

Frequently Asked Questions

Multifamily Middle Market Certification

Florida Housing Finance Corporation, known as Florida Housing, is compiling a list of questions regarding the Multifamily Middle Market Certification, and its associated ad valorem property tax exemption authorized under s. 196.1978(3), F.S. This list is not all-inclusive and additional questions will be added over time.

The information in this FAQ is provided for information purposes only and is not legal advice. The content in this FAQ reflects Florida Housing Finance Corporation's implementation of certain sections of the Live Local Act and may not be representative of the opinions of other organizations or entities. The information in this FAQ may be adjusted and updated periodically.

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General Questions

1) What is the difference between the Multifamily Middle Market certification and the associated property tax exemption?

The Multifamily Middle Market Certification is administered through Florida Housing and certifies that the owner has submitted the [statutorily required documentation](#) for review by Florida Housing. This certification notice is required to apply for the exemption.

The exemption is the actual reduction applied to a property's value, reducing property taxes. An exemption can be obtained only by filing an exemption application through the local property appraiser's office. This exemption requires a certification notice from Florida Housing to include with the exemption application, but the eligibility and the scope of the exemption are ultimately assessed and applied by the local property appraiser.

2) Who determines an owner's eligibility and the amount of the exemption?

The local property appraiser determines eligibility and the amount for a property tax exemption.

3) If my property is certified, does that mean I will receive the exemption?

No, a certification notice does not guarantee that an owner will receive a property tax exemption.

4) When will the certification portal be open and accepting applications?

Florida Housing anticipates opening the Multifamily Middle Market Certification portal and beginning to accept applications in early October 2023.

5) How often may the applicant apply for Multifamily Middle Market Certification?

Florida Housing will provide certification notices that must be renewed by the owner each year.

6) What deadlines should an owner be aware of for the 2024 tax exemption consideration?

Owners must begin by submitting a preliminary request for certification no later than December 31, 2023, to Florida Housing.

Beginning January 1, 2024, Florida Housing will review applications that submitted a preliminary request for certification. Between January 1 and January 15, owners are required to confirm that rents for units seeking certification have been adjusted and currently house income-eligible tenants. Once a preliminary submission has been confirmed by the owner and approved by Florida Housing a certificate will be issued. If there are outstanding issues with a submitted

request for certification, owners will have until no later than January 31, at 11:59 pm to correct and resubmit the request in order to receive a certification notice.

After receiving the certification notice, owners must then submit their application for exemption, including the Multifamily Middle Market Certification notice and any other documents required by the local property appraiser, to the local property appraiser no later than March 1, 2024.

7) Why must I confirm my preliminary request for certification with Florida Housing after January 1?

The statute requires that these rents and tenants be in place as of January 1 of the year the exemption is being requested.

Florida Housing requires owners to have the initial request for certification submitted no later than December 31 to provide enough time for review, and correction if needed.

8) When will I get my certification notice?

Florida Housing will send certification notices via email to owners and local county property appraisers no later than February 15, 2024.

9) What should an owner do to prepare for submitting a request for certification?

Owners must obtain a rental market study, identify units for which they are seeking an exemption, and create a plan for adjusting rental rates, as needed, by January 1, 2024.

Interested parties may also wish to contact the local property appraiser to see if there are any additional forms/documentation needed for an exemption.

10) With regards to the 3-year commitment to provide rental housing to income-eligible households, will Florida Housing be providing a standardized form that an owner has to sign?

Yes, as part of the certification application Florida Housing will be providing a commitment form for owners to sign committing the property to provide housing that meets statutory requirements for no less than 3 years.

11) Can one add several qualifying properties to one certification request to meet the 70-unit threshold? So long as they have common ownership and are in the same sub-market?

The request for certification allows owners the ability to include multiple parcels under one request provided they are one multifamily project under the same ownership and within the same county.

Florida Housing strongly recommends reaching out to your local property appraiser to determine how they will assess your minimum unit count for the exemption.

12) What are the primary statutory requirements for eligibility?

Eligibility criteria set forth in the statute include the following:

- *Are within a newly constructed multifamily project that contains more than 70 units dedicated to housing natural persons or families meeting the income limitations provided in paragraph (d) of the statute.*
- *Are rented for an amount that does not exceed the amount as specified by the most recent multifamily rental programs income and rent limit chart posted by Florida Housing or 90% of the fair market value rent as determined by a rental market study meeting the requirements of paragraph (m) of the statute, whichever is less.*
- *Units within qualified properties that house the intended populations with an annual income that does not exceed 80% of the area median income are exempt from ad valorem taxes. For units in qualified properties that serve households with incomes between 80 and 120% of the area median income, an exemption of 75% of the assessed value must be provided.*

13) Does the Multifamily Middle Market Certification exclude market-rate projects that are purchased for the purpose of converting them to affordable housing as defined in the LLA but are not yet restricted?

The statute requires that the units must be rented to statutorily eligible tenants at statutorily appropriate rates as of January 1st of the year in which the exemption is being sought. This means that to obtain the exemption in 2024, all units seeking the exemption must meet the requirements as of January 1, 2024.

Additionally, any project seeking the Multifamily Middle Market Certification must have been substantially completed within 5 years before the date of an applicant's first submission of a request for the certification.

14) If we have multiple owners and FEINs associated with a property as reflected on the parcel records, how do we account for this within our request?

If property tax records reflect multiple owners for the parcel or development in question, please enter one owner under the portal registration. On the Excel request form, please identify the owners in the appropriate space as such: Owner Name 1(FEIN), Owner Name 2(FEIN), Owner Name 3(FEIN), etc.

Eligibility for Certification Questions

1) What are the certification requirements?

Eligibility criteria set forth in the statute require an owner to submit the following to Florida Housing:

- *The most recently completed rental market study meeting the requirements of [s. 196.1978\(3\)\(m\), F.S.](#)*
 - *(m) A rental market study submitted as required by paragraph (f) must identify the fair market value rent of each unit for which a property owner seeks an exemption. Only a certified general appraiser as defined in s. 475.611 may issue a rental market study. The certified general appraiser must be independent of the property owner who requests the rental market study. In preparing the rental market study, a certified general property appraiser shall comply with the standards of professional practice pursuant to part II of chapter 475 and use comparable property within the same geographic area and of the same type as the property for which the exemption is sought. A rental market study must have been completed within 3 years before submission of the application.*
- *A list of the units for which the property owner is seeking an exemption.*
 - *Florida Housing will provide a template for owners to submit unit information.*
- *The rent amount received by the property owner for each unit that an exemption is sought.*
- *A sworn statement under penalty of perjury from the owner restricting the property for a period of not less than 3 years to housing persons or families that meet the income limitations identified.*

2) Are properties receiving an exemption through a local exemption authorized under [s. 196.1979, F.S.](#) eligible for this exemption?

No, properties receiving a property tax exemption are not eligible to receive an exemption under s. 196.1978(3), F.S.

3) Do units under a Florida Housing land use restriction agreement or extended use agreement count as part of the minimum unit count?

Units restricted under an agreement with Florida Housing are not eligible to receive an exemption but can be included when assessing the minimum required units for the property.

4) Are units with a Land Use Restriction Agreement eligible for certification/exemption?

No, units with a land use restriction agreement or an extended use agreement with Florida Housing, are not eligible. However, these properties may be eligible to receive the exemption for other rental units within the property that are not restricted by a Florida Housing land use agreement or an extended use agreement restricted units within these properties.

5) If an existing unit has an existing commitment through SHIP, is it eligible to receive the certification?

Nothing within the statute disqualifies units committed through SHIP for the certification.

6) Can a mixed-use property receive certification?

If the property meets the certification eligibility requirements outlined in the statute and submits the requirement documents, there is nothing that prohibits a mixed-use property from qualifying for certification.

7) Can student housing receive certification?

If the property meets the eligibility requirements outlined in the statute and submits the requirements for certification, there is nothing that prohibits student housing from qualifying for certification.

8) Does it matter whether the development has already closed on financing but not yet placed in service?

For the initial request, all units seeking the certification must be occupied with households meeting the income limitations set forth in s. 196.1978(2)(d)(1), F.S. and s. 196.1978(2)(d)(2), F.S.

9) Will Section 8 units be considered eligible if occupied by January 1 by a Section 8 tenant and if the units are rented for an amount that does not exceed the amount as specified by the most recent multifamily rental programs income and rent limit chart posted by Florida Housing or 90% of the fair market value rent as determined by a rental market study meeting the requirements of paragraph (m) of the statute, whichever is less?

If the property meets the eligibility requirements outlined in the statute and submits the requirements for certification, there is nothing that prohibits Section 8 units from qualifying for certification.

10) Can multifamily projects that provide affordable housing for full-time students and graduate assistants qualify for certification?

Yes, provided the property is otherwise eligible, the occupation of the tenants does not impact eligibility for the certification.

Eligible Rent and Income Questions

1) If an owner would like to receive this exemption, what date do rents and tenants need to comply with statutory requirements by?

Eligible rents and income-eligible tenants must be in place effective January 1 for the year in which the exemption is sought. For example, an owner wishing to receive an exemption in 2024 must have rents adjusted to reflect current Florida Housing posted rates, or 90% of found RMS rates, whichever is less, and income-eligible tenants in place no later than January 1, 2024.

2) What rental charges or fees are to be included within the maximum rental allowance?

Any charge or fee (or tax) that is a condition of occupancy is included in the maximum allowable rent.

3) How will Florida Housing determine if a unit is qualified under the 80% or 120% AMI?

Florida Housing will not determine what level of exemption a unit qualifies for. Florida Housing will ask what planned income category the owner is serving as of January 1, but the local property appraiser will determine what exemption a unit is eligible for.

4) When determining the maximum rent for each unit, is the amount set at the 80% rental limit (or 120% rental limit, depending on the level of exemption sought) or at the household AMI level?

Rental limits should not exceed the 80% and 120% rental limits identified in s. 196.1978(2)(d)(1), F.S. and s. 196.1978(2)(d)(2), F.S.

5) What rental charges or fees are to be included within the maximum rental allowance?

Any charge or fee (or tax) that is a condition of occupancy is included in the maximum allowable rent. Charges that are a "condition of occupancy" are a fact-specific analysis for each development. If a resident is required to pay a certain fee as a condition of occupancy and may not opt out of the fee, such a fee would be considered a condition of occupancy and would be

considered included in the maximum rental allowance. For example, if the owner charges a fee for pest control that the resident may not opt out of, such a fee is included in the maximum rent allowance. Alternatively, if the owner charges a fee for parking that the resident may opt out of, the fee (whether the resident opts to pay or not) is not included in the maximum rental allowance. Fees for access to common areas of the development (that are separate from any other voluntary amenity or service) are included within the maximum rental allowance. Furthermore, ratio utility billing systems (RUBS) or other submetering for electricity, gas, and water are not included within the maximum rental allowance. While those billing systems are mandatory, the resident has control over the amount of utilities used and therefore can be considered to opt-in to whatever cost of utility is charged.

6) Is the maximum amount of rent charged to a resident required to include a utility allowance?

No.

7) Can there be a differentiation in the maximum rent allowable for different types of bedroom units. For example, if there are different floor plans for 3-bedroom apartments, can the market study reflect different rents for the different types of floor plans?

The rental market study should provide the average market rent for the number of bedroom unit without differentiation. Provide the rental rates found within your rental market study in the yellow column. If you have multiple rental rates for a bedroom number enter the highest rate found. Notwithstanding, any differentiation is subject to the rent being the lesser of the market rent or the rent outlined in the chart posted on the Florida Housing website.

8) How should an owner assess the income of tenants who are full-time students?

Income should be assessed for the members of the household, regardless of the tenant's occupation.

9) What is the income-qualifying process? What documentation do we need to provide FL Housing in order to ensure residents in our affordable units do in fact income-qualify?

It is the owner's responsibility to maintain and verify documentation regarding tenant income and their eligibility. Florida Housing will require that owners verify their rents and households are in place as of January 1st between Jan. 1 – Jan 15. This verification to Florida Housing will occur via attestation and no additional documentation will be required by Florida Housing. The owner may be required to provide substantiating documentation of the verification at the property appraiser's request.

10) Does income assessment change when there is a guarantor on their lease?

No. The exemption is based on the income of the household members residing in the unit.

11) How should the income of someone with a high net worth and investments but low income be assessed?

Any assets or accounts that the tenant receives regular and periodic payments from should be included when assessing a tenant or households' income. Examples would include but are not limited to- payments from a retirement account or trust made on a regularly occurring basis, social security benefits, pensions, etc. If you would like more specifics on how income will be assessed by the property appraiser, we recommend reaching out to them directly.

Rental Market Study Questions

1) How often do I need to resubmit my rental market study to Florida Housing and how often do I need to get a new rental market study?

Florida Housing will provide annual certifications for the Multifamily Middle Market Certification program whenever requested. A rental market study must have been completed within 3 years before a request for certification is submitted.

2) An applicant must provide a local rental market study which must have been conducted within the preceding three years. What is the date from which you count the three years?

The rental market study must have been completed no more than 3 years from the date that they apply for certification. Applicants should also consider the potential impact of a rental market study timeline expiring after the certification is received but before submitting to the local property appraiser.

3) Where can I find a certified general appraiser to complete a rental market study?

*A database of certified general appraisers, as defined by s. 475.611 F.S., can be found on the Department of Business and Regulation's website
<https://www.myfloridalicense.com/wl11.asp?mode=0&SID=>*

4) What needs to be included in a rental market study?

The statute requires that a rental market study must "must identify the fair market value rent of each unit for which a property owner seeks an exemption. Only a certified general appraiser as defined in s. 475.611, F.S. may issue a rental market study. The certified general appraiser must

be independent of the property owner who requests the rental market study. In preparing the rental market study, a certified general appraiser shall comply with the standards of professional practice pursuant to part II of chapter 475 and use comparable property within the same geographic area and of the same type as the property for which the exemption is sought. A rental market study must have been completed within 3 years before submission of the application.”

5) Is there any suggested guidance for what should be included in a rental market study?

Florida Housing recommends that the owner relies on the professional judgment of the certified general appraiser, but has provided some suggested guidance regarding rental market study elements to include:

Each rental market study should include the following:

- *A statement from the certified general appraiser confirming independence from the owner*
- *Date rental market study was performed*
- *Description of subject property (site and improvements)*
- *Photographs of the subject property*
- *Definition and description of subject’s market area (as determined by appraiser) and map*
- *Inspection of the exterior, common areas, and interior of units of the subject property*
- *Comparable apartment rental activity in the subject’s immediate market and competing location*
- *Inspection of the exterior of each comparable property*
- *Map of rent comparables*
- *Description and photograph of rent comparables*
- *Rent Comparability Grid*
- *Estimate of the Market Rents for all unit types*

6) Is the applicant agreeing to not increase the rents at all for three years, or can the applicant still increase the rents and/or rent to other tenants so long as they continue to meet the AMI and rental limits prescribed by HUD and/or 90% of the market study in those respective years?

The applicant is required to restrict the units to housing persons meeting the income limitations set forth in s. 196.1978(2)(d)(1), F.S. and s. 196.1978(2)(d)(2), F.S. for three years per s. 196.1978(2)(f)(4), F.S.

Florida Housing will provide certification notices that must be renewed every year, meaning that the rent limits may change annually. An owner may adjust the rents provided they do not exceed the posted Florida Housing rent limits or 90% of the found rental market study rates (whichever is less).

Questions for the local property appraiser

For answers to the following questions that are specifically related to the exemption, Florida Housing recommends reaching out to the local property appraiser.

- 1) Can one add several qualifying properties to one application to meet the 70-unit threshold? So long as they have common ownership and are in the same sub-market?**
- 2) Will the exemption be allocated on a strictly “unit-by-unit” basis, or will property appraisers consider the square footage of the units and apply the exemption on a square footage basis?**
- 3) When determining a property's eligibility what qualifies as “improvements to real property” with regards to the building construction date?**
- 4) What happens if a unit that is receiving an exemption is not in compliance with rent or income requirements?**
- 5) What happens if an owner sells a property receiving the exemption, prior to completing their 3-year commitment?**
- 6) Provided a property complies with statutory requirements, and an owner applies on an annual basis, how many years may it receive the exemption?**
- 7) If a property received a density bonus via the SHIP program in exchange for providing affordable housing, is it eligible to receive the exemption?**
- 8) Is the exemption applied by the unit or the property?**
- 9) How long is a property eligible to receive the tax exemption? Or is there no set limit if it is conforming?**
- 10) How often does an owner need to apply for the property tax exemption?**