

Florida Legislature Enacts Overhaul: CB/HB 7073 Property Tax Exemptions Explained

Article By:

Nicholas W. Heckman

Roman Petra

David F. Leon

Hollie A. Croft

Shahrzad Emami Shaw

Florida's Legislature passed CB/HB 7073 which makes two significant changes to the Missing Middle Property (Ad Valorem) Tax Exemption. The first change under the bill adds a new affordable housing property tax exemption (the "*Affordable Housing Exemption*"). The second change allows a taxing authority to opt out of the missing middle exemption, if certain requirements are met, for units rented to individuals with incomes between 80% and 120% annual adjusted gross income (AMI). Summarized below are the two significant changes included in CB/HB 7073. Please refer to CB/HB 7073 for specific language and requirements.

I. Section 16 of CS/HB 7073: Subsection (4) is added to the Missing Middle Property Tax Exemption Statute creating the new Affordable Housing Exemption.

A. The Affordable Housing Exemption:

1. The bill adds an ad-valorem property tax exemption for portions of property in a multifamily project if such portions of the property that provide housing to natural persons or families whose annual household income is at or below 80% AMI.
2. The value of the portion of property eligible for the exemption is determined by the property appraiser and such value of the eligible property must include the proportionate share of the residential common areas, including land, fairly attributable to such portion of eligible property.

B. Requirements:

1. The project must be a new improvement to land where an improvement did not previously

exist or the construction of a new improvement where an old improvement was removed, which was substantially completed within two years of the first submission of an application for exemption.

2. The project must contain more than 70 units dedicated to persons or households whose household incomes do not exceed 80% AMI.
3. The project must be subject to a recorded land use restriction agreement with Florida Housing Finance Corporation for a term of 99 years ("Florida Housing").
 - The land use restriction agreement:
 - Must require the property to provide affordable housing to natural persons or households meeting the extremely-low-income (i.e., 30% AMI), the very-low-income (i.e., 50% AMI), or low-income (i.e., 80% AMI), or the moderate income (i.e., 120% AMI) limits; and
 - Include a provision for a penalty equal to 100% of the total amount financed by Florida Housing multiplied by each year remaining in the 99-year term should the project cease to provide affordable housing under this exemption. Note, statute allows for the land use restriction agreement to be terminated or modified without penalty if this exemption is repealed.
 - The property receiving an exemption under the missing middle property tax exemption (i.e., subsection (3) of section 196.1978) or under section 196.1979 (i.e., the county/municipal adopted affordable housing property tax exemption) is not eligible for this exemption.

C. Compliance:

To receive an exemption the property owner must submit an application to the property appraiser by March 1. Please contact us for more information on the application.

D. Applicability:

First applies to the 2026 tax roll.

E. What this means:

Developers can now receive a property tax exemption on the portions of their properties used for affordable housing if their properties qualify.

II. Section 16 of CS/HB 7073: Paragraph (o) is added to section 196.1978(3) F.S. (i.e., the Missing Middle Property Tax Exemption Statute).

A. General Rule:

1. Amends the "Missing Middle" Property Exemption to allow the taxing authority to opt out from the missing middle property exemption used for persons or families whose annual household income is greater than 80% AMI, but not more than 120% AMI (i.e., those eligible units that would receive a property tax exemption of 75% of the assessed value, the "75% Exemption") if certain requirements are met;
2. Starts in 2025;
3. The election must be made by a taxing authority;
 - Upon adoption of an ordinance/resolution not to exempt the eligible units of the 75% Exemption, the ordinance/resolution must be approved by 2/3rds vote of the

governing body meeting the conditions (noted below in paragraph II.B.);

4. The election only applies to ad valorem property tax levies imposed within a county by the taxing authority that made election.
5. An owner who was granted the 75% Exemption before the adoption or renewal of such ordinance/resolution may continue to receive such exemption for each subsequent consecutive year that the property owner applies for and is granted the exemption.

B. Conditions:

1. A taxing authority must make a finding in the ordinance/resolution that the latest published Shimberg Center for Housing Studies Annual Report identifies that the county is part of the jurisdiction of the taxing authority that is within the metropolitan statistical area ("MSA")/region where the number of affordable and available units is greater than the number of renter households in the MSA/region for the category entitled "0 – 120 Percent AMI."
2. The ordinance/resolution must take effect the January 1 immediately succeeding adoption and shall expire the next January 1 after the ordinance takes effect. The ordinance/resolution can be renewed prior to its expiration.
 - Essentially a one-year term that will apply the year after the ordinance is passed, but may be renewed before it expires (e.g., if passed in July 2027, this would be effective January 1, 2028)
3. The taxing authority proposing the election must advertise the ordinance/resolution or renewal pursuant to the requirements of 50.011(1) F.S. prior to its adoption.
 - Requirements of 50.011(1) generally require notice of the ordinance, resolution, or renewal to be published in a newspaper. The statute sets forth the requirements of the newspaper (e.g., general circulation, printed once a week, etc.)
4. The taxing authority must provide the county property appraiser the adopted ordinance, resolution, or renewal thereof by the effective date of the ordinance, resolution or renewal thereof;

C. What this means:

A taxing authority can opt out from the 75% Exemption being available in their jurisdiction by passing an ordinance/resolution upon meeting the conditions (as noted above in paragraph II.B).

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