatively easy to incorporate a first-floor master suite and still have adequate space for a good-size family room, kitchen and den, and well-planned traffic flow. But in a home of 2,000 square feet or less, buyers "need to come to grips they won't be able to squeeze in a formal dining room and living room," he added. "It will be a master suite with an eat-in kitchen and small family room on the ground floor."

Limited land within and near Chicago helps ensure new homes with first-floor masters are primarily an outlying suburban phenomenon, said Jeff Benach, executive vice president of Lexington Homes, with projects in Wheeling, Des Plaines and Bridgeport, and planning main-floor masters in new developments in Palatine and St. Charles.

"You need a bigger footprint," he said. "Because land is so expensive in near-in suburbs and the

city, first-floor masters can be cost-prohibitive."

Another issue designers must grapple with is how to give a first-floor bedroom sufficient privacy, while at the same time instilling the space with the level of drama and sense of arrival befitting a master bedroom suite.

### Designers must grapple with how to give a first-floor bedroom sufficient privacy.

To ensure privacy, first-floor masters are carefully positioned away from the front entry, often to the side and back of the home, Benach said.

Another approach is to use a staircase to sequester the master suite from the rest of the first-floor living area, said Peggy Taheri, vice president of sales and marketing with Naperville's Smykal Homes, whose sold-out two-story plan at Carriage Homes at Ravine Woods in Channahon features a master on the main level and two bedrooms upstairs. Or the master bedroom suite may be off the

main foyer and down a short hallway leading away from living and dining rooms.

Adding a sense of drama and arrival to the master suite involves no less foresight. In creating first-floor master suites in its Carillon Club row homes in Naperville,

Cambridge Homes designed a short hallway leading to an arched opening in an alcove separating the hallway from master suite entrance, said Dave Smith, Cambridge Homes' vice president of sales and marketing. "When you decorate that alcove area, you create... that sense of arrival," he said.

Cost is a big reason first-floor masters aren't that common. "It's a more expensive way to build," Taheri said, noting the design hikes two of a home's biggest cost components. First, the larger footprint of a home with a first-floor master suite

means more costly foundation work, she said. Second, a traditional two-story is a box on a box. But a first-floor master requires less space upstairs, so it is typically a smaller box atop a larger box. The result: increased roofline, a very expensive line item in building a home.

However, additional roofline presents intriguing architectural possibilities. "You can create volume on the first floor," said KZF's Friedman. "You can have a first-floor master with a vaulted ceiling up to 12 feet, for instance. Or have both a great room and a master suite with high ceilings."

Outside, the architecture can include dormer windows extending through the second floor roofline, which is seen at Friedman's Meadow Ridge.

Look for first-floor masters to remain a first-tier priority with many builders and buyers now and into the future. Said Taheri: "We will see people eliminating formal dining rooms and formal living rooms to make this work."

## HOUSING COUNSEL

# Forgoing privacy to obtain a loan

By Benny L. Kass  
INMAN NEWS

**Q** My husband and I recently applied for a home equity loan. Our bank acknowledged that our home's value, which is fully paid for, is more than adequate to cover the amount we applied for. The bank also noted that we have excellent credit and sufficient monthly income to support the payments.

The bank requested a copy of our 2008 tax return, and I submitted pages 1 and 2 of our 1040. However, the bank said it also needs to see schedules B and D of our return. I questioned the bank on this, but the bank said it is a requirement. Is this standard practice, and is it lawful for the bank to check where our investments lie? It seems to be an invasion of privacy.

**A** I have been complaining about this practice for years. Actually, you may have been lucky: Many lenders require you to sign IRS Form 4506, entitled "Request for Copy of Tax Return." This enables mortgage lenders to invade your privacy even more, since with this form they can get some of your back tax returns. It clearly can invade your privacy, but if you want the loan you have to comply with their terms.

The IRS provides a cautionary note on Form 4506: "If the tax return is being mailed to a third party (such as a mortgage company), ensure that you have filled in line 6 and line 7 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy."

Despite these instructions, many lenders tell their potential borrower to sign but not date the form.

Most borrowers will reluctantly provide their entire tax return to the potential lender.

Yes, it's a clear invasion of your privacy. But nowadays, lenders are lending-scarred—they don't want to be audited by a federal (or state) agency, so they want assurances that they have carefully reviewed your entire portfolio.

**Q** My income has declined about 65 percent in the last two years. I have used reserves to live on and get by, hoping things would get better.

I've been using several credit cards since the early 1990s and have never been late or missed any payments. Now I don't have the money to even make the minimum payments. I'm married and the cards are in my name only. My wife's income or information was never used as a secondary on which to base my credit.

If I miss payments or even default on the cards or even try to negotiate a settlement or pay off less than what's owed, will that affect my wife's credit score?

**A** I am not an expert in credit ratings or scores, but if the credit cards are in your name only, I cannot see how this would impact your wife. However, if you both wanted to buy a house—or any other big-ticket item—where the lender determines that your wife's income is not sufficient (or if the transaction requires both of you to sign promissory notes), then your credit standing would be considered and you may not be able to buy that item.

You may want to consider going to a nonprofit credit counseling agency to try to assist you in rehabilitating your credit. However, make sure the agency is legitimate. Call such groups as the Better Business Bureau in your area to get more details about the agency before you sign anything. And by no means should you have to pay anything upfront before your counseling begins.