



Economist: Hernando Housing Market Has Bottomed Out

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BROOKSVILLE - County commissioners didn't need another reminder of the bleakness of the Hernando County economy.

But they got one today after hearing twin reports from economic experts who gave a snapshot of current conditions.

"This is just an ugly period of time," said Henry Fishkind, an economist with Fishkind & Associates.

And although it appears the housing decline has bottomed out, it will take many months to pull out of this crisis, he said. Florida is overbuilt and has too many existing homes on the market. Until that inventory is gone, times will continue to be rough, he said.

"This is the absolutely worst recession I've seen since 1975," Fishkind said.

The good news: Once people buy up these existing homes sitting vacant, the market should start correcting itself within a year or two, he said.

Fishkind urged commissioners to diversify its tax base and continue its capital improvements plan to stimulate growth and jobs. He also encouraged public-private partnerships to help fund some of those capital projects.

"I frankly see a lack of that kind of cooperation in the Tampa Bay area," he said.

Fishkind also said commissioners should also consider a one-cent infrastructure sales tax.

Fishkind said the county can expect a flat fiscal year for 2009. The growth in ad valorem revenue will accelerate in 2010 but the results won't show up until 2011.

Until then, "you'll have to slog along" for awhile, he said.

Fishkind said the county should look into making better use of multiple service benefit units (MSBUs) to help pay for infrastructure improvements.

Fishkind was one of two economists county commissioners invited to their meeting today. And

what they heard may have a direct bearing on how they vote on a proposed 25 percent reduction in impact fees.

Gov. Charlie Crist recently signed into law an appropriations bill that would set aside \$20 million statewide in non-recurring funds to provide down-payment assistance to first-time homebuyers.

To qualify, Hernando County needs to reduce impact fees by at least 25 percent for a minimum of 18 months.

County commissioners have put off making a decision until hearing from experts on the economy.

Today, they got an earful.

Lee Ellzey, CEO of Pasco-Hernando Jobs & Education Partnership (PHJEP), started things off by saying 35 to 40 percent of Hernando County's workforce leaves the county to go to work. Most of them travel south to Hillsborough, Pinellas and Pasco counties.

David Hamilton, also with the PHJEP, said much of the economic decline locally was fueled by the decrease in construction jobs, once the mainstay of the county economy.

Construction jobs in Hernando County reached a peak in May and June 2006 and have declined steadily since then, Hamilton said.

"We have lost 1,100 jobs in construction," Hamilton said.

By contrast, Florida lost 75,000 jobs during the last 12 months, mostly in construction.

Another negative: More people in Hernando County are employed in the retail trade industry than any other sector, Hamilton said. Unfortunately, those jobs typically are low-paying.

Commissioners didn't make any decision Tuesday on an impact fee reduction. Instead, they will wait until Aug. 5, when the next "expert" – Kirk Sorenson, an economist with Government Solutions – will address the board.

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