

## BOARDROOM REPORT

*News from recent REIS board meetings*

### SCHOLARSHIP FUND ACCEPTING DONATIONS:

The REIS Scholarship Foundation is inviting REIS members to make charitable donations, with 100% of donations to be available for scholarships to area colleges. Contact Walter Serbon, 239.437.0025, for more information.

### NEW IDEAS FOR ANNUAL SOCIAL EVENT:

This year's annual social event will be expanded to include recreational activities. Golf, tennis and poker tournaments are all being considered, which will likely be followed by a cocktail reception. Details will be provided to REIS members in the coming months.

### ENTITLEMENT PROCESS WORKSHOP:

Planning is underway for a workshop on the process involved in acquiring development approvals. Details will be provided to REIS members in the coming months.

### MEMBERSHIP INTEREST:

The "waiting list" of persons seeking membership is up to 46 and growing weekly. Membership is limited to 235.

### EXPRESS CHECK-IN AT MEETINGS:

Members and their guests may preregister for REIS luncheons and take advantage of the new "Express Lane" at the registration table. Make your reservations on the REIS web site, by emailing [sheston@swfla.rr.com](mailto:sheston@swfla.rr.com), or calling Sharon Heston at 239.410.1253. Then mail your check to Sharon Heston, 154 Elephant Way, North Fort Myers, FL 33917.

### HOT MEETING AGENDA:

- David Mica of the Florida Petroleum Council will discuss **oil and gas exploration** in the Gulf of Mexico at the June 13 meeting. He will also address hurricane preparation issues and related topics.
- At the July 11 meeting, **Dr. Henry Fishkind**, noted Florida economist, will present a review and forecast of the regional real estate market, including the economic factors that influence it. Fishkind is appearing on behalf of the SWF Real Estate Council (REC).

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## NEW STRATEGIES FOR GROUP INVESTMENTS IN REAL ESTATE

REIS presents a one-day workshop on structuring group investments on Friday, June 2, in the Magnolia Room at Pelican Preserve Town Center in Fort Myers. Conducted by Gene Trowbridge, JD, CCIM, a senior CCIM instructor, attorney, real estate broker, group sponsor, and author. Workshop from 8:30 am to 4 pm, includes lunch. Details and online reservations at [www.reis-swfl.org](http://www.reis-swfl.org) – just click "Workshops" on home page. Act now, seating is limited.

## LEGISLATIVE REPORT

### INTANGIBLES TAX REPEALED

The state Intangibles Tax was repealed. The tax was levied on stocks, bonds and other investments.

### EMINENT DOMAIN RESTRICTION PROPOSED

The legislature passed a proposed constitutional amendment to limit the ability of local governments to condemn property for the sole purpose of economic development. "Private property ownership is a fundamental right that needs to be in the constitution," said Sen. Burt Saunders, sponsor of the bill. The proposed amendment will be on the November ballot.

### IMPACT FEES REGULATED

Legislation was passed that will require impact fee increases to be based on the most recent data and establish a 90-day waiting period for implementation of increases. The regulation was recommended by the Florida Impact Fee Review Task Force, which also supports a requirement that all impact fees include an effort to create more affordable housing.

### ECONOMIC DEVELOPMENT FUNDED

Legislators budgeted a \$200 million matching program to support local governments in attracting new businesses. An additional \$50 million was budgeted for state efforts to attract high-wage employers to Florida.

### SALES TAX EXCLUSION ON BUSINESS ASSETS

Sales tax was repealed on research and development materials and manufacturing machinery.

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## WHY THE BUBBLE WON'T BURST

In the May 15 issue of *BusinessWeek* magazine, analyst Michael Youngblood explains "Why the Bubble Won't Burst" in the housing market. With regard to markets experiencing the biggest price gains, Youngblood asserts "We expect the biggest gains in Bakersfield, CA (43%), **Fort Myers, FL (42%)**, Stockton, CA (39%), and **Punta Gorda, FL (35%)**. The assessment is based on growth in employment and personal income.

## ECONOMIC INDICATORS STRONG

The Southwest Florida Regional Planning Council, reports the unemployment rate dropped to 2.5% in February for the regional including Charlotte, Collier, Glades, Hendry, Lee, and Sarasota Counties. Building permits for the region were up 19.3% over February 2005. Gross sales for the year were up 14.4% and taxable sales were up 6.7%.

## RECORD RETURNS IN REAL ESTATE

Annual investment returns for US commercial real estate hit an all-time high of 34% in 2005, according to the MIT Center for Real Estate. The MIT index compares to the Morgan Stanley EAFE International Stock Index at 14%, the Lehman Bros. Govt./Corp. Bond index at 5%-6%, and Standard & Poor's 500 at 4.9%.

## THE NEW PROSPERITY

In 2000, real estate accounted for 25% of assets held by households and non-profit entities, with stocks accounting for 21.5%. By 2005, real estate increased to 33.3% while stocks fell to 16.3%. Homeowners' net equity in their homes rose 50% or \$9,265 per year while disposable increased only 15.8% or \$2,169 per year. So, homeowners gained 4.27 times as much wealth each year from rising home values as from increases in income. Homeowners owning stocks lost \$14,030 per year from stock market declines.

— *National Real Estate Investor*, April 2006

## AFFORDABLE HOUSING LAW

The Florida Legislature passed a far-ranging affordable housing law, the Community Workforce Housing Innovation Program, sponsored by Rep. Mike Davis and Sen. Mike Bennett. The Program includes:

- **Development incentive** for public – private partnerships to create affordable housing for essential workers in high cost counties, supported by \$50 million in forgivable loans. Funding priority given to communities with high housing – income gaps like Collier County (\$505,000 median home price, \$66,000 median household income) and Lee County (\$281,000 median home price, \$54,000 median household income). Priority also given for offering developer incentives such as faster permit review and increased densities.
- **Low interest loans**, from zero to 3% rates, for up to 35% of value of moderate-priced homes.
- **Permit review exemption** for additional housing in large projects, if 15% of units are workforce housing.
- **Local growth plans** may be changed more than twice a year if the amendments allow affordable housing on infill parcels of 10 acres or less.

## CHANGE TO GROWTH LAW STYMIED

The state legislature took no action on Collier County's efforts to change the state Growth Management Law, which prohibits counties from having more restrictive growth management regulations than the state. Collier's current system is more restrictive than the state and county commissioners have been reluctant to comply. The Dept. of Community Affairs (DCA) wanted the revisions to include a "proportionate share" policy that would require defined responsibilities between government and the private sector, in terms of paying for utilities and public services. Once a developer would pay their share of responsibility, their project could proceed. Collier officials refused the policy because it would make it too difficult to stop developments.

Meanwhile, Collier county commissioners have been delaying approval of rezonings, prompting homebuilders to contend the county is in a virtual building moratorium.



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