

Ad Valorem Tax Exemption Policies and Procedures

Florida Statute 196.1978(4)

The following document is to present policies and procedures for Applicants of multifamily developments financed with Florida Housing funding that are currently in underwriting and/or have closed, and that desire to apply with their local property appraiser for the ad valorem tax exemption as outlined in Florida Statute 196.1978(4).

Development Qualifications

- Development must be New Construction or Redevelopment;
- Development must be subject to a Land Use Restriction Agreement (LURA) under one of the following Florida Housing funding opportunities:
 - SAIL
 - Florida Housing MMRB
 - CDBG-DR
 - HOME / HOME-ARP
 - NHTF
 - RRLP
 - Demonstration Developments
- Transactions where the only funding is Housing Credits will **NOT** be eligible for the exemption because there is no LURA recorded on the property, per the statutory requirements. Additionally, Housing Credits are not “financing” issued by Florida Housing, as it relates to the penalty language in the statutory requirements;
- Developments that were originally financed utilizing only Housing Credits but received additional Florida Housing loan funding through the Viability program will be eligible but will need to have a LURA recorded on the property as part of this process;
- Development must contain more than 70 units that are used to provide affordable housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in F.S. 420.0004;
- The exemption first applies to the 2026 tax roll;
- Development must be “substantially completed” within 2 years before the first submission of an application for exemption*. Per F.S. 192.042(1), “substantially completed” shall mean that the improvement or some self-sufficient unit within it can be used for the purpose for which it was constructed. Florida Housing will look to date of Certificate of Occupancy for determination of “substantially completed”.

**Examples of this requirement:*

Example 1: If a development met the definition of “substantially completed” on September 1, 2023, and applied for the ad valorem tax exemption on February 1, 2026, that development would not meet the requirement that the development be “substantially completed” within 2 years before the first submission of an application for exemption.

Example 2: If a development met the definition of “substantially completed” on February 15, 2024, and applied for the ad valorem tax exemption on February 1, 2026, that development would meet the requirement that the development be “substantially completed” within 2 years before the first submission of an application for exemption.

- The local property appraiser will review the application for exemption and determine whether the application for exemption meets all requirements of the statute to entitle the Applicant to an exemption.

Process for Developments that Have Completed Credit Underwriting and/or Closed

- For those Developments that have completed Credit Underwriting, fill out and execute the Request for Consideration of **Re-Underwriting** for Tax Exemption form.
- For those Developments that have NOT completed Credit Underwriting, fill out and execute the Request for Consideration of **Underwriting** for Tax Exemption form.
- After receipt of the executed form by program staff, Florida Housing will provide the request form to the underwriter who will contact you for a re-underwriting fee, if applicable.
- For those Developments that will undergo a re-underwriting, Florida Housing will await receipt of the Update to Credit Underwriting Report; after acceptance by Florida Housing, the Update to Credit Underwriting Report will be included in the Informational Agenda of the next Board Meeting.
- If there is a downsizing of any Florida Housing funding that has already been drawn down, this funding amount will need to be repaid to Florida Housing prior to the amendment/recordation of the LURA and other documents.
- If the Development has already closed, the Applicant will need to ensure that it has signoff from all other lenders/parties to the transaction.
- If closing has occurred, Florida Housing staff will engage counsel to amend the Construction Loan Agreement, Compliance Monitoring Servicing Agreement, and LURA.
- If the Development was originally financed utilizing Housing Credits only but received Florida Housing loan funding through the Viability program, a LURA with the above provisions will be recorded on the Property.
- Additional Compliance Monitoring Fee may be collected.

FHFC LURA and other relevant documents will be amended to include the following provisions:

- Funding Program compliance period will remain the same. After funding program compliance period concludes, additional Extended Use Period will be added to allow for very-low-income, low-income, or moderate-income for the balance of years after the original program compliance period for a total of 99 years (perpetuity).
- A provision will be added to include a penalty for ceasing to provide affordable housing under the agreement before the end of the agreement term that is equal to 100% of the total amount financed by the Corporation multiplied by each year remaining in the agreement.