

Item # 85

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Property Tax Reduction for Construction or Reconstruction of Housing for Elderly Parent(s) or Grandparent(s) Ordinance

DEPARTMENT: County Manager **DIVISION:** _____

AUTHORIZED BY: J. Kevin Grace **Contact:** Sally A. Sherman **EXT.** 7224

Agenda Date <u>12/09/03</u> Regular <input type="checkbox"/> Consent <input type="checkbox"/> Work Session <input type="checkbox"/> Briefing <input type="checkbox"/>
Public Hearing – 1:30 <input checked="" type="checkbox"/> Public Hearing – 7:00 <input type="checkbox"/>

MOTION/RECOMMENDATION:

Approve adoption of an Ordinance implementing the Property Tax Reduction for Construction or Reconstruction of Homestead Property to House Elderly Parent(s) or Grandparent(s) of Owners or Owner's Spouse.

BACKGROUND:

At the October 14, 2003, County Commission meeting, Bill Suber, Property Appraiser presented an overview on the Reduction in Assessment for living Quarters of Parents or Grandparents Legislation commonly referred to as the "Granny Flats Bill." This legislation is the result of an amendment to Article VII of the Florida Constitution that was approved by the voters in November 2002. In Seminole County the measure was approved by 65%. The implementing legislation was enacted by the Florida Legislature during the 2002 Session and became effective simultaneously with the constitutional amendment.

Under the provisions of the statute the Board of County Commissioners may adopt an ordinance to provide for a reduction in the assessed value of homestead property meeting certain criteria. If adopted the ordinance is binding upon all taxing authorities that levy taxes within the County. There are established guidelines that must be met before the property owner can be eligible to receive this exemption.

- Only construction or reconstruction that has been substantially completed after January 7, 2003 can be considered for this exemption.
- The reduction in value cannot exceed 20% of the assessed value of the property prior to the assessment reduction being taken.

Reviewed by: Co Atty:  DFS: _____ Other: _____ DCM: _____ CM:  File No <u>PH130cm1</u>
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- The reduced amount shall be placed on the roll after a change in ownership, when the property is no longer homesteaded, or when the parent or grandparent discontinues residing on the property.

The Economic Impact Statement on the operations of the County is anticipated to be minimal. Staff contacted all the taxing authorities that levy taxes within the County requesting input by November 24, 2003. We have received input from the following taxing authorities indicating they have no objections to the Ordinance:

- City of Altamonte Springs
- City of Casselberry
- City of Lake Mary
- City of Longwood
- City of Oviedo
- City of Sanford
- St. Johns River Water Management District

The City of Winter Springs withheld their support based on two concerns:

- The ability to control abusive use of the property, i.e., using the property for rental purposes thereby undermining zoning controls in residential area.
- The continuous erosion of property tax base which cities are so dependent upon through single purpose and special interest causes.

Attached for your information is a copy of Florida Statute 193.703 and the proposed Ordinance.

AN ORDINANCE AMENDING CHAPTER 245, TAXATION, SEMINOLE COUNTY CODE BY CREATION OF PART 11 PROVIDING FOR A REDUCTION IN ASSESSED VALUE OF HOMESTEAD PROPERTY FOR CONSTRUCTION OR RECONSTRUCTION TO HOUSE ELDERLY PARENT(S) OR GRANDPARENT(S) OF OWNER OR OWNER'S SPOUSE; PROVIDING FOR DEFINITION, COMPLIANCE WITH LOCAL PLANS, REGULATIONS, AND ORPHANAGES, QUALIFICATIONS FOR REDUCTIONS, ANNUAL APPLICATION, AND LIMIT ON AMOUNT OF REDUCTION; PROVIDING FOR PROPERTY HELD JOINTLY WITH RIGHT OF SURVIVORSHIP; PROVIDING FOR PENALTIES FOR VIOLATIONS AND ADJUSTMENT OF ASSESSED VALUE; PROVIDING FOR CODIFICATION, SEVERABILITY, AND AN EFFECTIVE DATE.

WHEREAS, Article VII, Section 4(e), Florida Constitution, authorizes the State Legislature to enact a general law allowing local governments, for the purpose of their respective tax levies, to provide for a reduction in the assessed value of a homestead property; and

WHEREAS, said Constitutional Amendment provides that the reduction in assessed value of the homestead property may be reduced to the extent of any increase in assessed value of the property which results from the construction or reconstruction of the property for the purpose of providing living quarters for one or more natural or adoptive parent(s) or grandparent(s) of the owner or of the owner's spouse if at least one of the parent(s) or grandparent(s) for whom the living quarters are provided is 62 years of age or older. The Constitutional Amendment further provides that the reduction may not exceed the lesser of: (1) the increase in assessed value resulting from

construction or reconstruction of the property; or (2) twenty percent (20%) of the total assessed value of the property as improved; and

WHEREAS, the State Legislature enacted Chapter 2002-226, Laws of Florida, creating Section 193.703, Florida Statutes, implementing Article VII, Section 4(e), Florida Constitution, making the law effective upon passage of the Constitutional Amendment by referendum of the voters; and

WHEREAS, in November 2002, the voters of the State of Florida voted in favor of the Constitutional Amendment to Article VII, Section 4(e), discussed herein; and

WHEREAS, a reduction in the assessed value of homestead property within the provisions and limitations of Article VII, Section 4(e), Florida Constitution, Chapter 2002-226, Laws of Florida, and Section 193.703, Florida Statutes would benefit the citizens of Seminole County; and

WHEREAS, said reduction in the assessed value of property must be in the form of an ordinance and must be filed with the Seminole County Property Appraiser no later than January 1, 2004, to be effective in the 2004 tax year; and

WHEREAS, an Economic Impact Statement has been prepared and is available for public review in accordance with the provisions set forth in the Seminole County Home Rule Charter,

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA:

Section 1. Chapter 245, Seminole County Code, "Taxation" is amended by the creation of Part 11, to read as follows:

PART 11 REDUCTION IN ASSESSED VALUE OF HOMESTEAD PROPERTY FOR CONSTRUCTION OR RECONSTRUCTION OF HOMESTEAD PROPERTY TO HOUSE ELDERLY PARENT(S) OR GRANDPARENT(S) OF OWNER OR OWNER'S SPOUSE.

Sec. 245.144 Reduction in homestead assessment for living quarters of parent(s) and grandparent(s).

Commencing January 1, 2003, and annually thereafter, pursuant to Article VII, Section 4(e), Florida Constitution, and Section 193.703, Florida Statutes, a reduction in the assessed value of homestead property is hereby authorized provided that the reduced assessment value results from the construction or reconstruction of the property for the purpose of providing living quarters, constituting the primary place of residence for one or more natural or adoptive parent(s) or grandparent(s) of the owner of the property, or of the owner's spouse if at least one of the parent(s) or grandparent(s) for whom the living quarters are provided is at least 62 years of age.

Sec. 245.145 Definitions.

(a) As used in this Part, the term "construction" means all types of construction governed by the Florida Building Code.

(b) As used in this Part, the term "reconstruction" means all types of reconstruction governed by the Florida Building Code.

(c) As used in this Part, the term "primary place of residence" shall have the same meaning as "permanent residence" for establishing homestead exemption pursuant to Section 196.031, Florida Statutes. The Property Appraiser may rely upon the factors listed in Section 196.015, Florida Statutes, in determining whether the property is the primary place of residence for the applicant's parent(s) or grandparent(s).

Sec. 245.146 Local plans, regulations, and ordinances.

A reduction may be granted under this Part only to the owner of homestead property where the construction or reconstruction is consistent with local land development plans, regulations, and ordinances.

Sec. 245.147 Qualifications for reduction.

The assessment reduction applies under the following circumstances:

(a) The construction or reconstruction is substantially complete in the year prior to the January 1 in which the qualifying parent(s) or grandparent(s) first occupies the constructed or reconstructed living quarters.

(b) At least one qualifying parent or grandparent maintains his or her primary place of residence in the

constructed or reconstructed living quarters during the taxable year for which the reduction is claimed.

(c) The assessment reduction shall be applied to the assessed value of the homestead property as calculated pursuant to Article VII, Section 4(e), Florida Constitution

Sec. 245.148 Annual application and limit on amount of reduction.

Such a reduction in assessment may be granted only upon an application filed annually with the Property Appraiser. The application must be made before March 1 of the year for which the reduction is to be granted. An applicant shall be required to complete forms required by the Property Appraiser, including an affidavit regarding the age of the qualifying parent(s) or grandparent(s) and whether the living quarters are being used as the qualifying parent's or grandparent's primary place of residence for the year in which the reduction is sought. If the Property Appraiser is satisfied that the property is entitled to a reduction in assessment under this Part 11, the Property Appraiser shall approve the application, and the value of such residential improvements shall be excluded from the value of the property for the purposes of ad valorem taxation. The value excluded may not exceed the lesser of the following:

(a) The increase in assessed value resulting from construction or reconstruction of the property; or

(b) Twenty percent (20%) of the total assessed value of the property as improved.

Sec. 245.249 Property held jointly with right of survivorship.

If title to the homestead property is held jointly with right of survivorship, the owner residing on the property and otherwise qualifying may receive the entire amount of the reduction in assessed value.

Sec. 245.150 Penalty for violation.

If the owner of homestead property for which such a reduction in assessed value has been granted is found to have made any willfully false statement in the application for the reduction, the reduction shall be revoked, and the owner shall be disqualified from receiving any such reduction for a period of five (5) years and the owner is subject to a civil penalty of not more than ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00).

Sec. 245.151 Adjustment of assessed value.

When the property owner no longer qualifies for the reduction in assessed value for living quarters of parent(s) or grandparent(s), the previously excluded just value of such improvements, as of the first January 1 after the improvements were substantially completed, shall be added back to the assessed value of the property.

Section 2. Codification. It is the intention of the Board of County Commissioners that the provisions of this Ordinance

shall become and be made a part of the Seminole County Code and that the word "ordinance" may be changed to "section", "article", or other appropriate word or phrase and the sections of this Ordinance may be renumbered or re-lettered to accomplish such intention; providing, however, that Sections 2, 3, and 4 shall not be codified.

Section 3. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, it is the intent of the Board of County Commissioners that the invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared severable.

Section 4. Effective date. This Ordinance shall take effect upon filing a copy of this Ordinance with the Florida Department of State by the Clerk of the Board of County Commissioners. A true and correct codified copy of this Ordinance shall be delivered by the Clerk to the Seminole County Property Appraiser as soon as practicable.

ENACTED this ____ day of _____, 2003.

BOARD OF COUNTY COMMISSIONERS
SEMINOLE COUNTY, FLORIDA

Daryl G. McLain, Chairman

AEC/lpk
10/21/03
ord providing for prop tax reduct

ECONOMIC IMPACT STATEMENT

DATE: November 2003 DEPT./DIVISION: County Manager's Office

CONTACT PERSON: Sally Sherman EXTENSION: #7224

DESCRIBE PROJECT/PROPOSAL:

Florida law requires provisions for a reduction in the assessed value of an owner's homestead property resulting from the construction or reconstruction of their property for the purpose of providing living quarters for parents or grandparents aged 62 years or older.

DESCRIBE THE DIRECT ECONOMIC IMPACT OF THE PROJECT/ PROPOSAL UPON THE OPERATION OF THE COUNTY:

The impact of this proposal on the operation of the County is anticipated to be minimal based on the following :

- 1.) The majority of Seminole County homestead properties are located in residential areas or subdivisions where construction or reconstruction is limited.
- 2.) The qualifying reduction will be the assessed value of the living quarters or twenty percent (20%) of the total assessed value of the property, whichever is less.
- 3.) Qualifying for the annual reduction is limited to the survivorship of the parents or grandparents.

DESCRIBE THE DIRECT ECONOMIC IMPACT OF THE PROJECT/ PROPOSAL UPON THE PROPERTY OWNERS/TAX PAYERS/CITIZENS WHO ARE EXPECTED TO BE AFFECTED:

For Seminole County citizens with aging parents, this proposal would serve as a benefit to assist with the cost of maintaining an affordable standard of living for themselves and their aging parents.

IDENTIFY ANY POTENTIAL INDIRECT ECONOMIC IMPACTS, POSITIVE OR NEGATIVE WHICH MIGHT OCCUR AS A RESULT OF THE PROJECT PROPOSAL:

The long term impact of this proposal on the operation of the County could be substantial if several properties of higher value (\$1 million dollars and above)

chose to build extravagant "granny" quarters. This could potentially reduce ad valorem taxes, while increasing the need for County services.

The long-term impact for the average property owner could be higher taxes, due to subsidizing additional services required for properties with the additional exemption.