

Property Assessments for Elevated Properties

Bills Filed

Bill No.: [SJR 1182](#)

Sponsor: **Brandes**

Title: **Limitation on the Assessment of Real Property/Residential Purposes**

Summary: Proposing amendments to the State Constitution, effective January 1, 2023, to authorize the Legislature, by general law, to prohibit the consideration of any change or improvement made to real property used for residential purposes to improve the property's resistance to flood damage in determining the assessed value of such property for ad valorem taxation purposes, etc.

Effective date: 1/1/2023

Status: Filed: 2/9/2021

Related bills: Linked to SB 1186 by Sen. Brandes

Bill No.: [SB 1186](#)

Sponsor: **Brandes**

Title: **Property Assessments for Elevated Properties**

Summary: This is the implementation bill for SJR 1182, and it amends § 193.155, Fla. Stat., specifying that changes to elevate certain homestead and nonhomestead residential property, respectively, do not increase the assessed value of the property under certain circumstances; requiring property owners to provide certification for such property; prohibiting certain areas from being included in square footage calculation, etc.

Effective date: On the effective date of the amendment to the State Constitution proposed by SJR 1182 or a similar joint resolution having substantially the same specific intent and purpose, if such amendment to the State Constitution is approved at the general election held in November 2022 or at an earlier special election specifically authorized by law for that purpose.

Status: Filed: 2/9/2021

Related bills: Linked to SJR 1182 by Sen. Brandes

Companion Bills

Bill No.: [HJR 1377](#)

Sponsor: **Chaney**

Title: *Limitation on Assessment of Real Property Used for Residential Purposes*

Effective date: 1/1/2023

Status: Filed: 2/26/2021

Related bills: Linked to HB 1379 by Rep. Chaney

Bill No.: [HB 1379](#)

Sponsor: **Chaney**

Title: *Property Assessments for Elevated Properties*

Effective date: 1/1/2023

Status: Filed: 2/26/2021

Related bills: Linked to HJR 1377 by Rep. Chaney

Issue & Background:

Residential property owners continue to invest in renovating at grade properties within Special Flood Hazard Areas (SFHAs) around the state to avoid facing reassessment as new construction and higher property taxes. These at grade properties have first floor living elevations that lie below FEMA's Base Flood Elevation (BFE), putting people and property value in harm's way.

1. The coastal areas of Florida have a significant percentage of their single-family housing stock located at grade and below Base Flood Elevation (BFE) as determined by FEMA.
2. Substantial improvement of at grade properties does not mitigate flood risk and puts more property value in harm's way.
3. FEMA, flood plain managers and building departments constantly struggle with non-compliance issues relating to substantial improvement of properties within the Special Flood Hazard Areas (SFHA's), which are A & V flood zones.
 - In Pinellas County, over 50% of the taxable value of our area's real estate is located within SFHAs.
 - In Pinellas, 72% of single family in the SFHAs are non-waterfront properties (51k) with a median value of under \$230,000 (\$228k). These homes comprise nearly 50% of the Taxable Value in the SFHAs.
4. Insurance premiums in these areas for homes are high and expected only to continue to increase, impacting affordability and property values.

Present Challenges in creating compliant housing:

1. Cost to elevate an existing structure or reconstruct a home is high.
2. Grants to elevate only cover a portion of the actual cost and are difficult to obtain.
3. Homeowners typically choose to reinvest in improving at grade properties and pay higher insurance costs rather than elevate or redevelop with new construction due to increases in real estate taxes following reassessment. These renovated at grade homes typically receive effective age reductions but stay below the assessed value cap if square footage is not increased. So, they add little to no value to the tax roll until a sale occurs, which resets the assessed value cap to market.
4. Flood premiums will continue to rise, and reconstruction is taxed as new construction, significantly increasing taxes.

Solution:

1. Constitutional amendment that may prohibit any change or improvement to real property used for residential purposes made to improve the property's resistance to flood damage from being considered in the determination of the assessed value of real property.
2. Implementing bill amending the Calamity provision in Statutes 193.155(4) and 193.1554(6) to allow residential properties within the SFHA (with lowest living floor elevation below BFE) to qualify for the same Assessed Value treatment as calamities via elevation or reconstruction. This takes a proactive rather than reactive approach to the issue at hand.
 - a. Could rebuild up to 110% of total square footage (excluding grade level parking, storage, access areas) without a change in Assessed Value.
 - b. Applies to both homestead and nonhomestead residential properties
 - c. Assessed Value resets to Just/Market Value upon sale/transfer.
3. Would provide a much-needed incentive to property owners to invest private capital to elevate or reconstruct.
4. Would aid in mitigation efforts related to both SFHA compliance and sea level rise resiliency.
5. Would aid in stabilizing the vulnerable portion of the tax base over time.
6. Would improve Community Rating System (CRS) Class ratings and insurance risk ratings (by reducing # of at-risk properties).
7. Most importantly, it would lift more citizens and housing out of harm's way from flooding events.

Key Elements of Legislation:

- May elevate existing structure or rebuild up to 110% of total square footage (excluding grade level parking/storage/access areas) without a change in Assessed Value
 - Must lie within a SFHA (A or V Zone) with lowest living floor below Base Flood Elevation (BFE)
 - Structure cannot be condemned
 - May not undergo a change of use
- Applies to both Homestead and Non-homestead Residential Properties (Up to 9 units)
- Assessed Value resets to Just/Market Value upon sale/transfer

Current Status:

House Joint Resolution (HJR) 1377 successfully passed the House and Senate, resulting in a Constitutional Amendment for statewide vote in November 2022. The implementing bill (HB 1379) language was taken up via a Senate amendment to the House Tax Package bill (HB 7061) that subsequently passed by the Senate and the House. If a 'yes' vote of 60% or greater is received during the statewide 2022 General Election, this amendment and implementing bill language will be effective as of January 1, 2023.