

Accessory Dwelling Unit Legislation Will Increase Affordable Housing Choices for Floridians, Without Taxpayer Subsidies

Accessory dwelling units (ADUs) can increase market affordable housing choices, across a range of neighborhoods, without taxpayer subsidies. ADUs can take many forms – detached cottages, additions, remodeling of upstairs or basements, or built above garages.

ADUs are flexible, meeting many different needs for people with different incomes and during different phases of life.

ADUs can fit the housing needs of retirees, empty-nesters, families with young children, parents needing care, first-time home buyers, and temporary housing for friends and loved ones.

Smaller homes and rental units, like ADUs, are a better fit and more affordable for many Floridians today.

Two thirds of Florida households are just one or two persons. As of 2021, more than one-half of all Florida renters spend more than 30% of their pre-tax income on rent.

Experience in St. Petersburg and Orlando shows that lifting unnecessary restrictions on ADUs increases the housing supply.

In 2018, **Orlando** amended its Land Development Code to reduce parking standards and allow more site planning flexibility for ADUs. In the five years following those amendments, 362 ADUs were built, compared to 321 in the eleven years prior.

Saint Petersburg set a goal of 400 new ADUs between 2020 and 2030. In 2022 the City revised its ADU regulations to allow ADUs on most of its single-family residential lots and reduced on-site parking requirements. As of the first quarter of 2024, the City was a third of the way toward its ADU goal with 131 built and 32 more in development.

Of the 67 counties in Florida, 16 do not allow ADUs. According to the Florida Housing Coalition, most counties that allow ADUs impose onerous restrictions.

ADU Homeowner & Housing Choice Legislation



- Treats ADUs like all other homes in how they are reviewed by local regulators.
- Allows ADUs to be rented out, just like any other home.
- Does not require owners to live in ADUs, just like other homes.
- Removes unneeded on-site parking requirements.
- Does not lift private HOA restrictions.

Property Tax Issues for Accessory Dwelling Units in Florida

- Under existing state law and Department of Revenue appraisal guidelines, an Accessory Dwelling Unit (ADU) is subject to the same assessment and valuation processes and procedures as any other real property.
- This includes classifying ADUs constructed as rental units as non-homestead property. When an assessor determines an ADU will be used as a rental, the ADU will be separately assessed from the homestead parcel. As a result, the homestead status of the existing property should remain intact.
- Florida's homestead exemption programs provide property tax relief for residents who occupy their home as their principal residence. Qualifying for the homestead exemption is critical since that status triggers eligibility for all the programs.

Homestead Exemption – taxpayers who own their home and use it as their permanent residence receive an exemption for the first \$25k of value from all property taxes and an additional \$25k exemption for non-school taxes.

Save Our Homes Assessment Cap – recipients of the homestead exemption receive an additional benefit that limits the increase in assessed value to 3% or the change in the inflation, whichever is less. Taxpayers can transfer the exemption if they move to another property in Florida.

Senior Exemption – Seniors 65 or older with an income below the limit (\$35k in 2023) qualify for an exemption set by local option up to \$50k in assessed value.

Tax Deferral – A homestead exemption recipient can defer payment of their property taxes that exceed 5% of their household income. Seniors can defer taxes that exceed 3% of their income or all taxes if the household income is less than \$20k. Deferred taxes accrue interest (at a competitive rate) and must be repaid.

Reduction in Assessment for Living Area of Parents or Grandparents - Homestead properties can also receive an exemption for a property constructed to provide living quarters for parents or grandparents. This local option exemption is the lesser of the increased assessed value resulting from the addition to the property or 20% of the property's total value.

AARP Florida ADU Model Act (Model Act) and Property Taxes - Taxpayers with ADUs should receive the same exemption benefits as other properties if they meet the program's eligibility requirements. For ADU owners the property tax savings offered by Florida's homestead exemption programs are of particular importance.

- Section 17 (a) of the Model Act ensures that owners of properties with ADUs are eligible for all Florida's property tax exemption programs, including the homestead programs.
- Section 17 (b) of the Model Act further clarifies that a homeowner with an ADU that uses the unit for their own purposes – e.g., occupancy for family member, caregiver, etc. – still qualifies as a homestead for exemption purposes.