

## Affordable Housing Exemption Summary

### Legislative Changes (passed in 2023 session and effective for 2024 tax year):

1. Land owned by a 501(c)(3) leased for 99 years minimum for the purpose of and “predominantly” used for housing for extremely low – moderate income
  1. Predominant use defined as square footage of improvements used for affordable housing is greater than 50% of square footage of all improvements.
2. Newly constructed for profit or not for profit multifamily projects (must apply within 5 tax years after substantial completion, same definition as for adding to roll under 192.042(1))
  1. If Adjusted Gross Household Income does not exceed 80%, then a 100% tax exemption applies
  2. If Adjusted Gross Household Income is greater than 80% but does not exceed 120%, then a 75% tax exemption applies
  3. Must have more than 70 units dedicated to housing families meeting the income limitation
  4. Vacant units which were previously occupied by a qualifying family are eligible for exemption if still limited to being occupied by qualifying tenants
  5. Must provide rent roll showing rents are not in excess of amount as specified by most recent rent limit chart posted by Florida Housing Finance Corporation or 90% fair value determined by a market study whichever is less
  6. Must be certified by Florida Housing Finance Corporation
  7. Units subject to a LURA or other recorded agreement with Florida Housing Finance Corporation **are not** eligible
  8. Sunsets December 31, 2059, without renewal by the legislature
3. County / municipal adopted by ordinance exemption
  1. Local Option exemption. Only applies to taxes levied by the unit of government granting the exemption
  2. Up to 60% annual median adjusted gross household income to qualify
  3. 50 or more units, 20% or more of which used for affordable housing
  4. 90% fair market value rent or rent proscribed by Florida Housing Finance Corporation
  5. No outstanding code violations prior to exemption application
  6. No unpaid fines related to code violations
  7. Exemption is up to 75% of assessed value of each unit providing affordable housing **IF** fewer than 100% of the project’s units are for affordable housing
  8. Exemption of 100% if **all** units are used for affordable housing
  9. Applicant must be certified by local governing board
  10. Maximum 3 years, may be renewed indefinitely at 3 year intervals

## General Affordable Housing Rules:

- Annual application required
- Applicant must be not for profit or LLC owned (**LLC may also be owned by a sole member LLC**)
- Low income is based on the HUD annual median household income released March of each year. (Can use prior years amount) Must be 120% or below this number in order to qualify
- If the affordable housing has more than 10 units a tangible account is created
- The use of the property must be predominantly affordable to qualify (for example, duplex must be 51% rented, triplex 2 of 3 affordable, etc.)
- Must have both a land use restriction agreement (LURA) and low-income housing tax credits (LIHTC)
- For 100% exemption it begins after the January 1 of the 15<sup>th</sup> completed year of the recorded LURA agreement
- Must have 70 units, a DR504 application, provide a rent roll, LURA, and LIHTC to our office
- The exemption covers TPP as well
- If there is a LURA on a **for profit** affordable housing project, the **actual rent** is used to value the property *not* the **market rent**
- Vacant units within affordable housing projects are treated as exempt. Must be a Land use restriction agreement with the Florida Housing Finance Corporation or other government agency. The units must be offered for rent. **This change applies to 2020.**
- An LLC may now be the owner of a property used for affordable housing and still qualify for the exemption. "If the sole member of the Limited Liability company that owns the property is also a limited liability company that is disregarded as an entity for federal income tax purposes... the Legislature intends that the property be treated as owned by the sole member of the limited liability company that owns the limited liability company that owns the property." Allows for complex ownership structures. The underlying owning company must still qualify as not for profit.
  - Further, units that are occupied by people who no longer meet income limitations but who originally met the income limitations shall be treated as covered by the exemption. **These sections apply to 2021.**