



Community Affordable Housing Strategies Alliance COMMITTEE REPORT

Committee Name: Tax/Relief/Incentives/Abatement/Insurance Issues

Date of Report: 10/14/2006

Prepared by: Frank Jacobs

Meeting Date/Time: September 14, 2006 at 10 AM

Attendees: Frank Jacobs, Shirley Andrade, Fernando Casamayor, Tangie White, Kevin Crowder, George Mensah, Jihad Rashid.

Committee's Mission Statement: Work within the structure set up by the Office of the Property Appraiser to evaluate the nature of existing land use regulations and the possibility of initiating property assessment relief to owners of affordable and workforce housing units; also address the issue of insurance affordability.

Issue 1: Potential property tax relief measures available at the local level.

Discussion (summarize major points):

Committee members made a recommendation to better market and advertise the recently amended property tax deferral statute for low income senior homeowners (allows the deferral of property taxes by owners 65 or older earning a CPI adjusted household income of approximately \$24,000) using all the various government offices as points of material distribution. Also utilize newspaper promotions and mass mailings associated with tax bills and/or homestead exemption receipts.

Committee members made a recommendation to revise local ordinances to allow multi-family rental properties to qualify for Enterprise Zone property tax abatement opportunities. Florida statutes and Florida Department of Revenue will allow multi-family rental properties to be considered businesses for purposes of qualifying for EZ property tax abatement opportunities.

Committee members made a recommendation to revise local ordinances to eliminate the ability of borrowers under various financial assistance programs to sell their affordable housing properties to unqualified buyers at market value. The recommendation would include adding qualification requirements in a legally sufficient governmental land use restriction limiting the property to affordable/workforce housing for a period of years. Such a restriction would help to preserve affordable/workforce housing inventory and enable the county Property Appraiser to consider the effects on value of such a land use restriction for assessment value purposes.

Issue 2: Potential property tax relief measures requiring State legislative changes.

Discussion (summarize major points):

Committee members made a recommendation to urge the State Legislature to pass legislation eliminating the “loop hole” that currently allows transfers of real property to take place without a recorded deed reflecting the consideration paid for the real property. Such a legislative change would produce, in relative terms, increased revenue to affordable/workforce housing through the state’s allocation of documentary stamp taxes and county retained documentary surtax.

Committee members made a recommendation to urge the State Legislature to consider the concept of a property tax deferral program for owners of apartment buildings who meet certain rental rate thresholds and property maintenance standards, in an effort to encourage their retention. The annual property tax payments should be limited with the balance accruing until the qualified property is sold or the use is changed to a market basis.

Committee members made a recommendation to urge the State Legislature to pass legislation providing for expansion of the “classified use value” concept to include properties utilized for affordable/workforce housing for period of at least 10 years. Owners of qualified properties would enter into a restrictive covenant with an appropriate governmental agency limiting the use of the property to affordable/workforce housing for 10 years or more. During the covenant period the property would be valued for property tax purposes solely on the basis of current use. As is the case with current “conservation easement” provisions, if the restrictive covenant is broken the property owner would be required to pay all past abated taxes plus penalties and interest.

Issue 3: Potential property insurance relief measures requiring State legislative changes.

Discussion (summarize major points):

Committee members made a recommendation to urge the State Legislature to pass legislation expanding the ability of Citizens Property Insurance Corp. to spread the risk of loss and accept windstorm policies throughout the State of Florida without regard to a property’s geographic location. Further, to expand and enhance current state mitigation assistance programs to include multi-family properties.

ACTION ITEMS (for submittal to CAHSA Task Force):

Request that all committee recommendations contain in this report be accepted and adopted by the CAHSA task force.