

**CITY COUNCIL ORDINANCE NO. 2022-2235**

**AN ORDINANCE OF THE CITY OF LAKE CITY, FLORIDA ADOPTING A TAX DEFERRAL POLICY FOR AFFORDABLE RENTAL HOUSING PROPERTY; PROVIDING FOR THE ADDITION OF PROVISIONS TO THE CITY CODE IMPLEMENTING AD VALOREM TAX DEFERRALS FOR THE OPERATION, REHABILITATION, RENOVATION, OR DEVELOPMENT OF AFFORDABLE RENTAL HOUSING; PROVIDING FOR THE REPEAL OF ORDINANCES IN CONFLICT; PROVIDING FOR SEVERABILITY; PROVIDING FOR CODIFICATION; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council of the City of Lake City, Florida (hereinafter the “City”), has identified a need for affordable housing within the municipal limits of the City; and

**WHEREAS**, the City Council has been approached by developers seeking assistance with developing, rehabilitating, renovating, or operating affordable rental housing; and

**WHEREAS**, Florida law provides an incentive to owners of affordable rental housing who are engaging in the operation, rehabilitation, and renovation of such housing properties by allowing a deferral of the ad valorem taxes and non-ad valorem assessments levied on such housing properties; and

**WHEREAS**, in order to promote the development and construction of affordable rental housing within the City, the City Council finds that deferrals of ad valorem taxes and non-ad valorem assessments are necessary; and

**WHEREAS**, Florida law authorizes the deferral of ad valorem taxes and non-ad valorem assessments for properties if the owners are engaging in the operation, rehabilitation, or renovation of such properties in accordance with the guidelines provided in part VI of chapter 420, Florida Statutes; and

**WHEREAS**, the City Council finds that incentivizing owners of affordable rental housing is in the best interests of the City.

**NOW, THEREFORE, BE IT ENACTED BY THE PEOPLE OF THE CITY OF LAKE CITY, FLORIDA, AS FOLLOWS:**

**Section 1.** The above recitals are all true and accurate and are hereby incorporated herein and made a part of this ordinance.

**Section 2.** That the Code of the City of Lake City, Florida is hereby amended by adding a division to be numbered three (3), to Article IV of Chapter 94 (Taxation), which division reads as follows:

**Chapter 94 – TAXATION**

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**ARTICLE IV. – PROPERTY TAXES**

...

**DIVISION 3. – DEFERRALS OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS FOR AFFORDABLE RENTAL HOUSING PROPERTIES.**

**Sec. 94-151. – Title.**

This division shall be known and may be cited as the “Affordable Rental Housing Taxes and Non-Ad Valorem Assessments Deferral Ordinance.”

**Sec. 94-152. – Intent.**

The intent of this division is to implement Section 197.2524, Florida Statutes, as amended, by allowing deferrals of ad valorem taxes and non-ad valorem assessments for affordable rental housing if the owners are engaging in the operation, rehabilitation, or renovation of such properties in accordance with the guidelines established within this division.

**Sec. 94-153. – Definitions.**

The words and phrases in this division shall have the meanings provided by Sections 197.2425, 197.2524, 197.2526, and 420.0004, Florida Statutes, as amended.

**Sec. 94-154. – Tax deferral eligibility.**

- (a) The ad valorem tax deferral granted by this division includes all City imposed ad valorem taxes and non-ad valorem assessments for any property meeting the provisions of Section 197.2524, Florida Statutes, as amended.
- (b) The deferrals apply only to taxes levied by the City. The deferrals do not apply, however, to taxes or non-ad valorem assessments levied for payment of bonds or to taxes authorized by a vote of the electors

pursuant to Section 9(b) or Section 12, Article VII of the Florida Constitution.

- (c) Any deferral granted remains in effect regardless of any change in the authority of the City to grant such deferral. In order to retain the deferral, the use and ownership of the property must remain as it was when the deferral was granted for the period in which the deferral remains.
- (d) If an application for deferral is granted on property that is located in the City's community redevelopment agency area, the amount of taxes eligible for deferral is limited, as provided for in subsection 94-154(e), if:
  - (1) The community redevelopment agency has previously issued instruments of indebtedness that are secured by increment revenues on deposit in the community redevelopment trust fund; and
  - (2) Those instruments of indebtedness are associated with the real property applying for the deferral.
- (e) If subsection 94-154(d) applies, the deferral applies only to the amount of taxes in excess of the amount that must be deposited into the City's community redevelopment trust fund based upon the taxable value of the property upon which the deferral is being granted. Once all instruments of indebtedness that existed at the time the deferral was originally granted are no longer outstanding or have otherwise been defeased, this subsection no longer applies.
- (f) If a portion of the taxes on a property was not eligible for deferral under subsection 94-154(e), the community redevelopment agency shall notify the property owner and the tax collector one (1) year before the debt instruments that prevented the taxes from being deferred are no longer outstanding or otherwise defeased.
- (g) The tax collector shall notify the community redevelopment agency of any tax deferral that has been granted on property located within the community redevelopment area of the City.
- (h) Issuance of a debt obligation after the date a deferral has been granted does not reduce the amount of taxes eligible for deferral.
- (i) A tax deferral may not be granted if:
  - (1) The total amount of deferred taxes, non-ad valorem assessments, and interest plus the total amount of all other unsatisfied liens on the property exceeds eighty-five (85) percent of the assessed value of the property, or

- (2) The primary financing on the property is for an amount that exceeds seventy (70) percent of the assessed value of the property.
- (j) The amount of taxes, non-ad valorem assessments, and interest deferred shall accrue interest at a rate equal to the semiannually compounded rate of one-half percent (0.5%) plus the average yield to maturity of the long-term fixed-income portion of the state retirement system investments as of the end of the quarter preceding the date of the sale of the deferred payment tax certificates; however, the interest rate may not exceed seven percent (7%).
- (k) The taxes, non-ad valorem assessments, and interest deferred pursuant to this article constitute a prior lien and shall attach as of the date and in the same manner and be collected as other liens for taxes, as provided for under Chapter 197, Florida Statutes, as amended.

**Sec. 94-155. – Tax deferral application.**

- (a) The application for deferral must be made annually upon a form prescribed by the state department of revenue ("department") and furnished by the tax collector. The tax collector may require the applicant to submit any other evidence and documentation as deemed necessary by the tax collector in considering the application.
- (b) The tax collector shall consider and render his or her findings, determinations, and decision on each annual application for a tax deferral within forty-five (45) days after the application is filed or as soon as practicable thereafter. The tax collector shall exercise reasonable discretion based upon applicable information available under this division. If the tax collector finds the applicant is entitled to the tax deferral, the tax collector shall approve the application and file the application in the tax collector's records until the tax lien is satisfied.
- (c) For approved deferrals, the date of receipt by the tax collector of the application for tax deferral shall be used in calculating taxes due and payable net of discounts for early payment as provided in s. 197.162.
- (d) For denied applications, the tax collector shall send a notice of disapproval within forty-five (45) days after the date the application is filed, citing the reasons for the disapproval. The determinations and findings of the tax collector are not quasi-judicial and are subject exclusively to review by the value adjustment board. The original notice of disapproval shall be sent to the applicant and shall advise the applicant of the right to appeal the decision to the value

adjustment board and shall inform the applicant of the procedure for filing such an appeal.

- (e) Each application must contain a list of, and the current value of, all outstanding liens on the applicant's property.
- (f) Each application shall furnish proof of fire and extended coverage insurance in an amount at least equal to the total of all outstanding liens, including a lien for deferred taxes, non-ad valorem assessments, and interest, with a loss payable clause to the tax collector.

**Sec. 94-156. – Termination of tax deferral.**

- (a) In order to retain the deferral:
  - (1) the use and ownership of the property must remain as it was when the deferral was granted for the period in which the deferral remains, and
  - (2) the owner must maintain the required fire and extended insurance coverage.
- (b) The total amount of deferred taxes and interest for all previous years becomes due and payable November 1 of the year in which the change in use or ownership occurs or on the date failure to maintain insurance occurs, and is delinquent on April 1 of the year following the year in which the change in use or ownership or failure to maintain insurance occurs.
- (c) Whenever the property appraiser discovers there has been a change in the use or ownership of the property that has been granted a tax deferral, the property appraiser shall notify the tax collector in writing of the date such change occurs, and the tax collector shall collect any taxes and interest due or delinquent.
- (d) During any year in which the total amount of deferred taxes, interest, and all other unsatisfied liens on the property exceed eighty-five (85) percent of the assessed value of the property, the tax collector shall immediately notify the owner of the property on which taxes and interest have been deferred the portion of taxes and interest which exceed eighty-five (85) percent of the assessed value of the property is due and payable within thirty (30) days after receipt of the notice. Failure to pay the amount due shall cause the total amount of deferred taxes and interest to become delinquent.
- (d) If deferred taxes become delinquent under this section, on or before June 1 following the date the taxes become delinquent, the tax collector shall sell a tax certificate for the delinquent taxes and interest in the manner provided by Section 197.432, Florida Statutes.

**Sec. 94-157. – Prepayment of deferred taxes.**

- (a) All or part of the deferred taxes and accrued interest may at any time be paid to the tax collector by:
  - (1) The owner of the property, or
  - (2) The next of kin of the owner, heir of the owner, child of the owner, or any person having or claiming a legal or equitable interest in the property, if no objection is made by the owner within thirty (30) days after the tax collector notifies the owner of the fact that such payment has been tendered.
- (b) Any partial payment made pursuant to this section shall be applied first to accrued interest.

**Sec. 94-158. – Distribution of payment of deferred taxes.**

When any deferred taxes or interest is collected, the tax collector shall maintain a record of the payment, setting forth a description of the property and the amount of taxes or interest collected for the property. The tax collector shall distribute payments received in accordance with the procedures for distributing ad valorem taxes or redemption money as prescribed in Chapter 197, Florida Statutes.

**Sec. 94-159. – Construction.**

The provisions of this division shall not prevent the collection of personal property taxes that become a lien against tax-deferred property, defer payment of special assessments to benefited property other than those specifically allowed to be deferred, or affect any provision of any mortgage or other instrument relating to property requiring a person to pay ad valorem taxes or non-ad valorem assessments. If any mortgagee shall elect to pay the taxes when an applicant qualifies for tax deferral under this article, then such election shall not give the mortgagee the right to foreclose.

**Sec. 94-160. – Penalties.**

- (a) The following penalties shall be imposed on any person who willfully files information required under this article that is incorrect:
  - (1) The person shall pay the total amount of taxes and interest deferred, which amount shall immediately become due;
  - (2) The person shall be disqualified from filing a tax deferral application for the next three (3) years; and
  - (3) The person shall pay a penalty of twenty-five (25) percent of the total amount of taxes and interest deferred.

(b) Any person against whom the penalties prescribed in this section have been imposed may appeal the penalties imposed to the VAB within thirty (30) days after the penalties are imposed.

**Secs. 94-161-180. Reserved.**

**Section 3.** All ordinances or parts of ordinances in conflict herewith are and the same are hereby repealed.

**Section 4.** If any section, subsection, sentence, clause or phrase of this ordinance or the particular application thereof shall be held invalid by any court, administrative agency or other body with appropriate jurisdiction, the remaining section(s), subsection(s), sentence(s), clause(s) or phrase(s) under application shall not be affected hereby.

**Section 5.** It is the intention of the City Council of the City of Lake City, Florida, that the provisions of this ordinance shall become and be made a part of the Code of the City of Lake City, Florida and that the sections of this ordinance may be numbered appropriately in order to accomplish such intentions.

*[Remainder of this page left blank intentionally.]*

**Section 6.** This ordinance shall take effect immediately upon its adoption.

**PASSED** upon first reading this \_\_\_\_ day of \_\_\_\_\_ 2022.

**NOTICE PUBLISHED** on the \_\_\_\_\_ day of \_\_\_\_\_ 2022.

**PASSED AND ADOPTED** on the \_\_\_\_\_ day of \_\_\_\_\_ 2022.

**CITY OF LAKE CITY, FLORIDA**

By: \_\_\_\_\_  
Stephen M. Witt, Mayor

ATTEST:

APPROVED AS TO FORM AND  
LEGALITY:

By: \_\_\_\_\_  
Audrey E. Sikes, City Clerk

By: \_\_\_\_\_  
Frederick L. Koberlein, Jr.,  
City Attorney