

# FLORIDA HOUSE OF REPRESENTATIVES

## BILL ANALYSIS

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

**BILL #:** [CS/HB 411](#)

**TITLE:** Affordable Property Ad Valorem Tax Exemption  
for Leased Land

**SPONSOR(S):** Chaney

**COMPANION BILL:** [SB 488](#) (DiCeglie)

**LINKED BILLS:** None

**RELATED BILLS:** None

### Committee References

[Ways & Means](#)

17 Y, 0 N, As CS



[Housing, Agriculture & Tourism](#)

16 Y, 0 N



[Commerce](#)

22 Y, 0 N

## SUMMARY

### Effect of the Bill:

The bill expands the existing ad valorem (property tax) exemption for nonprofit charities found in [s. 196.1978\(1\)\(b\), F.S.](#) The exemption will now apply to nonprofit charities that lease land used for affordable housing from a housing finance authority, and then sublease the property for 99 years for the purpose of providing affordable housing, rather than requiring the nonprofit to own the property directly.

The bill provides emergency rulemaking authority to the Department of Revenue to implement the provisions of the bill.

The bill is effective January 1, 2026, and first applies to the 2026 tax roll.

### Fiscal or Economic Impact:

The Revenue Estimating Conference estimated that the bill will have an insignificant negative impact on local government revenue.

[JUMP TO](#)

[SUMMARY](#)

[ANALYSIS](#)

[RELEVANT INFORMATION](#)

[BILL HISTORY](#)

## ANALYSIS

### EFFECT OF THE BILL:

Unless otherwise exempted, all property in Florida is subject to [ad valorem taxes](#) imposed by local governments in accordance with the Florida Constitution and Florida Statutes. The bill modifies an [exemption for charitable use](#) of property for affordable housing (the "[nonprofit land lease exemption](#)") in [s. 196.1978\(1\)\(b\), F.S.](#), which provides an exemption for nonprofit corporations which:

- Are 501(C)(3) charities,
- Own land that they lease to natural persons or families for 99 years to provide affordable housing to persons meeting [income limitations](#) set in statute for extremely-low income, very-low-income, low income, or moderate-income persons.

The exemption will now also apply to a nonprofit, 501(c)(3) charity that **leases** land used for affordable housing **from** a [housing finance authority](#), and then subleases such property for 99 years for the purpose of providing affordable housing to persons within the restricted income limitations. (Section [1](#)) Allowing the exemption for a charity that does not own the property outright, but instead leases it from a housing finance authority, may expand the pool of charities that can use this exemption.

The bill provides emergency rulemaking authority to the Department of Revenue to implement the provisions of the bill. (Section [2](#))

The bill is effective January 1, 2026 (Section [4](#)), and first applies to the 2026 tax roll (Section [3](#)).

### RULEMAKING:

**STORAGE NAME:** h0411e.COM

**DATE:** 4/16/2025

The bill provides the Department of Revenue with emergency rulemaking authority to implement the provisions of the bill. (Section [2](#))

***Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.***

## **FISCAL OR ECONOMIC IMPACT:**

### **STATE GOVERNMENT:**

The Revenue Estimating Conference has estimated that this bill will have no impact on state revenues.

### **LOCAL GOVERNMENT:**

The Revenue Estimating Conference has estimated that this bill will have an insignificant negative impact on local government revenue.<sup>1</sup>

## **RELEVANT INFORMATION**

### **SUBJECT OVERVIEW:**

#### **[Ad Valorem Taxation](#)**

The Florida Constitution reserves to local governments the authority to levy ad valorem taxes on real and tangible personal property.<sup>2</sup> Ad valorem taxes are levied annually by counties, cities, school districts, and some special districts based on the value of real and tangible personal property as of January 1 of each year.<sup>3</sup> The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,<sup>4</sup> and provides for specified assessment limitations, property classifications, and exemptions.<sup>5</sup> After the property appraiser considers any assessment limitation or use classification affecting the just value of a parcel of real property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.<sup>6</sup>

#### **[Ad Valorem Exemption for Literary, Scientific, Religious, or Charitable Organizations](#)**

The Florida Constitution allows the Legislature to exempt from ad valorem taxation portions of property that are used predominantly for educational, literary, scientific, religious, or charitable purposes.<sup>7</sup> The Legislature has implemented these exemptions and set forth criteria to determine whether property is entitled to an exemption.<sup>8</sup>

To determine whether a property's use qualifies for an education, literary, scientific, religious, or charitable exemption, the property appraiser must consider the nature and extent of the qualifying activity compared to other activities or other uses of the property.<sup>9</sup>

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<sup>1</sup> Revenue Estimating Conference workpapers for HB 411 (2025), adopted February 14, 2025, available at <https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2025/pdf/page27.pdf> (last visited Apr. 11, 2025).

<sup>2</sup> Art. VII, ss. 1(a), 9(a), Fla. Const.

<sup>3</sup> S. [192.001\(12\), F.S.](#), defines "real property" as land, buildings, fixtures, and all other improvements to land. The terms "land," "real estate," "realty," and "real property" may be used interchangeably. S. [192.001\(11\)\(d\), F.S.](#), defines "tangible personal property" as all goods, chattels, and other articles of value (but does not include the vehicular items enumerated in Art. VII, s. 1(b) of the Florida Constitution and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself.

<sup>4</sup> Art. VII, s. 4, Fla. Const.

<sup>5</sup> Art. VII, ss. 3, 4, and 6, Fla. Const.

<sup>6</sup> S. [196.031, F.S.](#)

<sup>7</sup> Art. VII, s. 3(a), Fla. Const.

<sup>8</sup> S. [196.196, F.S.](#)

<sup>9</sup> S. [196.196\(1\), F.S.](#)

Incidental use of property for an exempt purpose does not qualify the property for an exemption nor does the incidental use of the property for a non-exempt purpose impair an exemption.<sup>10</sup>

Property claimed as exempt which is used for profitmaking purposes is not exempt and is subject to ad valorem taxation; however, the Legislature has allowed certain property to remain exempt even when used for profitmaking purposes when the use of the property does not require a business or occupational license and the revenue derived from the profitmaking activity is used wholly for exempt purposes, and with respect to certain affordable housing provisions.<sup>11</sup>

### **Nonprofit Land Lease Exemption**

In 2023, the Legislature amended [s. 196.1978\(1\), F.S.](#), to create an exemption in new paragraph (1)(b) for land owned entirely by a nonprofit corporation that is a 501(c)(3) charity which is leased for at least 99 years for the purpose of, and is predominantly used for, providing affordable housing for extremely-low-, very-low-, low-, or moderate-income persons or families.<sup>12</sup>

In order to receive this exemption, the improvements on the land being used for affordable housing purposes must encompass more than half the square footage of all improvements on the land.<sup>13</sup> This exemption first applied to the 2024 tax roll and is repealed on December 31, 2059.<sup>14</sup>

### **Income Limitations for Affordable Housing Purposes**

Florida statutes lay out separate income thresholds for different levels of affordable housing.<sup>15</sup> These thresholds are all based on the “adjusted gross income” of a household, which includes all wages, assets, contributions, and gifts earned by or made to a household, adjusted for family size, less deductions allowable under the definition of “adjusted gross income”<sup>16</sup> for federal tax purposes.<sup>17</sup>

The most common categories used for affordable housing are:

- Extremely-low-income:<sup>18</sup> total annual household income does not exceed 30 percent of the median annual adjusted gross income for households within the state.
- Very-low-income:<sup>19</sup> total annual household income does not exceed 50 percent of the median annual adjusted gross income for households within the greatest of: the state, the metropolitan area where the household resides, or, if not within a metropolitan area, then within the county in which the person or family resides.
- Low income:<sup>20</sup> total annual household income does not exceed 80 percent of the median annual adjusted gross income for households within the greatest of: the state, the metropolitan area where the household resides, or, if not within a metropolitan area, then within the county in which the person or family resides.

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<sup>10</sup> S. [196.196\(2\), F.S.](#) See also *Underhill v. Edwards*, 400 So.2d 129, 132 (Fla. 5th DCA 1981) (The district court found that trustees of a private not-for profit hospital were not entitled to an exemption on the new wing’s first floor, which was used for a private purpose and not for a charitable purpose or other exempt purpose, despite the fact that the portion of the hospital used for a non-exempt purpose represented only a very small percentage of the otherwise exempt property) and *Central Baptist Church of Miami, Florida Incorporated v. Dade County, Florida, et. al.*, 216 So.2d 4, 6 (Fla. 1968) (Florida Supreme Court found that “limited part time rental of a portion of the church lot for commercial parking on weekday business hours is reasonably incidental to the primary use of the church property as a whole for church or religious purposes and is not a sufficiently divergent commercial use that eliminates the exemption as to the commercial parking lot portion of the property.”)

<sup>11</sup> See [s. 196.196\(4\), F.S.](#) and [s. 196.1978\(3\), F.S.](#), e.g.

<sup>12</sup> Section 8 of chapter 2023-17, L.O.F.

<sup>13</sup> Section [196.1978\(1\)\(b\), F.S.](#)

<sup>14</sup> *Id.*

<sup>15</sup> Section [420.0004\(3\), F.S.](#)

<sup>16</sup> 26 U.S.C. s. 62

<sup>17</sup> Section [420.004\(2\), F.S.](#)

<sup>18</sup> Section [420.004\(9\), F.S.](#)

<sup>19</sup> Section [420.004\(17\), F.S.](#)

<sup>20</sup> Section [420.004\(11\), F.S.](#)

- Moderate income:<sup>21</sup> total annual household income does not exceed 120 percent of the median annual adjusted gross income for households within the greatest of: the state, the metropolitan area where the household resides, or, if not within a metropolitan area, then within the county in which the person or family resides.

### [Housing Finance Authorities](#)

The Florida Housing Finance Authority Act (Act)<sup>22</sup> was enacted in 1978 in response to shortages both of affordable housing and capital for investment in such housing.<sup>23</sup> The Act would encourage “investment by private enterprise and (stimulate) construction and rehabilitation of housing through the use of public financing and...low cost loans...”<sup>24</sup> in part by authorizing local governments to issue obligations the interest on which would be exempt from federal income taxation.<sup>25</sup> Counties are authorized to create by ordinance a “Housing Finance Authority” (HFA) to carry out the powers under the Act.<sup>26</sup>

Currently, there are 24 HFAs<sup>27</sup> registered with the Special District Accountability Program<sup>28</sup> in the Department of Commerce. Each HFA is composed of a board of at least 5 members appointed by the governing body of the county to serve 4-year terms.<sup>29</sup> A majority of the members must be knowledgeable in the field of labor, finance, or commerce.<sup>30</sup> In addition to the usual authority of a public body corporate and politic,<sup>31</sup> each HFA is authorized to:

- Acquire and own real and personal property under specific conditions;<sup>32</sup>
- Purchase, commit to purchase, make, or otherwise transact in mortgage loans and accompanying promissory notes for the construction, purchase, reconstruction, or rehabilitation of qualified property; however, sales proceeds must be reinvested in mortgage loans;<sup>33</sup>
- Issue bonds to raise capital for qualified housing and development;<sup>34</sup>
- Lend funds to lending institutions under terms requiring the proceeds be used for making new mortgages for housing developments qualifying under the statute as affordable housing;<sup>35</sup>
- Make loans directly to eligible persons who otherwise cannot borrow from conventional lending services, such loans to be secured by mortgages on qualified property;<sup>36</sup>
- Loan funds to not for profit corporations to develop affordable housing;<sup>37</sup> and
- Own, maintain, operate, control, and capitalize a savings and loan association with the limited purpose to provide low cost loans and related services for eligible persons to obtain affordable housing.<sup>38</sup>

<sup>21</sup> Section [420.004\(12\), F.S.](#)

<sup>22</sup> Ch. 78-89, s. 1, Laws of Fla., codified at ch. 159, Part IV, F.S.

<sup>23</sup> Section [159.602\(1\), F.S.](#)

<sup>24</sup> Section [159.602\(2\), F.S.](#)

<sup>25</sup> Section [159.602\(4\), F.S.](#)

<sup>26</sup> Section [159.604\(1\), F.S.](#)

<sup>27</sup> The following counties have active HFAs: Alachua, Brevard, Broward, Collier, Duval (Jacksonville), Escambia, Clay, Hillsborough, Lee, Leon, Manatee, Marion, Miami-Dade, Nassau, Orange, Osceola, Palm Beach, Pasco, Pinellas, Polk, St. Johns, St. Lucie, Santa Rosa, Volusia. Florida Commerce, *Customized List of Special Districts*, Available at <https://specialdistrictreports.floridajobs.org/OfficialList/CustomList>; running a report for “Housing Finance” (last visited Apr. 11, 2025).

<sup>28</sup> Information about the accountability program is available at <https://www.floridajobs.org/community-planning-and-development/special-districts/special-district-accountability-program> (last visited Apr. 11, 2025).

<sup>29</sup> Section [159.605\(1\), F.S.](#)

<sup>30</sup> *Id.*

<sup>31</sup> Including the power to sue and be sued, to enter into contracts and execute instruments necessary to the exercise of its powers, to receive and deposit funds. See [s. 159.608, F.S.](#)

<sup>32</sup> Section [159.608\(2\), F.S.](#), which requires that “no less than 50 percent of the units owned by a housing finance authority shall benefit very-low-income families or low-income families.”

<sup>33</sup> Section [159.608\(3\), F.S.](#)

<sup>34</sup> Section [159.608\(4\), F.S.](#)

<sup>35</sup> Section [159.608\(5\), F.S.](#)

<sup>36</sup> Section [159.608\(6\), F.S.](#)

<sup>37</sup> Section [159.608\(10\)\(a\), F.S.](#)

<sup>38</sup> Section [159.608\(9\), F.S.](#)

It appears at least one HFA in Florida currently supports affordable housing through long term leases to nonprofit entities that sublease affordable housing projects to low income families.<sup>39</sup>

#### RECENT LEGISLATION:

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2023	<a href="#">CS/SB 102</a>	Busatta	Calatayud	Became law July 1, 2023; relevant provision was effective January 1, 2024.

#### OTHER RESOURCES:

[Florida's Affordable Housing Property Tax Exemptions](#) (Florida Housing Finance Corporation Publication)  
[Affordable Housing Property Exemption – Nonprofit Land Lease](#) (Department of Revenue Publication)

### BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
<a href="#">Ways &amp; Means Committee</a>	17 Y, 0 N, As CS	3/20/2025	Aldridge	Berg
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none"> <li>Added emergency rulemaking authority for the Department of Revenue,</li> <li>Clarified that changes made by the bill apply to the 2026 tax roll, and</li> <li>Changed the effective date of the bill from July 1, 2025, to January 1, 2026.</li> </ul>			
<a href="#">Housing, Agriculture &amp; Tourism Subcommittee</a>	16 Y, 0 N	3/25/2025	Curtin	Rodriguez
<a href="#">Commerce Committee</a>	22 Y, 0 N	4/15/2025	Hamon	Rodriguez

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**THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.**  
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<sup>39</sup> See, e.g. Staff Report re: Affordable Housing development by Habitat for Humanity of Pinellas County from February 25, 2025, available at: <https://pinellas.legistar.com/ViewReport.ashx?M=R&N=Text&GID=532&ID=6077086&GUID=5FCC7875-5E0A-4E71-AAFD-AB95B7EE565E&Title=Staff+Report> (last visited Apr. 11, 2025) and Meeting Minutes of Housing Finance Authority of Pinellas County from June 1, 2022, providing for, *inter alia*, an amendment to a ground lease from the HFA to Habitat for Humanity, available at <https://pinellas.gov/wp-content/uploads/2022/12/6.1.22-HFA-Agenda-Minutes.pdf> (last visited Apr. 11, 2025).