

RE: Homestead Relief Act

Date: _____

Dear _____

The Florida legislature is tasked to improve the lives of the residents of the State of Florida. The balance of providing maximum services while reducing the cost of living for the state's residents is a never-ending challenge. A primary way to lower the cost of living is to minimize the homestead property tax increases and lower property insurance coverage fees. We are asking the legislature to address these costs in a single "Homestead Relief Act" bill.

Florida's home-hardening program, called "My Safe Florida Home" (MSFH), is an attempt to curtail the exorbitant rise of home insurance throughout the State. This taxpayer funded program refunds up to two-thirds of the renovation expenses to qualified homestead homeowners with a \$10,000 maximum grant. While the MSFH program has been wildly popular with homestead residents in need of a replacement roof, doors or windows, the demand is much higher than the allocated taxpayer funds. There is a continuing demand to allocate more funds into the program but more allocations into the fund takes funds from other services. (1) Florida State Rep. Anna Eskamani, D-Orlando has been quoted as saying that "I think we have to look at potentially four to five times more money," Eskamani said. "Bringing the total close to \$1 billion."

While the MSFH program focuses on Wind Mitigation hardening, it does not address curtailment of flood insurance claims. Florida has been ranked as having the highest homeowner's insurance premium in the nation for four of the eight years most recently reported by the Insurance Information Institute, 2014-2021(2). It is estimated that Florida's main coastline stretches approximately **1,350 miles**. While not addressing the cause(s) of sea level rise, historically all US federal agencies agree that sea levels continue to rise and at increasing rates. Sea level rise combined with ocean temperatures rising plays a role in coastal flooding, shoreline erosion, and hazards from storms. These factors do not go unnoticed by home insurance underwriters for companies willing to write policies in Florida. While tidal flooding may impact coastal areas, flooding from precipitation is an issue in many inland areas. All residential homestead properties with either a history of flooding or within FEMA Special Flood Hazard Areas as designated on Florida Insurance Rate Maps (FIRM) as zones beginning with the letters 'A' or 'V' should qualify.

Special Flood Hazard Areas are high-risk areas.

- They are shown on the flood maps as zones beginning with the letters '**A**' or '**V**.'
- There is at least a 1 in 4 chance of flooding during a 30-year mortgage in high-risk areas.

While we are not requesting consideration that Flood Mitigation be included in the MSFH program, as this program is a direct allocation from available state funds. While the MSFH program has reduced insurance costs for many Florida residents, much more can be done at little or no cost to the state. We suggest that the state consider how homestead property taxes are calculated including smaller maximum increases to taxable property values and limitations on taxable property values of homes that are rebuilt to conform to FEMA Flood Mitigation Requirements.

Homestead Relief Act Summary:

- Decrease maximum Taxable Property Tax value from 3% increase to 2% increase annually.
- Disregard Flood Resistance Improvements in Property Value Assessments Measure
 - formerly HJR 1377 (2021),

Financial impact:

- State
 - Revenue increase from new construction sales tax
- County & Local
 - The 2% maximum property tax increase may require non-homestead residential and commercial properties to absorb any unrealized taxes from homestead properties.
 - Increased permit fees for expected increase in new construction projects
 - Short Term – The increase to the Taxable Value base will be delayed until the flood mitigated homes are sold. More homes should be rebuilt in a shorter period due to this incentive, so the Taxable Value base should recover quickly as homes are sold. Any unrealized increases in property taxes from reconstructed residential homes with homestead protection are an opportunity cost that would not be realized if the homes were not rebuilt to FEMA standards.
 - Long Term – As properties change ownership, the Fair Market Value / Property Tax Values will be higher than if the homes were not rebuilt, especially if the homes are larger than the original home.

We thank you for considering the Homestead Relief Act and welcome any questions.

Please direct questions directly to:

Ray Kerr, Commissioner District 2
City of Madeira Beach, Florida, 33708
Email: rkerr@madeirabeachfl.gov
City Cell: (727) 486-9996

Signature _____

(1) Source: WPTV West Palm Beach

<https://www.wptv.com/money/real-estate-news/how-did-my-safe-florida-home-money-go-so-fast-and-how-much-more-funding-does-it-need>

By: Matt Sczesny

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(2) Source: Insurance Information Institute:

- a. Average Premiums for Homeowners and Renters Insurance by State, 2021 (1)
- b. <https://www.iii.org/table-archive/218012>

