



PRESIDENT'S MESSAGE

April 2009

A recent New York Times/CBS national found an improvement in the respondent's attitude towards the economy, signaling an increase in consumer confidence. The poll found that 20 percent now think the economy is getting better, compared with only 7 percent in mid-January. The percentage of people who said the economy was getting worse has declined from 54 percent to 34 percent today. Consumer confidence is a key indicator that often precedes increased spending, a necessary component of economic recovery.

On the local front The Beacon Council, Miami-Dade County's economic development organization, has published economic data that shows a relatively sunnier disposition for Miami-Dade County compared to other parts of the State. The unemployment rate was flat in January compared to December, 2008. Miami-Dade experienced similar unemployment levels during 1996 through 1998 and again from 2001 through 2004. Our county's unemployment rate of 6.8% fares better than Broward's 7.7% and Lee County's 11.5%.

A new first time homebuyer tax credit was authorized by the economic stimulus bill signed by President Obama in February. The tax-credit provision places an income limit on taxpayers who qualify. For an individual to participate, his or her annual income must not exceed \$75,000. For a married couple to be eligible, their combined income must not exceed \$150,000. Research indicates that 8,000 to 12,000 prospective first-time homebuyers in Florida could benefit if the federal tax-credit stimulus provision could be accessed on the front-end to help consumers with down payment and closing costs.

"Finding a state solution to this problem is key," said John Sebree, vice president of public policy for the Florida Association of Realtors. "The state would advance the cash to these buyers, who would then forward their tax credits back to the state. These families could get their \$8,000 tax credit in a matter of months, so it basically would be a short-term loan. But we have to move quickly, since homebuyers have to complete their purchase by Nov. 30, 2009, to receive the tax credit." Gov. Charlie Crist is considering the proposal. A coalition of Florida consumers, Realtors, lenders and homebuilders are lobbying state legislators to come up with a "Florida Formula" to allow first-time homebuyers to use the federal tax credit upfront. Our organization, the LBA, is part of this group that is being spearheaded by the Consumer Federation of the Southeast (CFSE), a nonprofit consumer advocacy group. The alliance includes the Florida Association of Realtors, the Florida Home Builders Association, the Florida Bankers Association, the Florida Credit Union League, the Florida Manufactured Housing Association, Florida Association of Mortgage Brokers, the Builders Association of South Florida and the Latin Builders Association.

An economic impact analysis by the Washington Economics Group (WEG), based in Miami, also concluded that front-loading the homebuyer tax credit would create 33,206 new jobs and generate \$514 million in federal, state and local tax revenues. Urgent action is needed. Nov. 30, 2009 – less than eight months from now - is the deadline for individuals or couples who haven't owned a principal residence for at least three years to close on a purchase if they want to qualify for the tax credit.

The rate of existing home and condominium sales has begun to recover - evidenced by six consecutive months of increases in year-to-year comparisons – even though the market remains sluggish because of the recession. Lower interest rates and the homebuyer tax credit promise to make housing affordable once again. That attracts business and promotes growth. "First in, first out" is a popular phrase in the Florida real estate industry. In a state hit early by the economic downturn, there's hope it will be on the leading edge of a recovery.

While total construction has dipped for the private sector, public sector spending is up. Total public construction by the governmental sector is up from last year. In February 2009 the total public construction was \$301,663,000 up from \$291,640,000 in February of the previous year. This trend in increased public spending in construction is expected to continue and accelerate during the balance of this year. Many contractors and related service providers are shifting their attention from the private to public sector opportunities. Minority or disadvantaged business designation is advantageous. The LBA is prepared to assist its members in this transition from a private sector concentration to more focus on public sector opportunities.

Anthony Seijas

President, Latin Builders Association, Inc.