



**Realtors<sup>®</sup>  
Connect  
Communities  
To Tallahassee™**

*Great American Realtor<sup>®</sup> Days*

**April 18-19, 2006**

Florida Association of Realtors<sup>®</sup>



# Florida Association of Realtors®

**155,000 members representing the interests of millions of property owners generating billions in economic impact**

For 90 years, the Florida Association of Realtors® has been more than the voice of Florida real estate. We've been good stewards of Florida's land and people.

We've defended private property rights against unreasonable taking, we've defended the environment against natural and man-made threats, and we've championed the opportunity for all Floridians to own their own home.

We represent the hopes and aspirations of first time homebuyers and of firefighters and teachers who want to live in the communities they serve; we also protect Florida's quality of life; and we represent the economic engine that allows Florida to afford both.

FAR's stewardship is evident in the William A. Sadowski Affordable Housing Act, which this year could provide \$939.5 million in assistance to homebuyers. It shows in our annual ENVY Award, which recognizes and encourages environmentally sensitive development. It's spread far and wide in the pacesetting programs created by thousands of Realtors® in local communities around the state to help all Floridians fulfill their dream of homeownership. And it culminates in the economic vitality Realtors® bring to the state.

If Florida were an independent country, it would rank as the world's 15th largest economy. The gross state product reached \$594 billion last year and real estate activity accounted for 44 percent of that total — a staggering **\$263 billion**.

Real property — building it, buying it — directly provides jobs for 769,000 Floridians. That impact outpaces the contributions of other Florida industries, including tourism, which contributed an estimated \$62 billion to the state's economy in 2005.

**We're Florida's Realtors®  
Connecting Communities to Tallahassee  
Today and Everyday**

# A strong housing market builds strong communities.

## Support the Florida Association of Realtors® top five legislative goals for the 2006 session:

- **Full funding of the housing trust funds.** With the median price of a Florida home nearing \$250,000 — well out of reach for a teacher earning \$45,320 or nurse earning \$36,531 — affordable housing programs are critical to the economic vitality of Florida's communities. Scrap the cap on the William E. Sadowski Housing Act and allocate all \$939.5 million expected this year to workforce housing.
- **A robust insurance market is vital to the Florida housing market and to the state's continued economic growth.** Take the bold steps needed to attract private capital to the insurance market. This is a necessary step in stimulating competition, stabilizing rates and restoring Citizens Property Insurance Corporation to its intended role as the state's insurer of last resort.
- **Save Our Homes portability: An idea whose time has come.** Preserve the quality of life for millions of Floridians by voting to place limited portability on the November ballot. The ability to carry tax savings earned under Save Our Homes to a new residence will enable families to upsize, downsize or move in order to take a new job with increased opportunities.
- **Vote YES on SB 2238 / HB 1589, FAR's "Support Homeownership For All" license plate legislation.** Helping families realize the American Dream of Homeownership has been a priority of the Florida Association of Realtors® for decades. In 1992, Realtors supported increasing doc stamp taxes to create a dedicated revenue source for affordable housing trust funds. But with housing prices up by more than 260 percent since 1992, more funds are needed. That's why FAR created the "Support Homeownership For All" license plate. Proceeds from the sale of the plates will go toward workforce housing.
- **Protect Florida's Constitution.** Close the loophole that groups use to hijack the state's budget. Require ballot proposals that affect the state budget by more than .2 percent of general revenue to have 66 percent of the vote to pass. It's also necessary to identify and prosecute paid petition signature gatherers who fraudulently collect and submit signatures. The damage far outweighs the \$6 to \$8 they earn for each signature.

# Property Tax Portability



**S**tories about people taxed out of their homes fueled the citizens' petition drive that put the property tax cap, Save Our Homes, on the ballot in November 1992.

Fast forward 14 years and stories of homeowners unable to move up or down because of high property taxes have reached the state capital. Since Save Our Homes took effect, owners of homestead property have enjoyed a 3 percent annual cap on property tax increases no matter how much the home appreciates in value. Once the home is sold, however, the new owner must pay property taxes on the updated value.

Given the red-hot housing market, that value is often tens of thousands of dollars higher than the previous assessment. In fact, many Floridians couldn't afford to buy the house they currently own if they had to buy it at today's market price—and pay the tax on that increased value.

There are at least a dozen proposals before legislators offering tax relief in the form of "portability"—allowing property owners to retain some or all of the Save Our

Homes savings earned on their current home and applying it to a new home when they move.

Sounds simple enough, until you start calculating the financial impact of reduced property taxes on local governments, and the increased pressure on impact fees and local real estate taxes that is likely to result. Should the state mandate portability for all? Should the decision be left to local governments? Could property tax relief include a bigger homestead exemption—say \$50,000, double the current exemption? Who should benefit: all homeowners, only seniors (the intended benefactors of the Save Our Homes amendment) or only persons downsizing? How often should homeowners be able to take their Save Our Homes tax savings to a newly-purchased residence—every move or once in a lifetime? And will these changes still provide county governments with the revenues needed to provide the infrastructure and services that residents demand?

With only three weeks left in the legislative session, legislators are feeling the magnitude of the task at hand.

Save Our Homes portability is an idea whose time has come. The Florida Association of Realtors® (FAR) supports “limited” portability, giving local governments the option to allow portability in their jurisdictions for homeowners who are either upsizing or downsizing, regardless of age. Ideally, counties would set the level of tax portability and exempt school taxes from any cap because the constitution requires all students receive equal funding regardless of where they live. FAR also supports allowing homeowners to move Save Our Homes tax savings to new homes when they are forced from their existing homes by the exercise of eminent domain. And FAR supports allowing homeowners to repair or replace homes damaged in casualty events without losing their Save Our Homes tax savings.

# License Plate



**Realtors® are driven to help others.**

In 1992, Realtors® supported passage of the William E. Sadowski Affordable Housing Act and an increase in documentary stamp taxes to create a dedicated revenue source for affordable housing trust funds.

But with housing prices up by more than 260 percent since 1992, additional help is needed. We've stepped up to the plate again, and ask for your support in helping families realize the American Dream of Homeownership.



Vote YES on **SB 2238 / HB 1589**, FAR's "Support Homeownership For All" license plate legislation sponsored by Sen. Dave Aronberg (D-Greenacres) and Rep. Chris Smith (D-Fort Lauderdale). Proceeds from license plate sales could generate millions for affordable housing.

Homeownership For All Inc., a not-for-profit directed by Realtors® and other housing advocates, will designate projects and beneficiaries for the funds.

With the commitment of FAR's 155,000 members and a planned marketing campaign to promote sales of the plate to Realtors® and the public, "Support Homeownership For All" is a powerful tool to help Florida families struggling with the rising cost of housing.

# Constitutional Amendment Reform



**Let's finish what  
was started last year.**

**T**he right to put a legitimate constitutional amendment proposal before Florida voters is important. But financially flush groups are taking advantage of Florida's relatively easy constitutional referendum process to advance their own causes. Any fringe group with enough money can pay people to stand on a street corner and ask voters to sign a petition in order to have their issue placed on the Florida ballot. Passage is almost guaranteed. Since 1968, 26 citizens initiatives have gone before voters; 23 passed. That's an 88.5 percent success rate.

Especially problematic are amendments with a narrow focus or no statewide implications (such as the protection of pregnant pigs) and those that don't specify a cost, as was the case with the classroom size and high-speed rail amendments.

Last year, the Legislature passed a measure that will go before voters this November. If approved, it will require that all constitutional amendments, including those passed by the Legislature, be required to pass by at least 60 percent of the vote.

This year, the Florida Association of Realtors® (FAR) urges lawmakers to raise the percentage of votes needed to approve big-ticket constitutional amendments and eliminate fraud and deception from the paid petition signature process.

The Constitution already requires that tax increases be approved by two-thirds of the voters. But **SJR 1436** by Sen. Jeff Atwater (R-North Palm Beach) and **HJR 7037** by Rep. David Simmons (R-Altamonte Springs), which must be approved by voters, closes the loophole groups use to force the state to fund pricey projects. The bills require a proposed amendment which impacts the state budget by more than .2 percent of general revenue (about \$53 million under last year's budget) to receive 66 percent of the vote in a general election in order to pass.

FAR also supports anti-fraud legislation (**SB 1244 and HB 773**) sponsored by Sen. J.D. Alexander (R-Lake Wales) and Rep. Dudley Goodlette (R-Naples). The bills target abuses in the lucrative signature-gathering industry that has sprung up around Florida's constitutional amendment process. The legislation creates a system to identify and prosecute paid petition signature gatherers who fraudulently collect and submit signatures, and gives law enforcement the tools to identify and prosecute petition fraud. It would also permit citizens to rescind their signatures if they sign a petition and later find the issue is not something they want to support.

Florida Realtors® urge lawmakers to preserve the Florida Constitution and raise the bar on proposed constitutional amendments.

## Eminent Domain



**T**he shockwaves caused by the U.S. Supreme Court’s decision allowing the city of New London, Conn., to condemn a working-class waterfront neighborhood and transfer the land to a private developer continue to fuel the debate about government’s right to “take” private property. Florida is one of 47 states that have enacted or are considering limitations on governmental exercise of eminent domain.

No one disputes the right of governments to take land for public necessities such as schools or roads as provided in the Fifth Amendment to the U.S. Constitution. However, in the New London case, the court endorsed the forced transfer of private property for a use that benefits a private developer.

FAR remains a strong advocate of private property rights, and we are deeply concerned about the use of governmental authority to take land solely for economic development—whether for a sports stadium, retail center or upscale housing.

FAR supports statutory and constitutional limits on the use of eminent domain for economic redevelopment without interfering with government's traditional right to take land needed for schools, parks, roads and bridges. **HB 1567** and **HJR 1569** by Rep. Marco Rubio (R-Miami) and **SB 2168**, a product of the Senate Judiciary Committee, strike a fair balance between government's needs and the fundamental rights of private-property owners. The bills tighten existing definitions of blighted property and only allow governments to take property that is an immediate threat to public safety or health.

# Property Insurance



**The numbers are chilling.**

**W**ith nearly 900,000 policies, Citizens Property Insurance Corp., intended to be Florida's insurer of last resort, is now the second largest property insurer in the state. Citizens' losses during the 2004 hurricane season exceeded \$515 million and this year it faces a \$1.7 billion deficit.

Private insurers are raising rates and exiting the state market at an alarming rate. Since January 1, the state Department of Insurance Regulation has received 159 rate hike requests. And since August 2004, more than two dozen companies have stopped writing some form of property insurance in Florida.

The Florida Association of Realtors® is aggressively pursuing solutions to the insurance crisis at both the state and national levels. A robust insurance market is vital to the Florida housing market and to the state's continued economic growth.

We will continue to work with the Legislature to stimulate competition, stabilize rates and restore Citizens Property Insurance Corporation to its intended role as the state's insurer of last resort.

These challenges are considerable and the consequences for the state are enormous, but sensible suggestions have been made that could help, such as using some of the sales tax revenue generated by reconstruction to reduce Citizens' deficit.

Any long-term solution to the Florida hurricane market should also include a comprehensive national disaster insurance program to encourage private insurers to return to the market. Every area in the United States has the potential of natural disasters of some sort—whether blizzards, mudslides, earthquakes, tornadoes or hurricanes. If risk is spread throughout the country rather than at the state level, the cost of insurance will decrease.

Hurricanes aren't the only natural phenomena putting pressure on homeowners' insurance premiums. A growing number of inflated and fraudulent sinkhole claims are having a negative impact as well. At the same time, some property owners are making only cosmetic repairs with the sinkhole insurance claim money they receive, putting future buyers at risk for more substantial repairs. As they consider various bills, FAR urges lawmakers to focus on legislation that solves the real problem and does not hinder the real estate transaction process.

Available and affordable property insurance is a precondition for the continued health of Florida's economy and for the well-being of its citizens.

# Housing Trust Funds



## Put the force in workforce housing

Your son's fifth grade teacher can be a lifelong mentor but she can't be your neighbor.

**S**he and others who make up Florida's workforce—nurses, firefighters, first responders and retail salespersons—can't afford to buy a median price home in most Florida markets. According to the National Housing Coalition, an elementary school teacher in Florida's highest-priced market, Naples, earns \$42,996—far less than the \$107,824 annual salary needed to afford a median priced home there. Ocala is currently the state's only major market where a teacher earns enough to live near the school where they teach.

**That's no way to build strong communities.**

Fortunately, relief is within your grasp. The Florida Association of Realtors® (FAR) urges the Legislature to allocate all of the money generated by the William E. Sadowski Housing Act—estimated at \$939.5 million for this coming fiscal year—to workforce housing programs and to remove the cap on spending permanently.

Since its inception more than a decade ago, the Sadowski trust funds have helped thousands of families in all 67 counties become homeowners. And that was despite the Legislature's refusal to fully fund housing since 2003.

Numerous bills have been filed to "Scrap the Cap" on housing trust funds and fund programs for workforce housing, including **HB 1363** by Rep. Mike Davis (R-Naples) and Rep. Bob Henriquez (D-Tampa).

It's time to put the trust back into the housing trust funds so the dedicated professionals who protect our lives, who care for us when we're sick and who educate our children have a place to call home.