

# Florida condo owners say they're under siege from real estate investors



Nancy Alexander has owned a unit in The Hamptons at Tampa Palms since 2006. “My mistake was thinking that we had rights,” she said, adding that she hasn’t sold. “I thought nobody could make (us) sell. I was wrong.” JAY CONNER/STAFF



BY JAMES ROSICA

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TALLAHASSEE — Condo owners say a 7-year-old change in state law now is forcing them from their homes as investors convert their buildings into rentals.

The situation has become so dire that Gov. Rick Scott is asking the state’s condominium regulators to see what assistance they can offer affected owners, according to a letter his office released Saturday.

The Florida Condominium Act once required agreement from all owners before a condominium pact could be dissolved. In 2007, lawmakers lowered that threshold to 80 percent — even after then-Gov. Jeb Bush vetoed the change a year before.

The change was approved by the first-year governor at the time, Charlie Crist, who then was a Republican and now is a Democrat challenging Scott this year.

Some condo owners say they're being pressured to sell as investment groups slowly take over whole complexes, often by snapping up foreclosed units. Their goal is to sell the properties at a profit.

"I'm a real estate broker so I thought I was smarter than everybody else," said Nancy Alexander, who has owned a unit in The Hamptons at Tampa Palms since 2006.

"My mistake was thinking that we had rights," she said, adding that she hasn't sold. "I thought nobody could make (us) sell. I was wrong."

In a condominium, one owns an individual dwelling, such as an apartment, with the building and land owned in common with all the other unit owners.

With the housing bubble burst in 2008 came foreclosures and vacant condo units, followed years later by real estate investors looking to buy low and sell higher.

Under the new law, investors can take over the condo governing board as they acquire more units, Alexander explained. She said the investors in her condo complex haven't done that — yet.

When it reaches 80 percent ownership, the investment or development company ends the condominium and makes offers to holdouts that they can't refuse — as little as 30-50 percent of what the owners originally paid.

If a homeowner owes more than that on her mortgage, she's out of luck, said state Rep. Carl Zimmermann, a Palm Harbor Democrat. Many condo owners in his Pinellas County district face the problem, Zimmermann said.

He introduced a bill in the spring legislative session to protect homeowners by requiring developers to at least pay "110 percent of the original purchase price ... or 110 percent of the fair market value of (a) unit, whichever is greater."

The measure died in committee, but Zimmermann said he'll refile it next year. Still, for many condo owners, that likely will be too late.

"The ultimate thing about all this is people are being kicked out of their homes and losing a lot of their money," Zimmermann said. "It's the most un-American, outrageous thing I ever heard of."

In 2006, a condominium bill was passed unanimously by the Legislature. It was sponsored by then-state Sen. Steve Geller, a Broward County Democrat who is now advising the Crist campaign. Geller couldn't be reached for comment last week.

Republican Gov. Jeb Bush, however, rejected the measure that June.

"This bill, in its current form, may cause unintended consequences that could deprive condominium unit owners of their rights to remain in their units without adequate procedural safeguards," Bush wrote in a veto letter.

He acknowledged that though there are good reasons to end a condominium agreement, such as a hurricane damage, "the bill goes too far."

Among those unintended consequences, Bush wrote, is allowing "one owner, such as a developer, to purchase 80 percent of the units ... and seek termination with the ultimate goal of redevelopment," even if there's no catastrophic damage to the property.

He suggested an alternative: "one vote per person, regardless of the number of units owned."

Nonetheless, lawmakers passed the bill again the next year and Crist signed it into law.

"This is an abuse of the spirit and the intent of the law that needs to be fixed," Crist campaign spokesman Brendan Gilfillan said. "No one should be pressured to leave their home."

Scott agrees, signaling that he wants to fix the law. The state regulates condos under the Department of Business and Professional Regulation.

In a letter to Secretary Ken Lawson, Scott says he's "deeply concerned" about condo terminations, though he recognizes the law doesn't give the department any authority over how terminations are done.

But the governor says the 2007 change is "leading to the loss of homesteaded property, and in many instances, resulting in the financial burden of remaining mortgage debt."

Scott asked Lawson to "review the matter thoroughly and develop recommendations for how we can work with the Florida Legislature in the upcoming session to help Floridians negatively affected by this law."

Alexander's complex is owned by Preston Giuliano Capital Partners of Providence, R.I., a private investment firm specializing in "distressed" real estate. That means foreclosed properties that usually sell below market price.

The partnership has invested in seven properties in Jupiter, Naples, Sarasota and Tampa, including The Hamptons at Tampa Palms and Naples 701 Condominium, according to its website.

In an email, managing director Barry Preston didn't specifically address his buyout policy or business endgame but said The Hamptons had "been allowed to decline in the past few years."

The firm intends "to work with the rest of our fellow owners to improve the value of the property for all owners and to restore it to its previous condition as one of the premier residential communities in Tampa Palms," he said.

"In other communities that we own in Florida, we have invested our own funds to achieve improvements, restore tired and outdated amenities, and upgrade the community," Preston added.

As of Friday, the partnership's website said Preston Giuliano had bought 217 of 315 condo units at The Hamptons, or 69 percent, at \$92,000 each. It notes similar condos nearby go for \$140,000 each.

"Every one of their sales employees is out there, trying to get owners to sell," Alexander said. "They're out there trying to buy as many as possible."

She said any investment firm making a killing by squeezing out condo owners needs to understand what it's doing.

"Look, there are 90-year-old men out there, all their money tied up in their condo," Alexander said. "There are children living in condos who don't need to be told that they're going to be out on the street."

"As a real estate agent, my job is getting people into a new home," she added.

"I don't want to see one person lose a home because of this ... I mean, it almost makes me cry."

jrosica@tampatrib.com

(850) 765-0807

Twitter: @jlrosicaTBO

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