REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem
Issue: Land used for Affordable Housing Property Tax Exemption
Bill Number(s): CS/SB 102

☐ **Entire Bill**
☑ **Partial Bill**: Section 8 - Land used for Affordable Housing Property Tax Exemption **Sponsor(s)**: Senator Calatayud
Month/Year Impact Begins: January 2024
Date(s) Conference Reviewed: February 3, 2023

Section 1: Narrative

a. Current Law: Subsection 196.1978(1), F.S., currently provides an ad valorem exemption for property owned by a corporation not for profit that provides affordable housing to persons earning less than one hundred and twenty percent of the median annual adjusted gross income in the state or metropolitan statistical area (or county if no such area exists).

b. Proposed Change: The current subsection 196.1978(1), F.S., becomes 196.1978(1)(a) and a 196.1978(1)(b) is created. In the new paragraph, a property tax exemption is created for the land value of a property owned by a corporation not for profit that leases the property for at least ninety-nine years to provide housing on more than fifty percent of the improved square footage to persons earning less than one hundred and twenty percent of the median annual adjusted gross income in the state or metropolitan statistical area (or county if no such area exists).

Section 2: Description of Data and Sources

2022 Millage and Taxes Levied Report, 2022 Final Data Book published by Property Tax Oversight
2022 Final Real Property Assessment Rolls, NAL data
Results of the Ad Valorem Estimating Conference, August 3, 2022
Florida Housing Data Clearinghouse, Assisted Housing Inventory, Accessed 01/31/2023
2022 Income Limits, U.S. Department of Housing and Urban Development's Office of Policy Development and Research
2021 American Community Survey, United States Census Bureau

Section 3: Methodology (Include Assumptions and Attach Details)

For a parcel to receive a full exemption for its land value, it must be owned by a corporation not for profit and be leased for at least ninety-nine years to provide housing on more than fifty percent of its improved square footage to persons earning less than one hundred and twenty percent of the median annual adjusted gross income in the state or metropolitan statistical area (or county if no such area exists). In 2022 the state level income limit is $93,975 for a family of four and $65,775 for an individual based on data from The U.S. Department of Housing and Urban Development's Office of Policy Development and Research. Based on American Community Survey data, greater than fifty one percent of individuals and greater than sixty percent of families would be meet the one hundred and twenty percent of the median annual adjusted gross income requirement. Due to data availability, those percentages are based on 2021 income and 2022 income limits. Comparing 2022 income to 2022 income limits would likely result in higher percentages eligible. There is no requirement on number of units nor share of land area that is improved. There is no requirement for an agreement with the Florida Housing Finance Corporation or any other governmental entity. There is no limitation on rental rate of the housing provided.

The Florida Housing Data Clearinghouse maintains a database of developments in the state with an agreement with the Florida Finance Housing Corporation. Most of these agreements require a lower income threshold than this bill, but the data identifies not for profit owners and is a good starting point as a minimum for the impact of the bill. Of the 727 not for profit owned properties, 284 were able to be matched to the 2022 property tax roll. Of those, 194 were already fully exempt from school taxes and 197 were fully exempt from all ad valorem taxation. For each parcel, a concept of taxable value under the proposed language is created as the maximum of either zero or the current taxable value minus the land value. Because land value on the roll is in just value terms, the land value on the roll is multiplied by the ratio of assessed value to just value to account for any differential. This is done for school and non-school taxable value and aggregated. These values are shared up to the full not for profit set by the ratio of total not for profits to those that matched the roll. Subtracting the taxable value under the current law from the taxable value under the bill provides an impact on taxable value. Applying the aggregate 2022 school millage rate to the impact on school taxable value and the aggregate 2022 non-school millage rate to the impact on non-school taxable value provides school and non-school ad valorem collection impacts if the bill were in effect in 2022. This is used for the low impact and grown using school and non-school taxable value growth rates from the latest ad valorem conference.

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Some amount of properties will exist that are currently owned by a corporation not for profit that leases the property for the purpose of providing housing to moderate income individuals on at least fifty percent of the square footage of their improvement. The parcel level methodology used to calculate the impact for the low was applied to all non-homestead properties in the state with any of the eight relevant residential use codes. The value from the low is removed from the "Multi-Family 10 units or more" category as the majority of those have at least 10 units. A percentage of parcels that will convert to or be eligible for the exemption is evaluated for each property type and is visible in part three of the attached documentation. Within the Florida Housing Finance Corporation data, there are 727 not for profit properties out of a total of 3,013 properties. One percent of the ratio of not for profit to total affordable housing properties in that data set is applied to the use codes most likely to utilize this exemption and a tenth of a percent of that ratio is applied to the remaining residential use codes. The sum of the impacts for these properties provides school and non-school ad valorem collection impacts if the bill were in effect in 2022. This is added to the low and used as the middle impact, grown using school and non-school taxable value growth rates from the latest ad valorem conference.

Finally, some amount of the vacant land in the state will be owned by corporations not for profit and this bill will potentially provide an incentive to lease the land for the purpose of establishing housing on the property to house moderate income persons. The parcel level methodology used to calculate the impact for the low was applied to all vacant properties in the state in the four relevant use codes. For parcels in the use code "acreage not zoned agricultural", parcels with conservation land value are removed from the analysis. These parcels will not be able to construct the housing necessary to receive the additional exemption from the proposed language due to a conservation land use agreement. A percentage of parcels that will convert to or be eligible for the exemption is evaluated for each vacant property type and is visible in part four of the attached documentation. The methodology for arriving at these percentages is the same as in part three. The sum of the impacts for these properties provides school and non-school ad valorem collection impacts if the bill were in effect in 2022. Because the property is currently vacant and will require time to establish housing, this is added one quarter at a time to the 2024, 2025, 2026, and 2027 forecast middle impact years and grown using school and non-school taxable value growth rates from the latest ad valorem conference.

The bill first applies to the 2024 roll so there is no impact prior to 2024-25 in the proposed fiscal impact. This bill is repealed December 31, 2059, and a minimum duration agreement entered into in 2024 will lose the exemption thirty six years in to the ninety-nine year agreement.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	$0	$(20.0 M)	$0	$(16.5 M)	$0	$(2.8 M)
2024-25	$(14.6 M)	$(20.0 M)	$(13.8 M)	$(16.5 M)	$(2.4 M)	$(2.8 M)
2025-26	$(16.3 M)	$(20.0 M)	$(14.7 M)	$(16.5 M)	$(2.5 M)	$(2.8 M)
2026-27	$(18.2 M)	$(20.0 M)	$(15.6 M)	$(16.5 M)	$(2.7 M)	$(2.8 M)
2027-28	$(20.0 M)	$(20.0 M)	$(16.5 M)	$(16.5 M)	$(2.8 M)	$(2.8 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 02/03/2023): The Conference adopted three times the low to represent various elements provided in the analysis.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	(3.0)	0.0	(5.4)	0.0	(8.4)
2024-25	(2.5)	(3.0)	(4.5)	(5.4)	(7.0)	(8.4)
2025-26	(2.7)	(3.0)	(4.8)	(5.4)	(7.5)	(8.4)
2026-27	(2.9)	(3.0)	(5.1)	(5.4)	(8.0)	(8.4)
2027-28	(3.0)	(3.0)	(5.4)	(5.4)	(8.4)	(8.4)

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	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	0.0	0.0	0.0	(8.5)	0.0	(8.5)
2024-25	0.0	0.0	0.0	0.0	(7.1)	(8.5)	(7.1)	(8.5)
2025-26	0.0	0.0	0.0	0.0	(7.5)	(8.5)	(7.5)	(8.5)
2026-27	0.0	0.0	0.0	0.0	(8.0)	(8.5)	(8.0)	(8.5)
2027-28	0.0	0.0	0.0	0.0	(8.5)	(8.5)	(8.5)	(8.5)

	A	B	C	D	E	F	G
1	**Part 1: Millage and Growth Rates Plus Additional Information**						
2		**Family of**					
3	**120% Median AGI**	**1 Person**	**2 People**	**3 People**	**4 People**		
4	Statewide	$ 65,775	$ 75,225	$ 84,600	$ 93,975		
5	Miami-Dade	$ 81,900	$ 93,600	$ 105,300	$ 117,000		
6	Monroe	$ 86,100	$ 98,400	$ 110,700	$ 123,000		
7		**Family of**					
8	**120% Median AGI**	**5 People**	**6 People**	**7 People**	**8 People**		
9	Statewide	$ 101,475	$ 109,050	$ 116,550	$ 124,050		
10	Miami-Dade	$ 126,375	$ 135,750	$ 145,125	$ 154,500		
11	Monroe	$ 132,900	$ 142,725	$ 152,550	$ 162,375		
12							
13	**Household Type**	**Moderate Income**	**%Pop ≤ 120% Median AGI**				
14	Individual	$ 65,775	51.13%				
15	Family of 4	$ 93,975	60.28%				
16							
17	**2022 Aggregate Millage Rates**						
18	School	5.96					
19	Non-School	10.58					
20							
21	**Ad Valorem Conference Results**						
22	**Roll Year**	**School Growth**	**Non-School Growth**				
23	2023	8.10%	9.63%				
24	2024	6.78%	8.75%				
25	2025	5.76%	7.10%				
26	2026	5.65%	6.60%				
27	2027	5.34%	6.03%				
28	2028	5.24%	5.75%				
29							
30	**Part 2: Removing Taxable Value of Land of Known Non-Profit Affordable Housing**						
31	Count of All FHFC Affordable Housing			3,013			
32	Count of Total Not-for-Profit Affordable Housing			727			
33	Matched to 2022 Roll			284			
34	Share Up			256%			
35							
36	**Taxable Value**		**Matched Not-for-Profit**	**Share Up**	**Apply Millage**		
37	School - Current Law		$ 186,528,943	$ 477,487,822.40	$ 2,844,933		
38	School - Proposed Language		$ 137,209,852	$ 351,237,896	$ 2,092,720		
39	School - Impact		$ (49,319,091)	$ (126,249,927)	**$ (752,213)**		
40	Non-School - Current Law		$ 172,397,252	$ 441,312,684	$ 4,670,269		
41	Non-School - Proposed Language		$ 126,413,154	$ 323,599,870	$ 3,424,552		
42	Non-School - Impact		$ (45,984,098)	$ (117,712,814)	**$ (1,245,717)**		
43							
44	**Part 3: Conversion of Existing Residential to Qualifying Property**						
45	**Share of Residential That Would Qualify Today or Will Convert (Part 2 removed from multi-fam 10+)**						
46	**Use Code**		**Percent Utilize Proposed Language**	**Implied Parcels**	**Impact on School Collections**	**Impact on Non-School Collections**	
47	Single Family		0.24%	3,926	$ (2,893,075)	$ (5,004,035)	
48	Mobile Homes		0.02%	52	$ (12,190)	$ (20,547)	
49	Multi-Family 10 units or more		0.24%	35	$ (370,388)	$ (652,395)	
50	Condominiums		0.02%	246	$ (2,830)	$ (4,941)	
51	Cooperatives		0.02%	8	$ (767)	$ (1,331)	
52	Retirement Homes		0.02%	1	$ (879)	$ (1,559)	
53	Miscellaneous Residential		0.02%	4	$ (2,763)	$ (4,126)	
54	Multi-Family less than 10 units		0.24%	296	$ (258,324)	$ (438,516)	
55	Total			4,568	**$ (3,541,217)**	**$ (6,127,449)**	
56							

	A	B	C	D	E	F	G
57	**Part 4: Conversion of Vacant Land to Qualifying Property**						
58	**Share of Vacant Land that will Qualify in the Future**						
59	**Use Code**		**Percent Utilize Proposed Language**	**Implied Parcels**	**Impact on School Collections**	**Impact on Non-School Collections**	
60	Vacant Residential		0.24%	3,364	$ (951,722)	$ (1,320,691)	
61	Vacant Commercial		0.24%	208	$ (376,487)	$ (568,097)	
62	Vacant Institutional		0.02%	2	$ (264)	$ (327)	
63	Acreage not zoned agricultural		0.02%	24	$ (12,785)	$ (19,278)	
64	Total			3,598	**$ (1,341,258)**	**$ (1,908,392)**	
65							
66	**Part 5: Impact**						
67	**School Impact**	**Low**	**Mid**	**High**	**1/4 Part 4 School Impact**		
68	2022	$ (752,213)	$ (4,293,430)	$ (4,293,430)	$ (335,314)		
69	2023	$ (813,126)	$ (4,641,106)	$ (4,641,106)	$ (362,468)		
70	2024	$ (868,291)	$ (4,955,973)	$ (5,343,031)	$ (387,059)		
71	2025	$ (918,278)	$ (5,241,283)	$ (6,059,965)	$ (409,341)		
72	2026	$ (970,158)	$ (5,537,404)	$ (6,834,808)	$ (432,468)		
73	2027	$ (1,022,005)	$ (5,833,330)	$ (7,655,649)	$ (455,580)		
74	2028	$ (1,075,591)	$ (6,139,183)	$ (8,057,050)	$ (479,467)		
75							
76	**Non-School Impact**	**Low**	**Mid**	**High**	**1/4 Part 4 School Impact**		
77	2022	$ (1,245,717)	$ (7,373,166)	$ (7,373,166)	$ (477,098)		
78	2023	$ (1,365,634)	$ (8,082,935)	$ (8,082,935)	$ (523,025)		
79	2024	$ (1,485,097)	$ (8,790,017)	$ (9,358,796)	$ (568,779)		
80	2025	$ (1,590,592)	$ (9,414,423)	$ (10,632,788)	$ (609,182)		
81	2026	$ (1,695,528)	$ (10,035,520)	$ (11,983,636)	$ (649,372)		
82	2027	$ (1,797,754)	$ (10,640,574)	$ (13,394,668)	$ (688,523)		
83	2028	$ (1,901,048)	$ (11,251,954)	$ (14,164,291)	$ (728,084)		
84							
85	**Impact on School**						
86		High		Middle		Low	
87		Cash	Recurring	Cash	Recurring	Cash	Recurring
88	2023-24	$0	$(7.7 M)	$0	$(5.8 M)	$0	$(1.0 M)
89	2024-25	$(5.3 M)	$(7.7 M)	$(5.0 M)	$(5.8 M)	$(0.9 M)	$(1.0 M)
90	2025-26	$(6.1 M)	$(7.7 M)	$(5.2 M)	$(5.8 M)	$(0.9 M)	$(1.0 M)
91	2026-27	$(6.8 M)	$(7.7 M)	$(5.5 M)	$(5.8 M)	$(1.0 M)	$(1.0 M)
92	2027-28	$(7.7 M)	$(7.7 M)	$(5.8 M)	$(5.8 M)	$(1.0 M)	$(1.0 M)
93							
94	**Impact on Non-School**						
95		High		Middle		Low	
96		Cash	Recurring	Cash	Recurring	Cash	Recurring
97	2023-24	$0	$(13.4 M)	$0	$(10.6 M)	$0	$(1.8 M)
98	2024-25	$(9.4 M)	$(13.4 M)	$(8.8 M)	$(10.6 M)	$(1.5 M)	$(1.8 M)
99	2025-26	$(10.6 M)	$(13.4 M)	$(9.4 M)	$(10.6 M)	$(1.6 M)	$(1.8 M)
100	2026-27	$(12.0 M)	$(13.4 M)	$(10.0 M)	$(10.6 M)	$(1.7 M)	$(1.8 M)
101	2027-28	$(13.4 M)	$(13.4 M)	$(10.6 M)	$(10.6 M)	$(1.8 M)	$(1.8 M)
102							
103	**Total Impact**						
104		High		Middle		Low	
105		Cash	Recurring	Cash	Recurring	Cash	Recurring
106	2023-24	$0	$(21.1 M)	$0	$(16.5 M)	$0	$(2.8 M)
107	2024-25	$(14.7 M)	$(21.1 M)	$(13.7 M)	$(16.5 M)	$(2.4 M)	$(2.8 M)
108	2025-26	$(16.7 M)	$(21.1 M)	$(14.7 M)	$(16.5 M)	$(2.5 M)	$(2.8 M)
109	2026-27	$(18.8 M)	$(21.1 M)	$(15.6 M)	$(16.5 M)	$(2.7 M)	$(2.8 M)
110	2027-28	$(21.1 M)	$(21.1 M)	$(16.5 M)	$(16.5 M)	$(2.8 M)	$(2.8 M)