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Housing crisis complicates property-tax reform picture

By Ryan Lengerich
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Tax reform is colliding with a sinking housing market, but experts say fixing the property-tax system is still essential.

Outcry for lower taxes stems in part from homeowners disputing county assessments. Since January, when government appraisers last made assessments, the housing market has bombed and slumping home values may drop more.

So is the market correction lessening the need for swift tax reform? Some experts say they don't think so. A flawed system needs correcting, quickly, and political factors are driving the legislative rush to get something to voters Jan. 29, they say.

"I think market corrections will take time," said Allan Bense, a former House speaker turned chairman of the Florida Taxation and Budget Reform Commission. "Some of these issues out there have been unfair."

In Lee County, the median price of a single-family home sold with the assistance of a Realtor dropped 5 percent to \$250,800 from \$264,100 in August 2006. Sales were down 25 percent to 520 from 691 in August 2006, according to the Florida Association of Realtors.

Prices and sales generally have been falling in Lee County since the all-time high of median of \$322,300 set in December 2005.

Proposed reform

Last month a judge squashed a proposed amendment rammed through the Legislature in June that would have given homeowners the option to utilize a "super-exemption." The judge ruled it did not tell voters the amendment would phase out the popular "Save Our Homes" program.

Passed in 1992, Save Our Homes limits annual increases in taxable property values to the cost of living or 3 percent, whichever is less.

The Legislature realized trying to save that amendment through a rewrite or appeal was futile once voters realized it would kill Save Our Homes, Bense said.

The newest package legislation passed through the House Government Efficiency and Accountability Council on Monday.

The reform package centers around doubling the homestead exemption to \$50,000, saving the owner of a \$259,000 home up to \$412 a year. Not all waterfront properties would be assessed like they are potential sites for condos, a practice called "highest and best use." Property taxes for low-income seniors would be eliminated and it would become easier to dispute appraiser assessments.

Then there is the popular but controversial call for "portability," the ability to carry over Save Our Homes discounts when a taxpayer moves.

Advocates say portability will prime the housing market and free homeowners feeling trapped in homes by fear of losing their savings. Opponents argue it's unconstitutional, giving current residents tax advantages over newcomers to the state.

Earlier this year lawmakers funded a study by University of Georgia law professor Walter Hellerstein. His report raised constitutional concerns about portability.

Lee County Property Appraiser Ken Wilkinson, the Save Our Homes author, said the concept is crucial and will withstand a likely court challenge.

Why now?

"I still think we need tax reform," Wilkinson said. "I think the Legislature has the responsibility, I just hope they get it right this time."

But why the rush? Hasn't the market downturn at least bought state leaders some time?

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The move is in part political, said Florida International University Public Administration Professor Howard Frank. The public fervor is busting for reform and slicing taxes is a visible and quantifiable move for state officials.

"They see they aren't going to be able to do anything with insurance," Frank said. "They can do more with the property tax part."

Last week more than 35 people addressed the Budget Reform Commission at a hearing in Fort Myers about property taxes. Many called for reform.

"I'm looking for Tallahassee or this commission to do the following: to make the tough decisions and really develop and implement a comprehensive tax reform package," said Alicia Shaw of south Fort Myers. "If (my husband and I), as fairly comfortable baby boomers, are having difficulty, how are others that you expect to come into this state going to manage?"

No solution

In 1992, as Wilkinson touted Save Our Homes, Larry Fuchs served his first year as executive director of Florida's Department of Revenue. He opposed the measure, saying the tax burden would shift in the long term to newcomers, renters and businesses. Voters approved the amendment.

"The fault lies not with the Legislature, perhaps with Ken and his proponents, but bottom line is the people of Florida created this situation," Fuchs said.

He proposes repealing Save Our Homes but admits it's unlikely voters will agree. He is adamant that portability will not survive constitutional challenges. He backs increasing the homestead exemption to \$50,000 and if Save Our Homes is kept, extending it to rentals and businesses.

The Legislature will debate and tinker with the proposal before the Monday deadline and give voters an option for at least some tax reduction.

"They are trying to find some solution to a public outcry," Fuchs said. "There is no solution."

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Making Saving Our Homes benefits portable could spur home sales, agents, brokers say

By [Laura Layden \(Contact\)](#)

Monday, October 15, 2007

When it comes to the real estate slump, there's no quick fix.

But agents and brokers in Southwest Florida say a "portability" proposal that would allow homeowners to take at least part of their Save Our Homes benefits with them could go a long way in helping to spark more sales.

"I tell you what we are relieved that portability is now on the table. If the state wanted to do something to really help the economy down here, portability would be the No. 1 thing in my opinion," said Michael Hughes, a broker with Downing-Frye Realty Inc. in Naples.

Save Our Homes caps annual assessment increases at 3 percent on properties with homestead exemptions. But it has left some homeowners feeling trapped because they can't take their savings with them if they move. If they're not moving, they're not selling, and they're not buying.

Depending on how the portability provision is structured it could make "a pretty big difference" in the local economy, said Joe Ballarino, president and chief executive of Amerivest Realty in North Naples. It won't just help agents and brokers, he said.

"Anytime someone moves they hire a mover, they paint, they buy new rugs, they buy new furniture and window treatments. They clean things up," he said.

Ballarino doesn't favor allowing homeowners to bring the entire savings with them. He thinks maybe they should get 50 or 75 percent. That way, he said, the local government won't lose as much money.

"Limited portability is really the way to go," he said.

A few years ago, Ballarino considered a move up to a more expensive home. But when he looked at what he would pay in taxes he decided to stay put.

Without portability, residents can see their taxes rise by as much as \$5,000 or \$6,000 a year if they move, said Charles Richardson, a senior regional vice president for Coldwell Banker Residential Real Estate.

“It’s a tremendously important issue that has to be included in whatever tax solution that comes up,” he said.

Spencer Haynes, president of the Naples Area Board of Realtors (NABOR), said there’s nothing with the power to change the market overnight. But a “decent” portability plan could be a part of what helps turn it around.

“Portability is nothing but a positive move for the real estate market and the state of Florida and Collier County. But to say it’s a savior for the entire real estate market would be an overstatement. It would most definitely promote a lot more homeowners to change residence and change type of property.”

The proposal comes as Collier County continues to see a decline in median home price and sales.

On Saturday, released its third quarter report, which shows the median home price fell to \$375,000, down \$15,000 from the previous quarter. There were 786 closed sales, down from 1,326 in the last quarter and 961 a year ago.

The report shows resales in all areas with a Naples address through the Multiple Listing Service. It does not include sales in Marco Island or outlying areas, such as Immokalee.

In Lee County, the median price of single-family homes improved slightly, increasing \$4,000 to \$250,800 in August. But that was still down from the median home price of \$264,100 in 2006.

In August, existing home sales in Lee County were down 24 percent from a year ago, though they were up 22 percent from July.

Housing inventory is still high. As of Oct. 1, there were 10,526 active listings on the market in the Naples area, according to NABOR’s quarterly report. The current inventory represents a more than 31-month supply of homes.

In Lee County, there are more than 15,000 single-family homes and about 8,000 condominiums on the market, said Brett Ellis, a partner with The Ellis Team at RE/MAX Realty Group in Fort Myers.

“Any tax relief we get will be positive,” he said. “Portability would help.”

But, he said, it’s even more important to bring taxes down for everyone, not just those with the homestead exemption.

Wes Brodersen, a broker with EXIT Gulder Real Estate and past president of the Bonita Springs-Estero Association of Realtors, said portability could help many elderly residents who can’t afford to pay higher taxes.

“Do I think it will be big?” he asked rhetorically. “Yeah. I think it’s going to be bigger than most people think.”

John Sebree, vice president for public policy at the Florida Association of Realtors, said the group is behind the portability movement but is concerned that any plan would need limits to ensure that it passes constitutional muster.

Despite such concerns, Sebree said the proposal would provide a much needed boost to elderly couples looking for a smaller space and growing families who can’t afford to move into a larger home.

“It would do a lot to unlock pent-up demand out there for people who want to trade up or trade down,” he said.

Trudi Williams, R-Fort Myers, the only local delegate to attend hearings Monday about the tax reforms, said she thinks there should be limits to portability, though she supports it.

“The only thing I would disagree with is that I think it should stay within the county,” she said. “But anything is better

than what we have now, which is nothing.”

“I’m hoping these initiatives will help jump-start our real estate economy,” said Rep. Franklin Sands, D-Weston, and member of the House Government Efficiency and Accountability Council. “It is sorely needed.”

State Rep. Garrett Richter, R-Naples, agreed.

“I do believe portability is certainly favorable among the voters and it will help ignite the real estate economy, which would be good for the economic vitality of Florida,” he said in a voice mail to the Naples Daily News.

Lee County Property Appraiser Ken Wilkinson, the father of the original Save Our Homes amendment, said he couldn’t be happier that portability is back on the front burner. But, he said, his biggest concern is that school taxes may be exempted, which would cut the savings almost in half.

“The truth is portability doesn’t hurt schools revenue. At the least, it’s a wash because portability generates more revenue, increases the tax base,” he said.

He believes that portability will “open up the market more than ever seen in history.”

Wilkinson is a leader in a citizen initiative to get portability on the ballot. The group has collected 20,000 signatures, but needs 611,000 to put the measure on the ballot.

“Our biggest push is we need to rejuvenate this real estate market,” Wilkinson said. “There are so many people that depend on real estate in our state.”

The group will abandon its effort if the Legislature comes up with a fair proposal, he said.

Wilkinson is also on the state’s Taxation and Budget Reform Commission. If the Legislature and the citizen initiative don’t get portability on the ballot, the commission will, he said.

“We are at the table on all three arenas. That’s what I wanted.”

Tallahassee correspondent Michael Peltier contributed to this report.

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Posted by [Mo_Jo](#) (anonymous) at 9:05 p.m. on October 15, 2007 ([Suggest removal](#))

I have been in the same house for 14 years. I was single when I bought it. Now I have a family of 4. We desperately need a bigger house and can afford to buy one. However, it would take more than partial portability to make us leave the neighbors who have become our extended family.

0 of 0 people found this comment useful.

Posted by [cornandbeans](#) (anonymous) at 9:07 p.m. on October 15, 2007 ([Suggest removal](#))

Jump start real estate markets? Idiots. SOH will always slow real estate markets no matter what form it's in. Kill it. Increase homestead exemption, kill SOH. That is the only thing that will help save the real estate markets. You think all