

Florida Property Tax Trends and Outlook

Florida Department of Revenue
Property Tax Oversight

January 14, 2014



County Just, Assessed, & Taxable Value

Just Value \$1,888.89 billion (100%)

Assessment Differential, Exceptions

Save Our Homes Differential	\$73.94 billion
10% Non-Homestead Assessment Increase Cap	\$24.45 billion
Agricultural Classification	\$50.39 billion
Pollution Control Devices	\$3.40 billion
Conservation Lands	\$0.10 billion
Working Waterfronts	\$0.21 billion
Others	\$0.03 billion
Subtotal	\$152.52 billion

Assessed Value \$1,736.37 billion (91.9%)

Exemptions

\$25K Homestead (193.031(1)(a), F.S.).....	\$107.03 billion
Additional \$25K Homestead (193.031(1)(b), F.S.).....	\$80.66 billion
\$25K Tangible Personal Property	\$7.72 billion
Governmental Property	\$156.64 billion
Institutional Property	\$56.73 billion
Others	\$14.50 billion
Subtotal	\$423.28 billion

Taxable Value

\$1,313.09 billion
(75.6%*)

* Assessed vs. Taxable Value

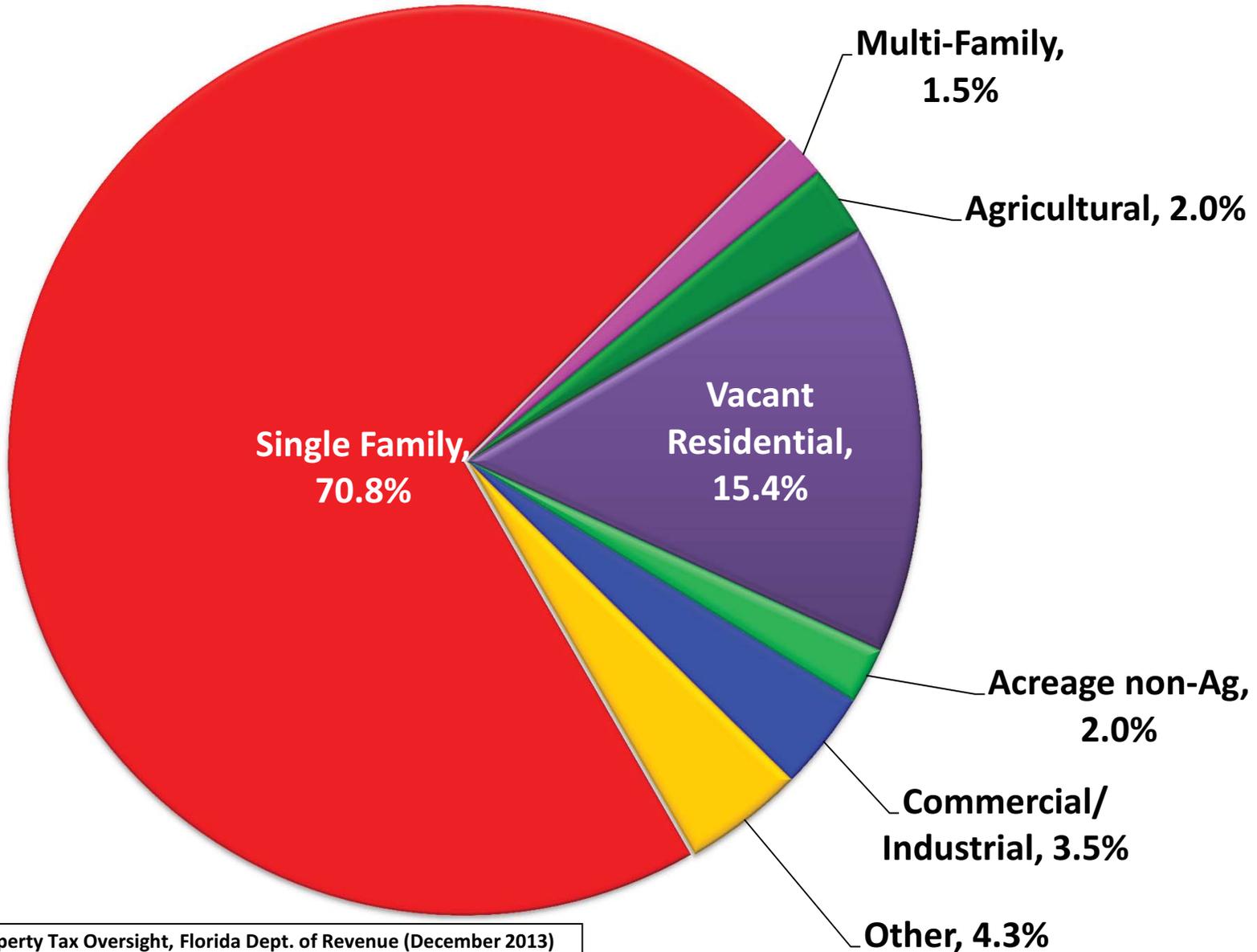
The Formula for Determining Taxable Value

Just Value (Market Value)
 - Assessment Differential
 (e.g. Save Our Homes)
 Assessed Value
 - Exemptions (e.g. Homestead)
 Taxable Value

Source: Property Tax Oversight, Florida Dep. of Revenue (December 2013)

2013 Florida Parcel Count Real Property

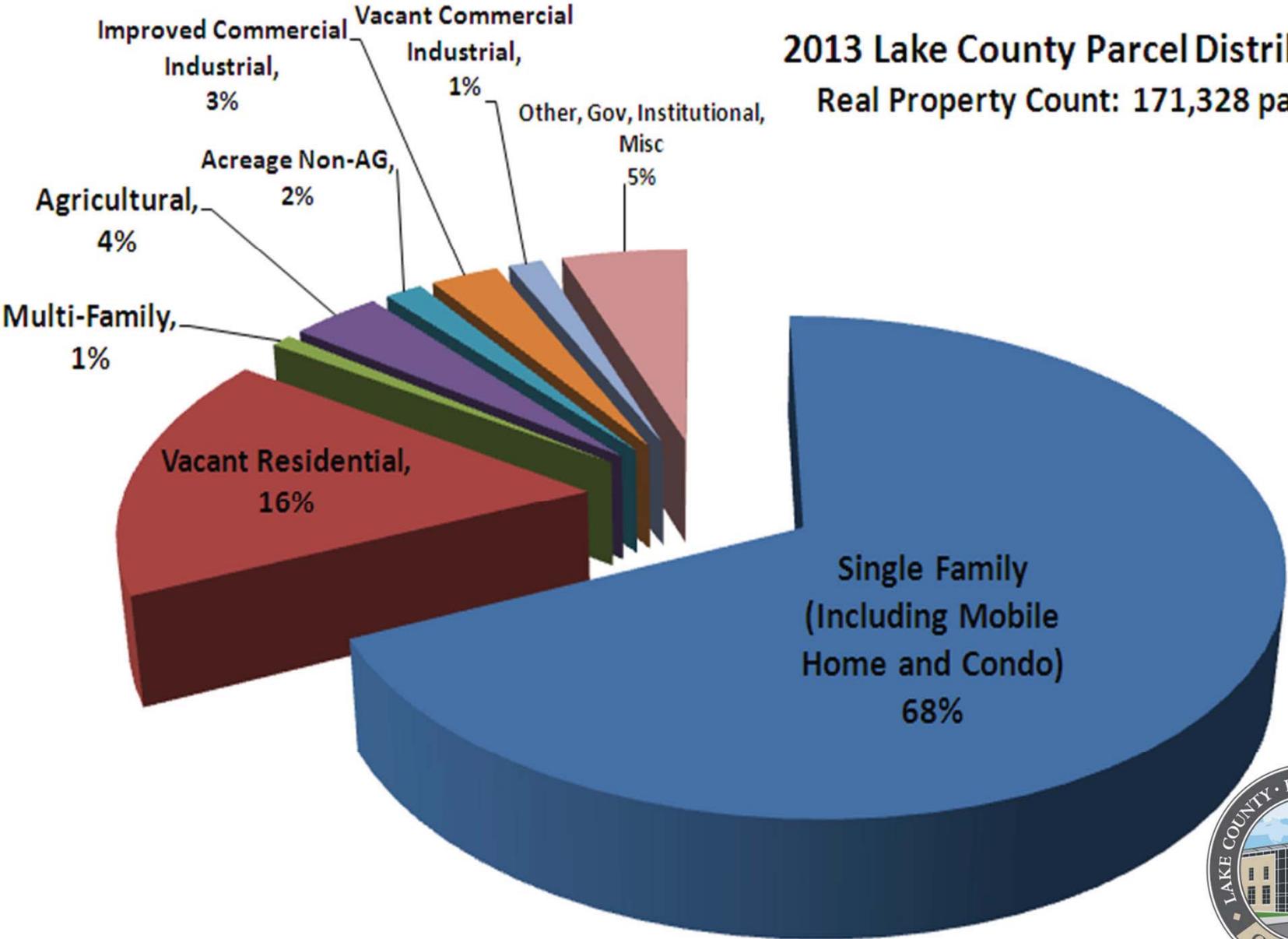
Real Property Parcel Count = 10,004,156



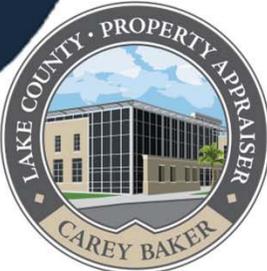
Source: Property Tax Oversight, Florida Dept. of Revenue (December 2013)

2013 Lake County Parcel Distribution

Real Property Count: 171,328 parcels

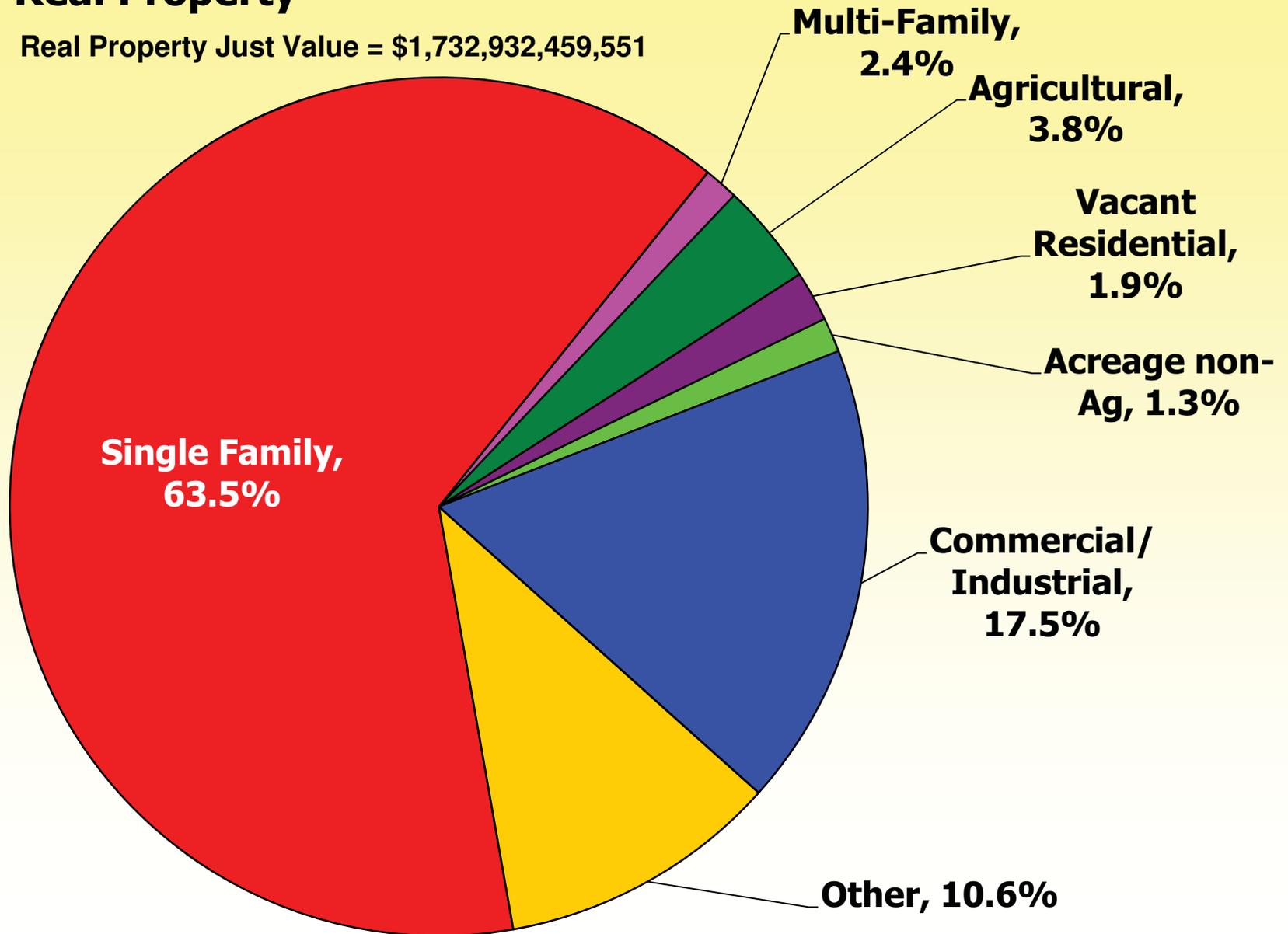


Source: Carey Baker, Lake County Property Appraiser



2013 Florida Parcel Just Value Real Property

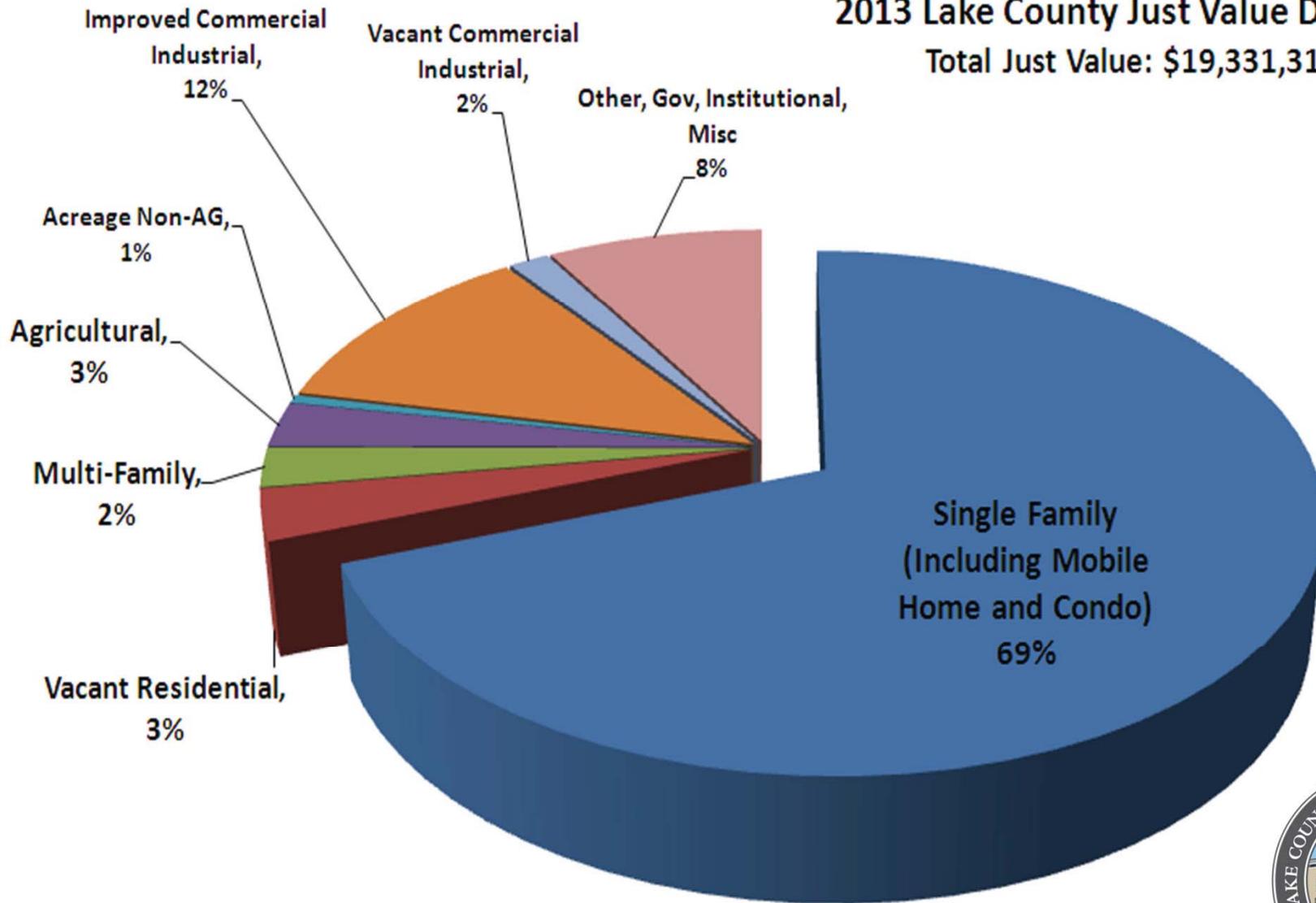
Real Property Just Value = \$1,732,932,459,551



Source: Property Tax Oversight, Florida Dept. of Revenue (December 2013)

2013 Lake County Just Value Distribution

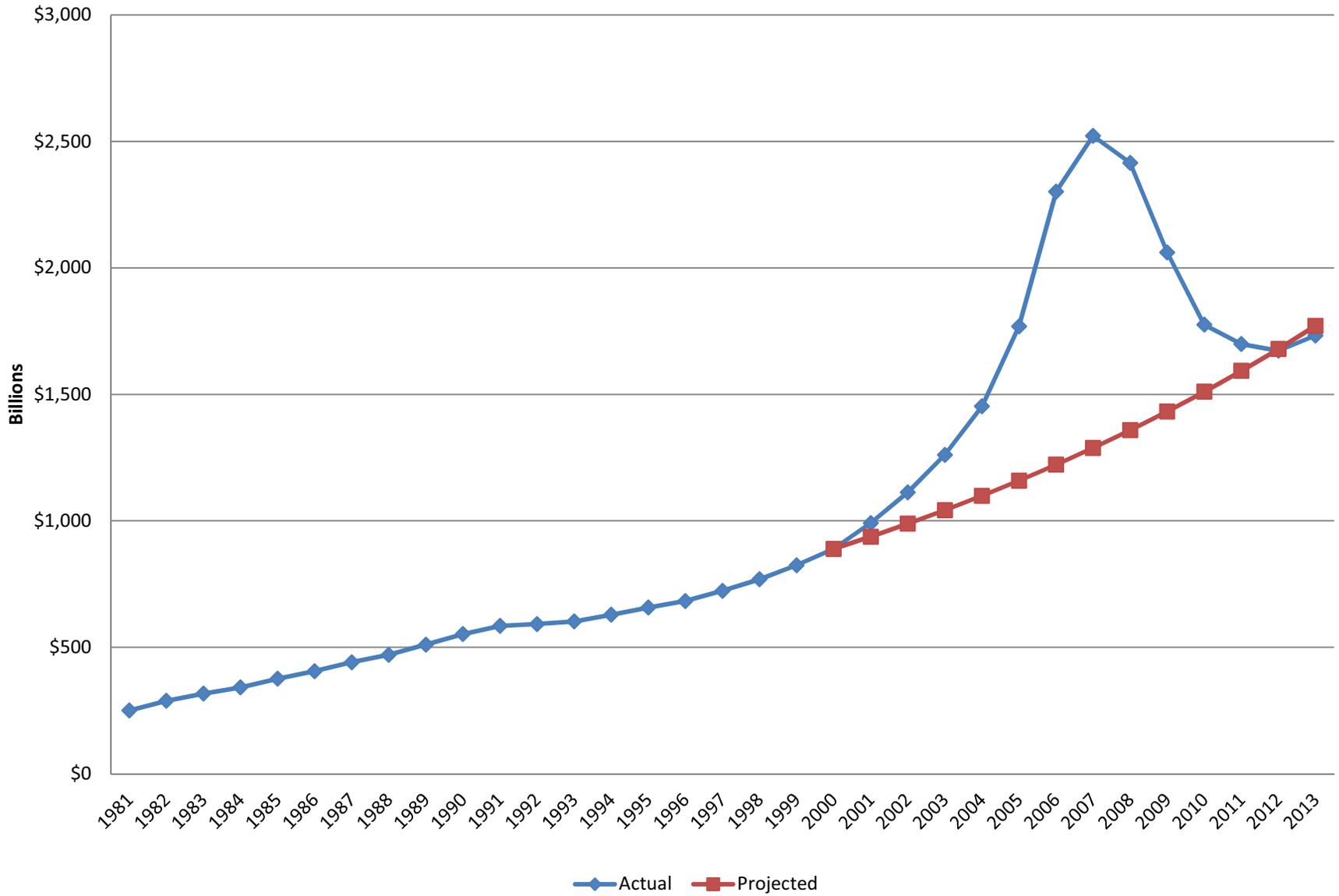
Total Just Value: \$19,331,310,696

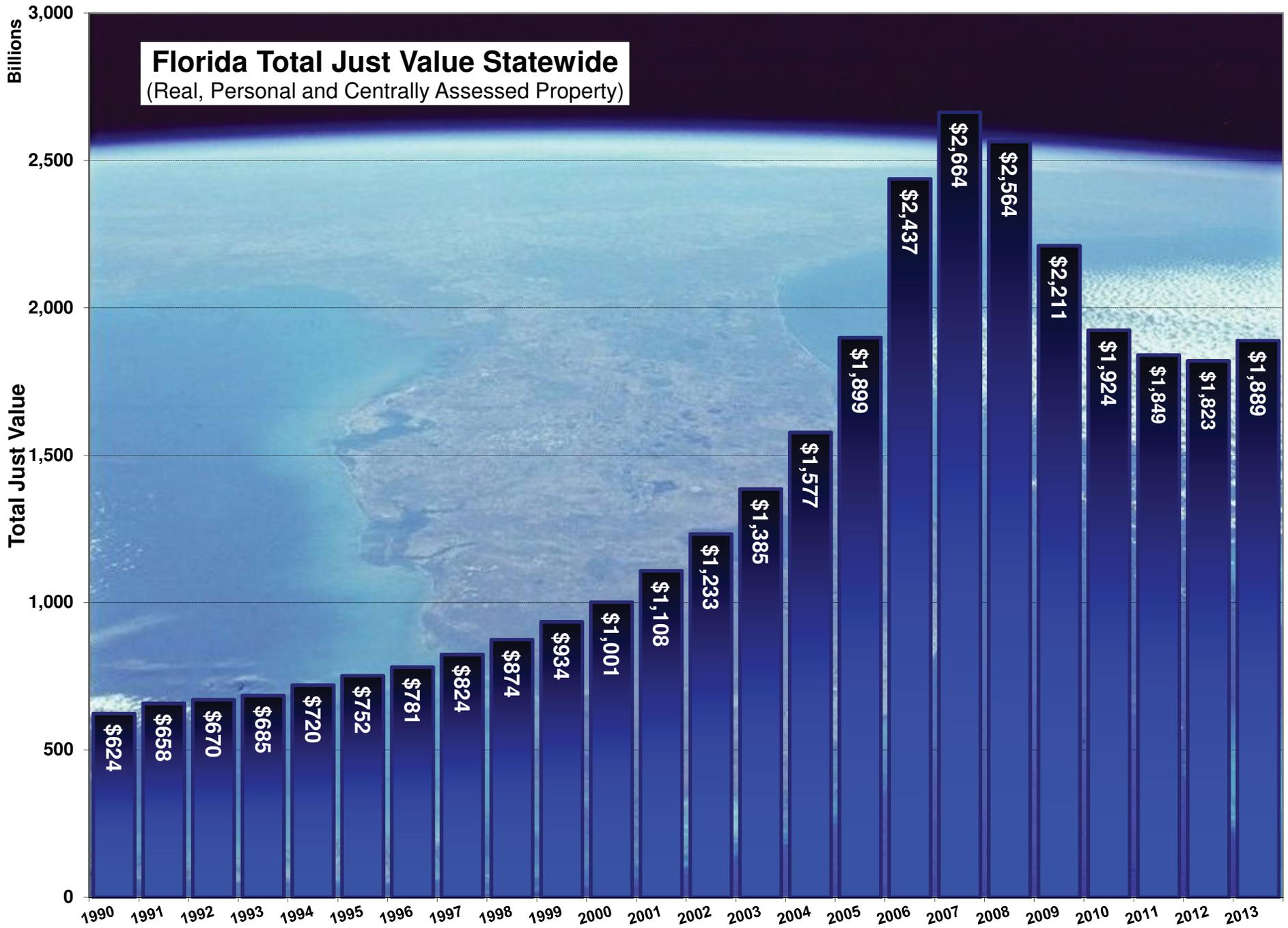


Source: Carey Baker, Lake County Property Appraiser

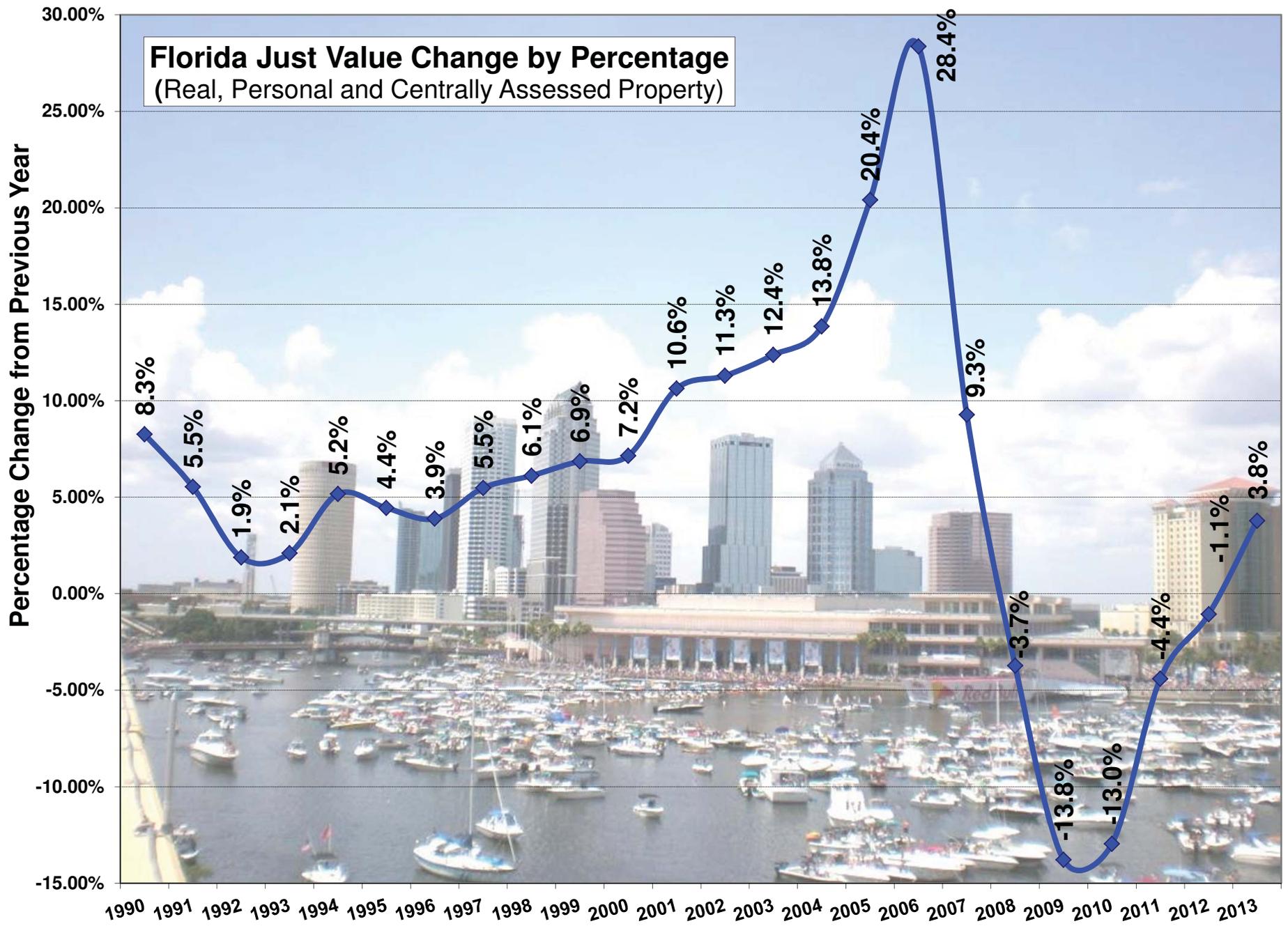


Real Property Just Value Growth in Florida
Comparison of Actual and Projected Average Growth rates
1981 - 2013

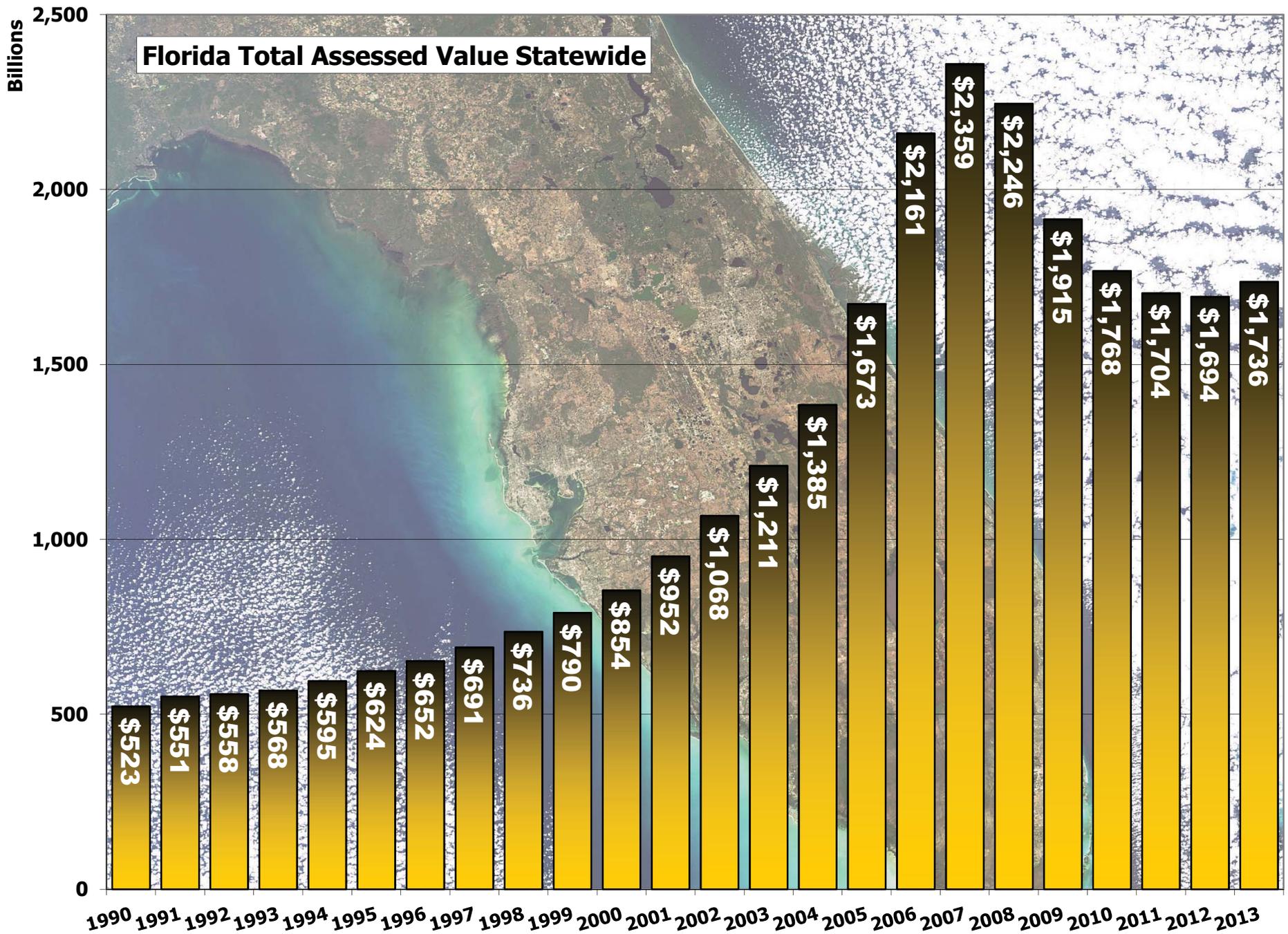




Source: FL Dept. of Revenue Property Tax Oversight 2013 Final Tax



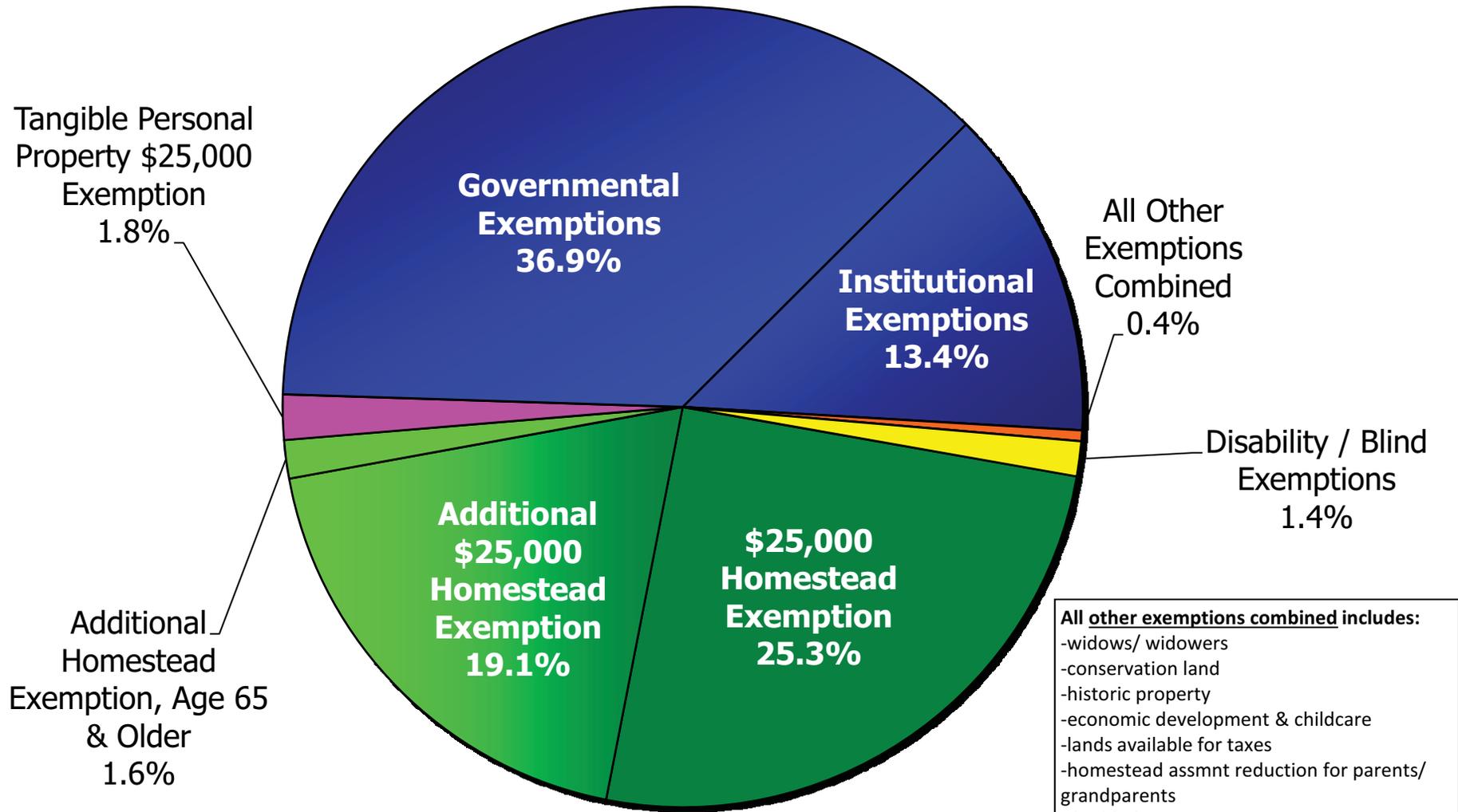
Source: FL Dept. of Revenue Property Tax Oversight 2013 Final Tax Rolls



Source: FL Dept. of Revenue Property Tax Oversight 2013 Final Tax Rolls

Total 2013 Exemptions by Type

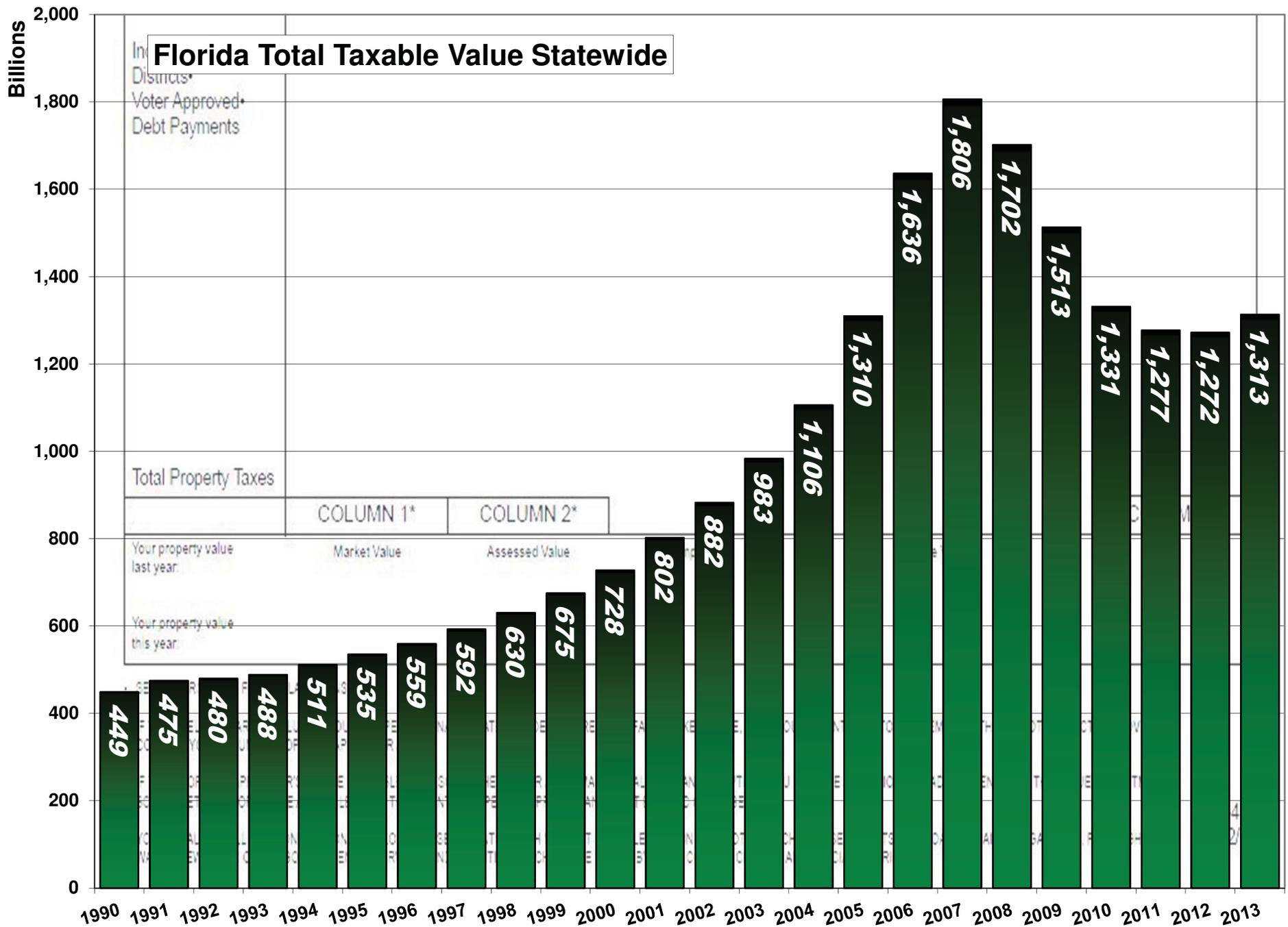
Total Value of Exemptions = \$423,286,128,729



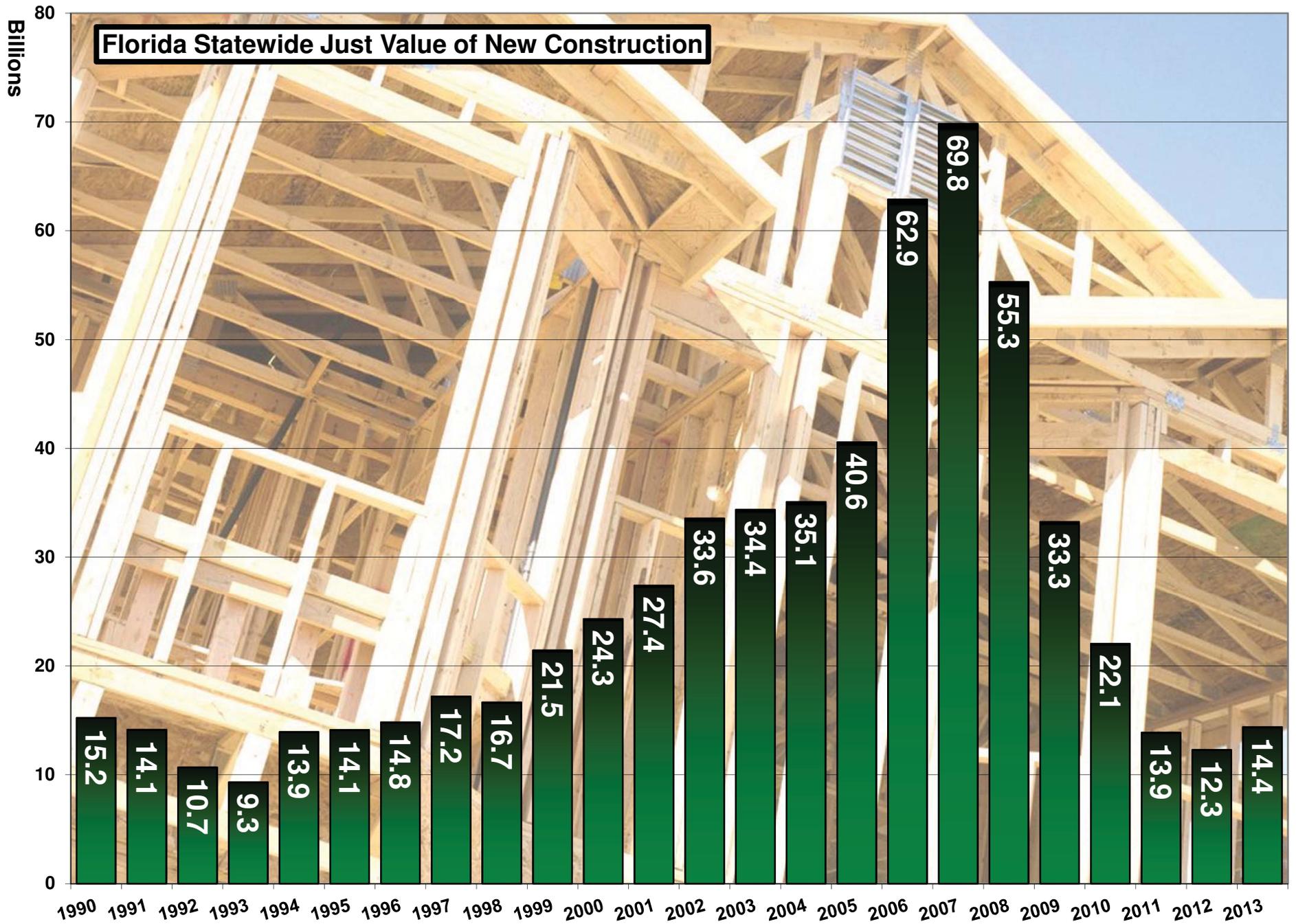
All other exemptions combined includes:

- widows/ widowers
- conservation land
- historic property
- economic development & childcare
- lands available for taxes
- homestead assmnt reduction for parents/ grandparents
- disabled veterans
- deployed homestead
- senior homestead

Source: Property Tax Oversight, Florida Dept. of Revenue (December 2013)

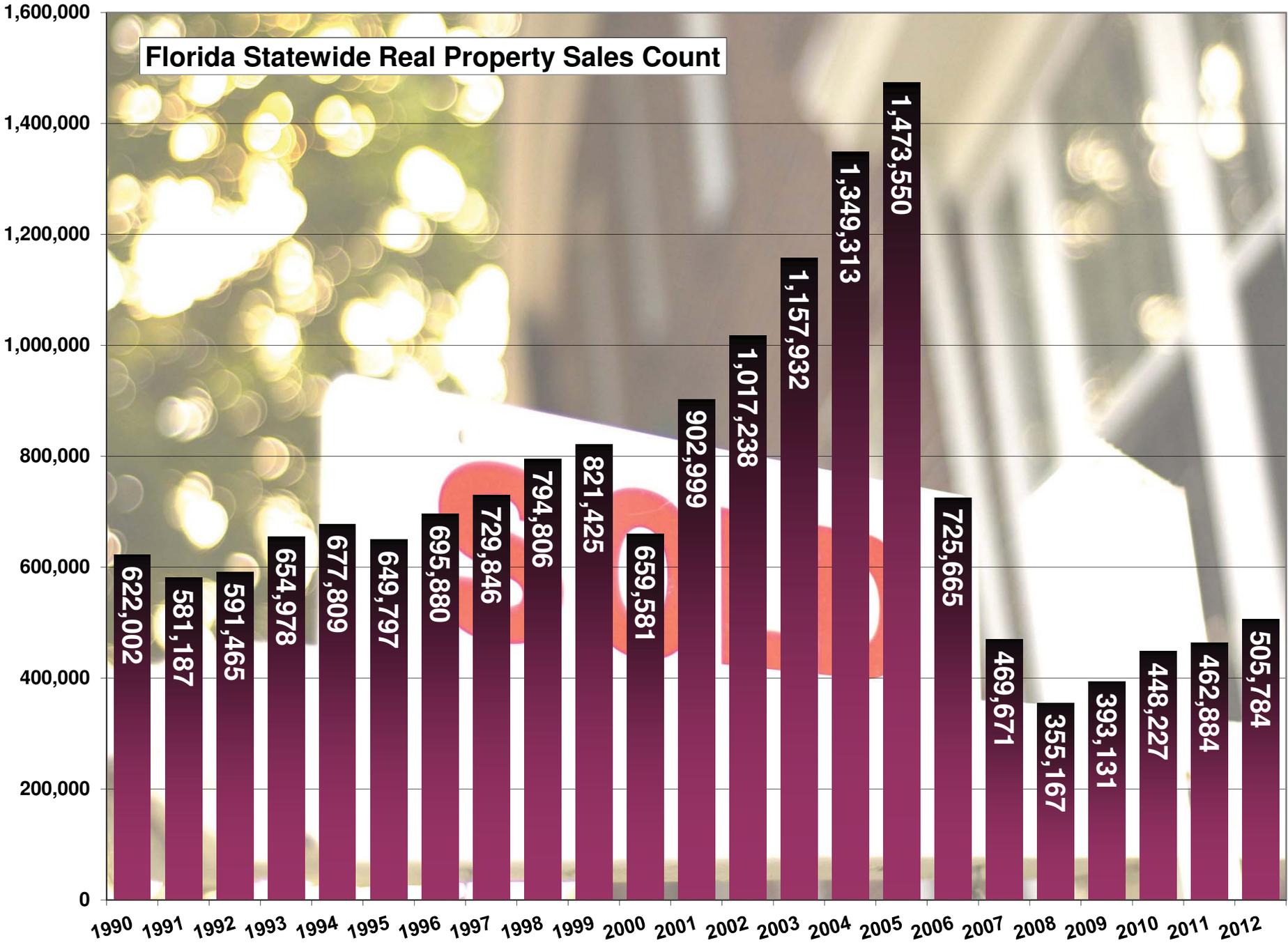


Source: FL Dept. of Revenue Property Tax Oversight 2013 Final Tax Rolls



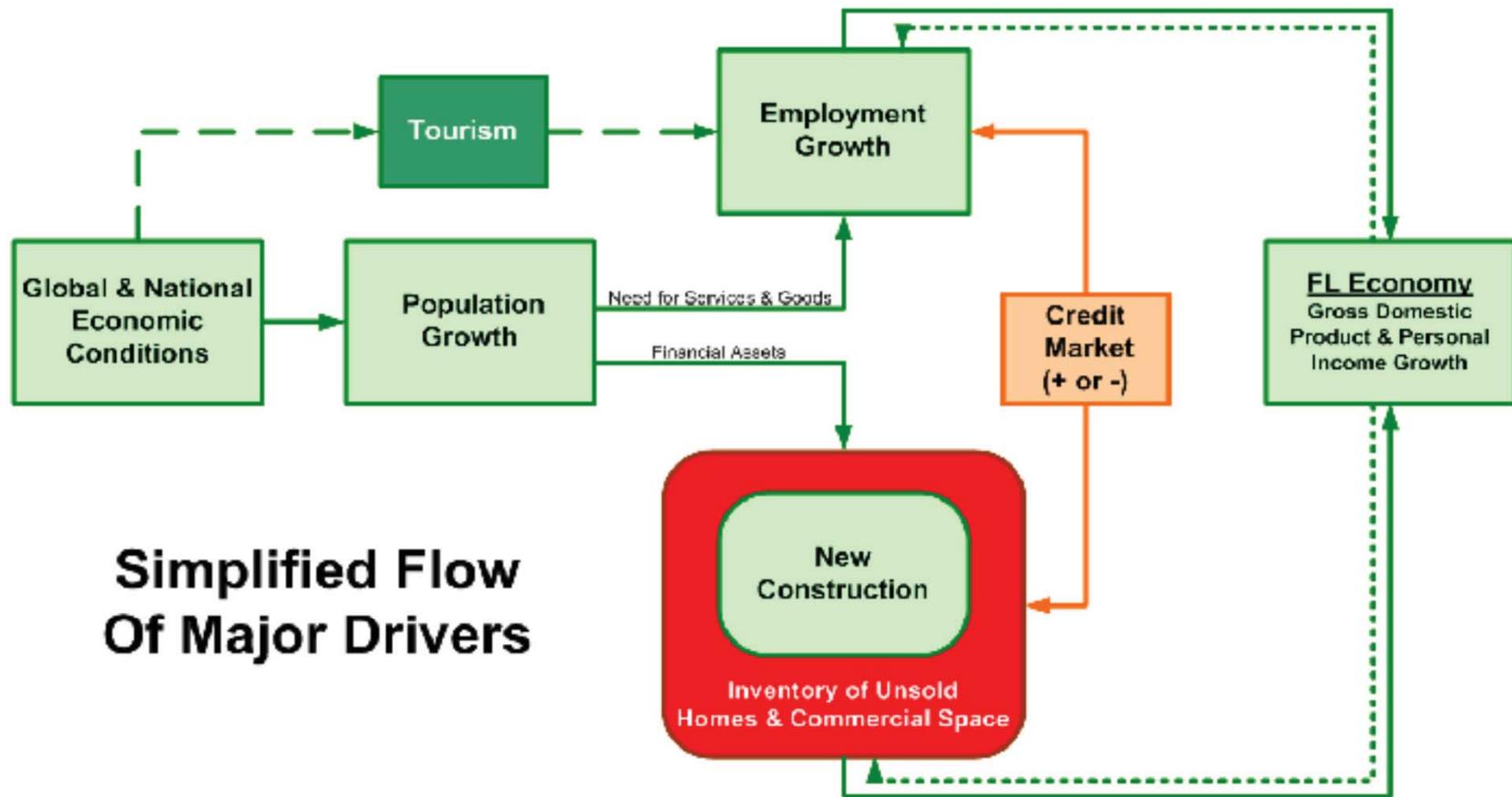
Source: FL Dept. of Revenue Property Tax Oversight 2013 Final Tax

Florida Statewide Real Property Sales Count



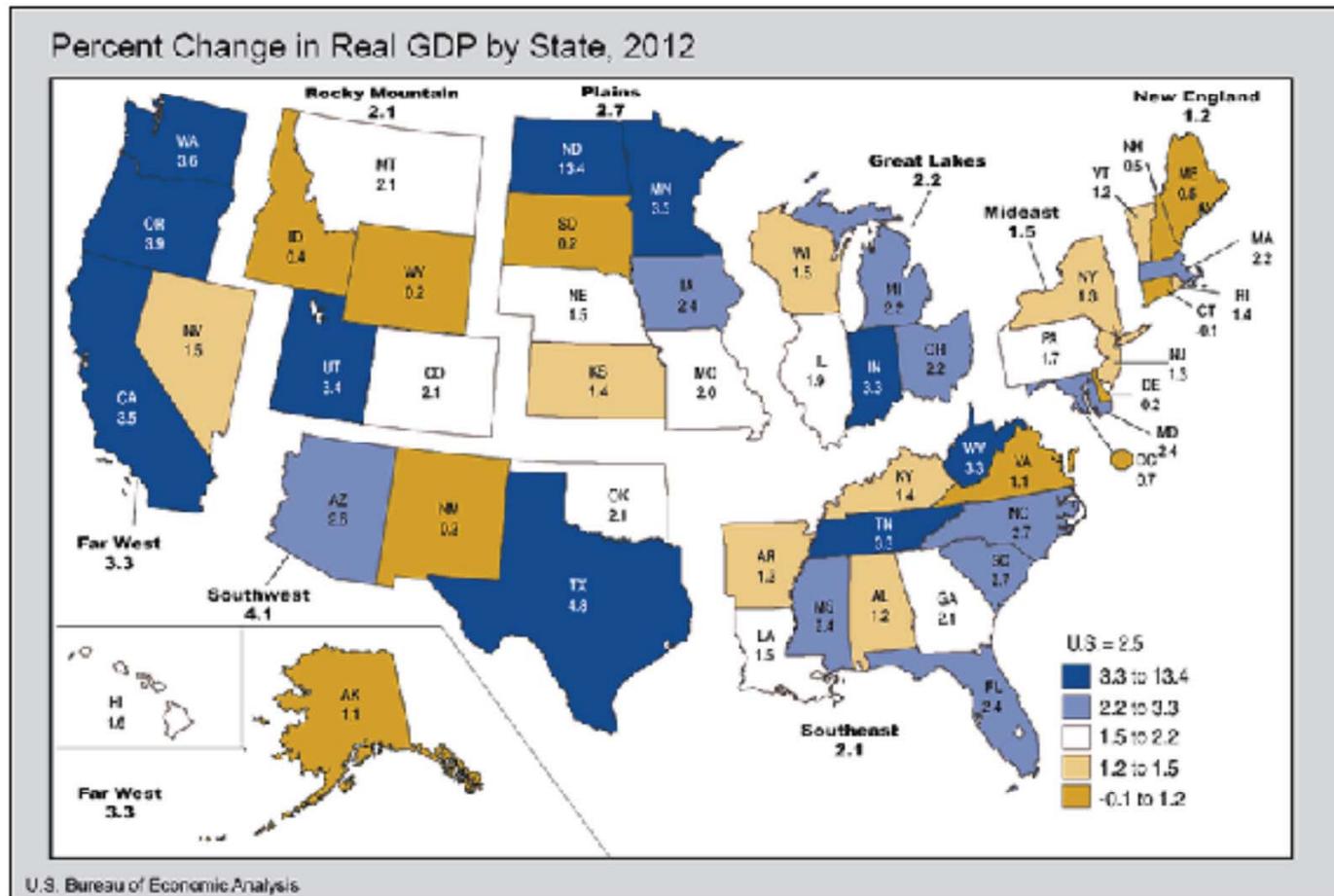
Source: FL DOR Property Tax Oversight 2013 Databook

Key Economic Variables – Mixed



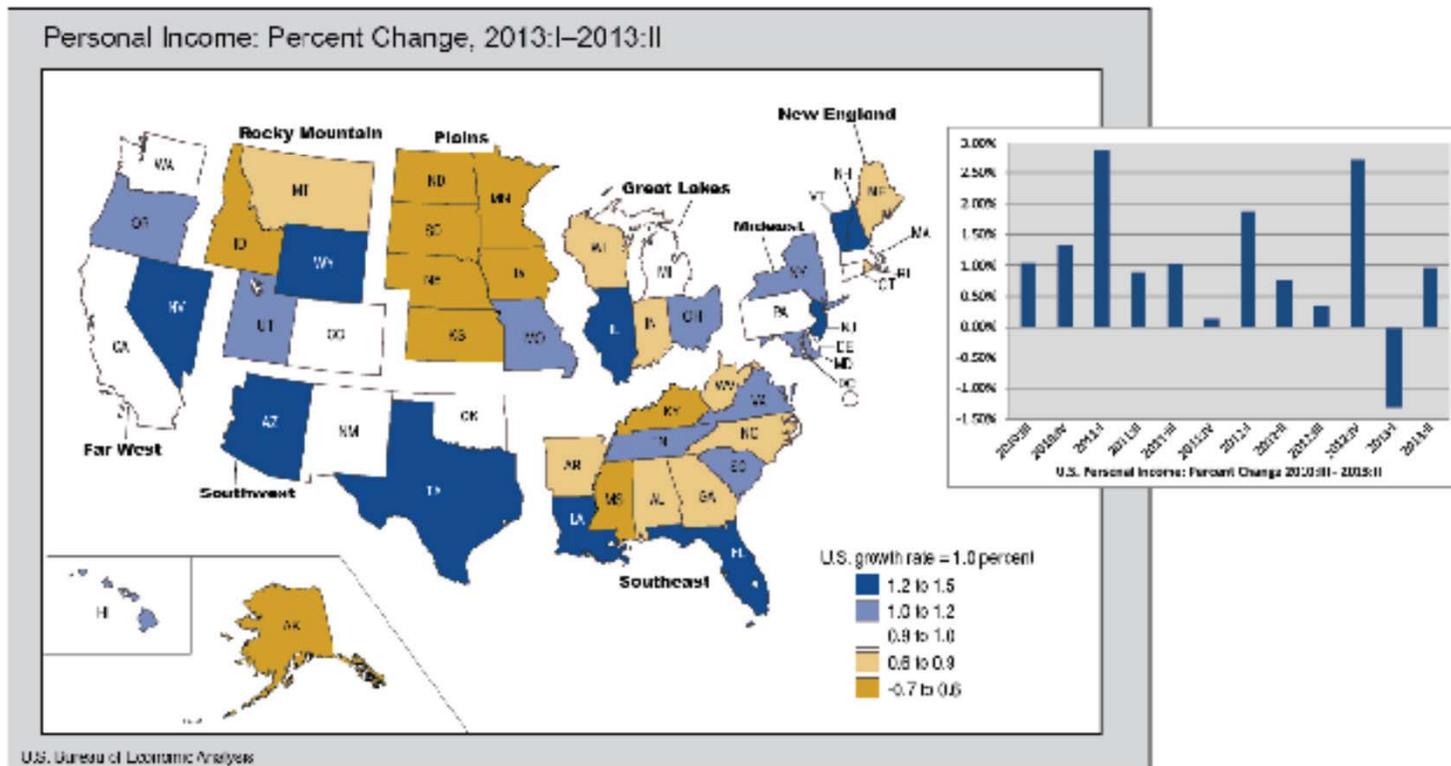
**Simplified Flow
Of Major Drivers**

Economy Strongly Improved in 2012



In 2012, Florida's economic growth was in positive territory for the third year after declining two years in a row. State Gross Domestic Product (GDP) ranked us 14th in the nation in real growth with a gain of 2.4%, just slightly below the national average of 2.5%.

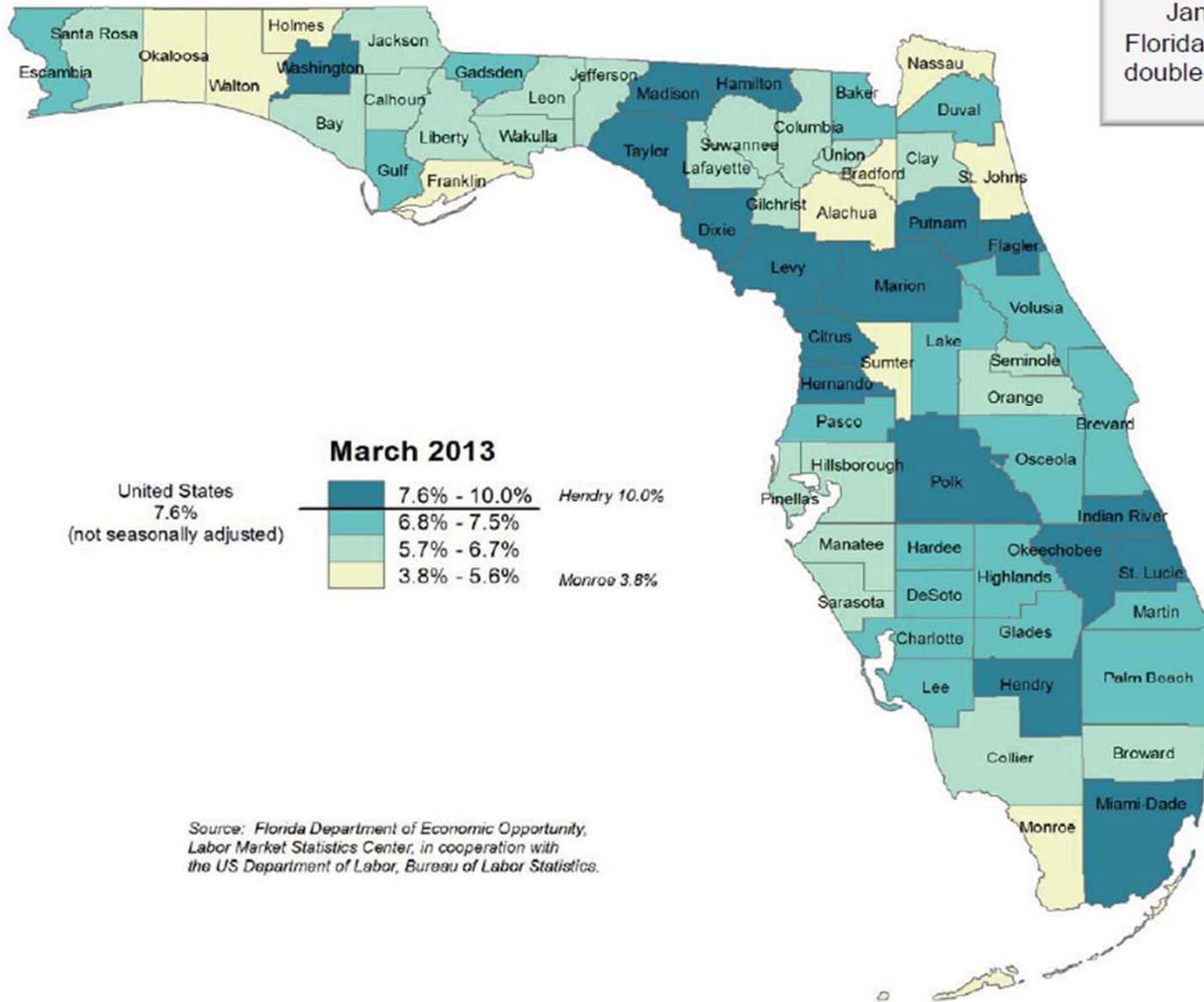
FL Personal Income Grows in 2013:Q2



Florida finished the 2012 calendar year with 3.2% growth over 2011, putting the state only slightly below the national growth rate of 3.5%. After declining in the first quarter of 2013, Florida's personal income had strong growth (1.5%) in the second quarter; however the state's second-place ranking was largely caused by a return to normalcy after an artificial decline. The first-quarter decline mainly reflected the effects of the expiration of the "payroll tax holiday" and the acceleration of bonuses and personal dividends to the fourth quarter of 2012 in anticipation of unrealized changes arising from resolution of the "Fiscal Cliff" which particularly affected Florida.

Unemployment Rates

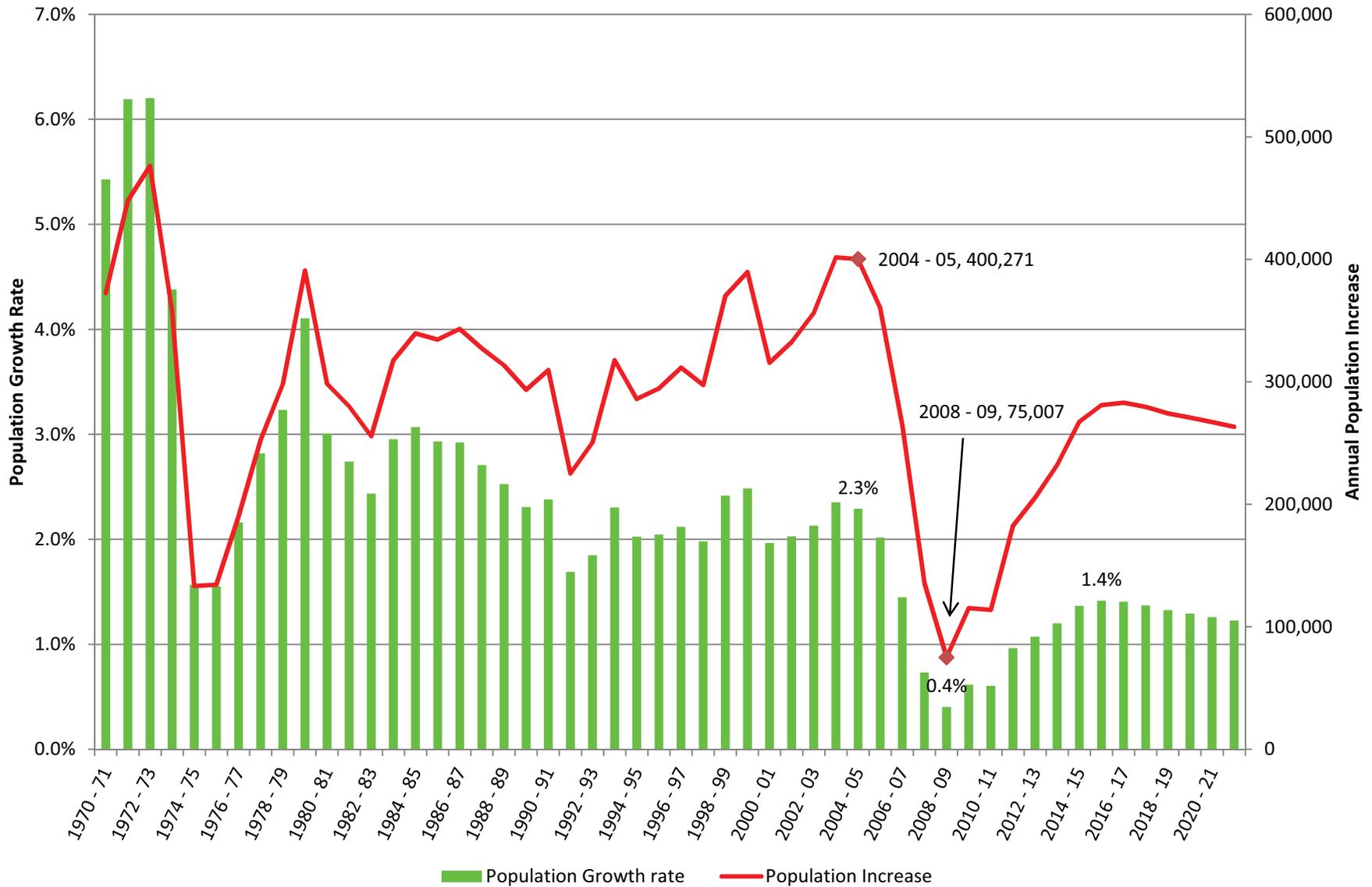
In March only Hendry County had a double-digit unemployment rate. In January 2010, 52 of Florida's 67 counties had a double-digit unemployment rate.



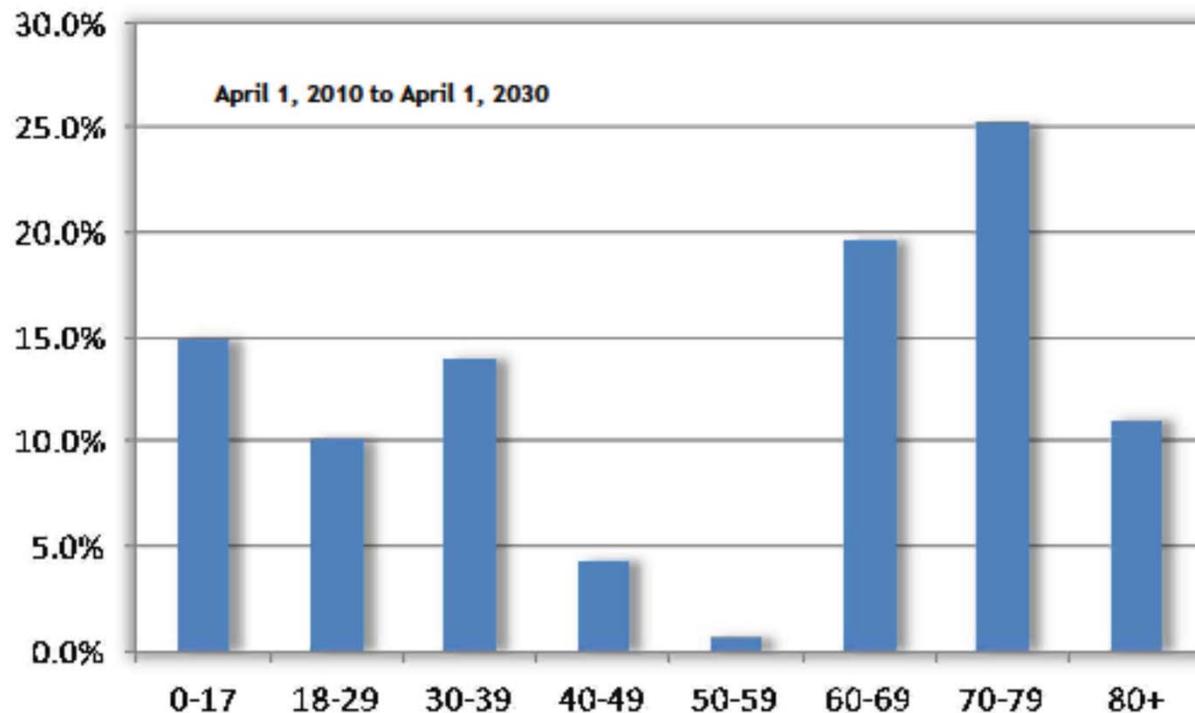
Florida's Job Market

- The job market will take a long time to recover – about 445,800 jobs have been lost since the most recent peak. Rehiring, while necessary, will not be enough.
- Florida's prime working-age population (aged 25-54) is forecast to add about 3,400 people per month, so the hole is deeper than it looks.
- It would take the creation of about 850,000 jobs for the same percentage of the total population to be working as was the case at the peak.

Population Growth Rate and Population Annual Increase 1970-71 to 2020-21



Population Growth by Age Group

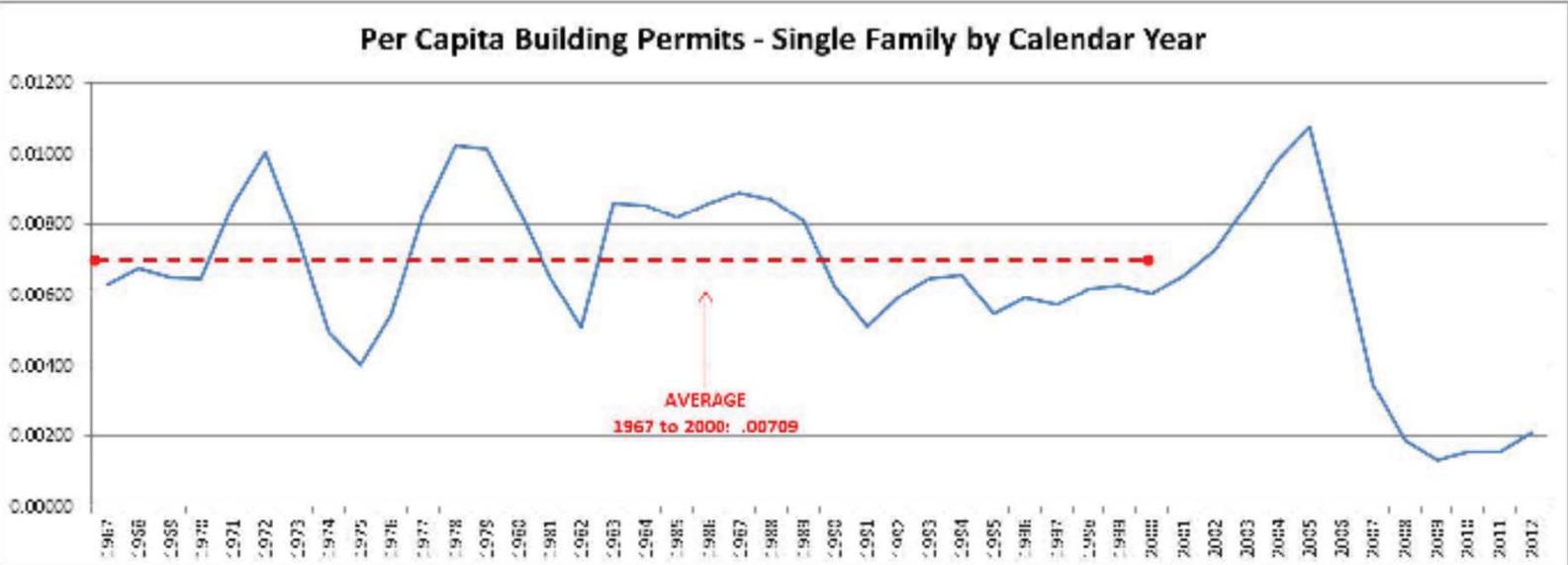


- Between 2010 and 2030, Florida's population is forecast to grow by almost 4.9 million.
- Florida's older population (age 60 and older) will account for most of Florida's population growth, representing 55.9 percent of the gains.
- Florida's younger population (age 0-17) will account for 14.9 percent of the gains.

Population Growth Recovering

- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.
- Population growth is forecast to continue strengthening, showing increasing rates of growth over the next few years. In the near-term, growth is expected to average 1.3% between 2013 and 2015 – and then continue its recovery in the future, averaging 1.4% between 2015 and 2020. Most of Florida's population growth through 2030 will be from net migration (90.0%). Nationally, average annual growth will be about 0.74% between 2013 and 2030.
- The future will be different than the past; Florida's long-term growth rate between 1970 and 1995 was over 3%.
- Florida is on track to break the 20 million mark during 2016, becoming the third most populous state sometime before then – surpassing New York.

Florida Housing is Generally Improving

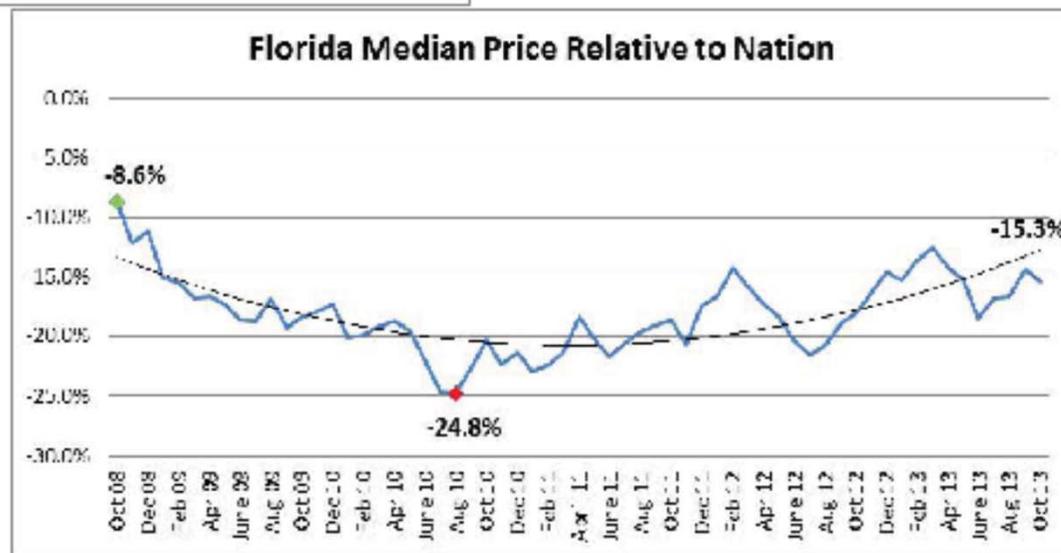


Building permit activity, an indicator of new construction, is back in positive territory, showing strong (32.4%) calendar year growth in 2012. For the first ten months of the 2013 calendar year, permits were running 36.9% above the same timeframe in the prior year, but the level is still low by historic standards.

Existing Home Price Gains Have Slowed...

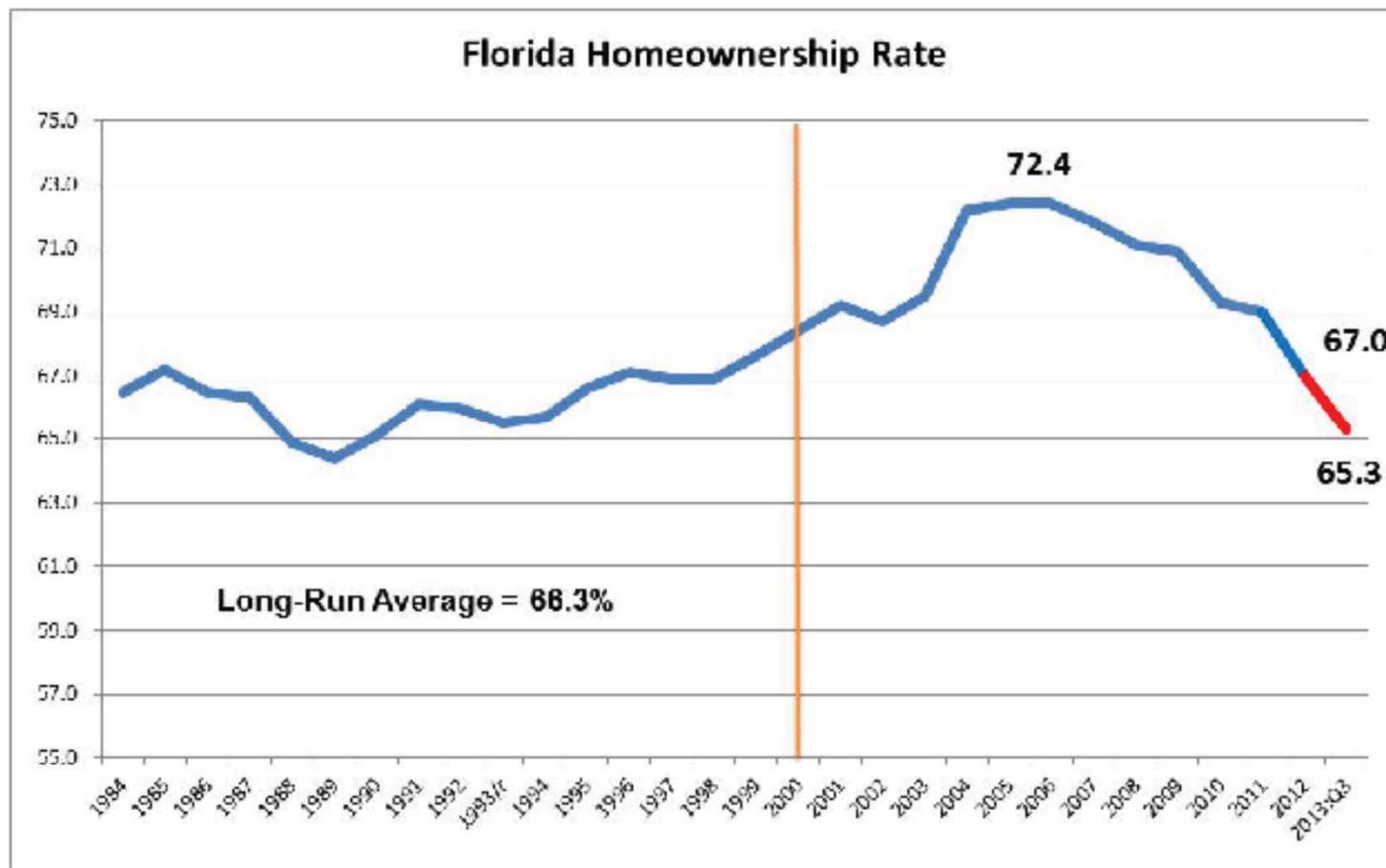


Median Sales Prices for Existing Homes have recently begun to drift slightly downwards and are still substantially below the nation as a whole.



Data through October 2013

Homeownership Rate Back to Normal



The 2012 percentage of 67.0 is the lowest since 1998. The 2013 third quarter data indicates a further decline to 65.3%, below the long-term average.

Foreclosure Activity Remains Daunting

2012 Calendar Year...

Florida had highest Foreclosure Rate in the US for the first time since the housing crisis began. (3.11% of housing units received at least 1 filing)

November 2013 compared to US:

- Highest State for # of Filings
- Highest State for Foreclosure Rate
- Among US Metro Area rates: 8 of the top 10 highest metro rates in the nation were in Florida.

Jacksonville #1

Miami #2

Port St. Lucie #3

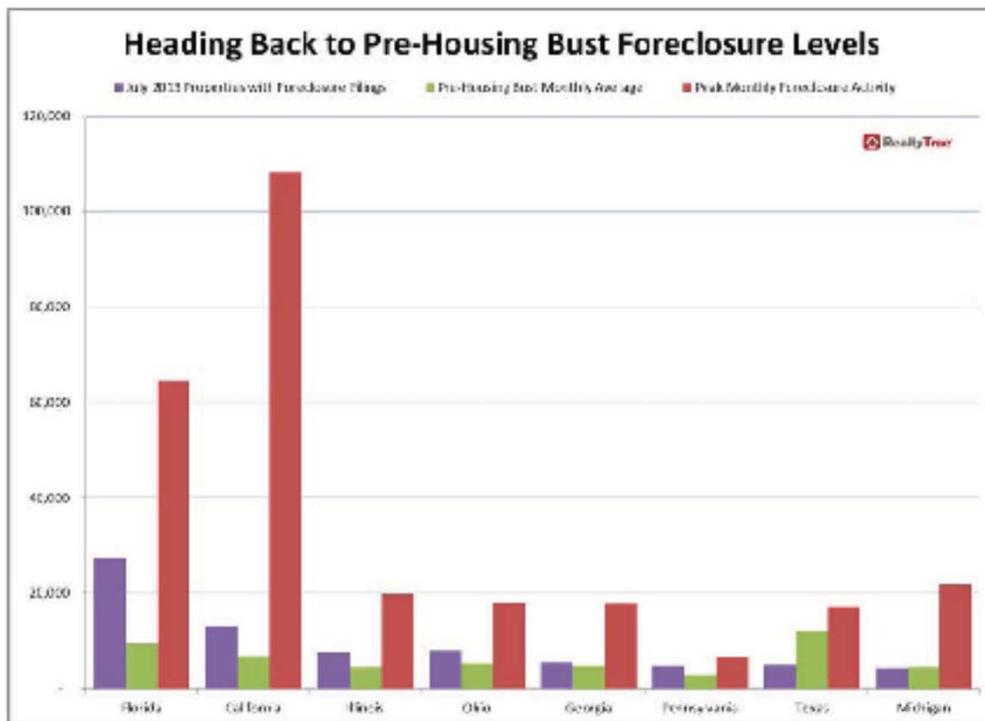
Palm Bay-Melbourne #4

Orlando #6

Tampa #8

Sarasota #9

Ocala #10



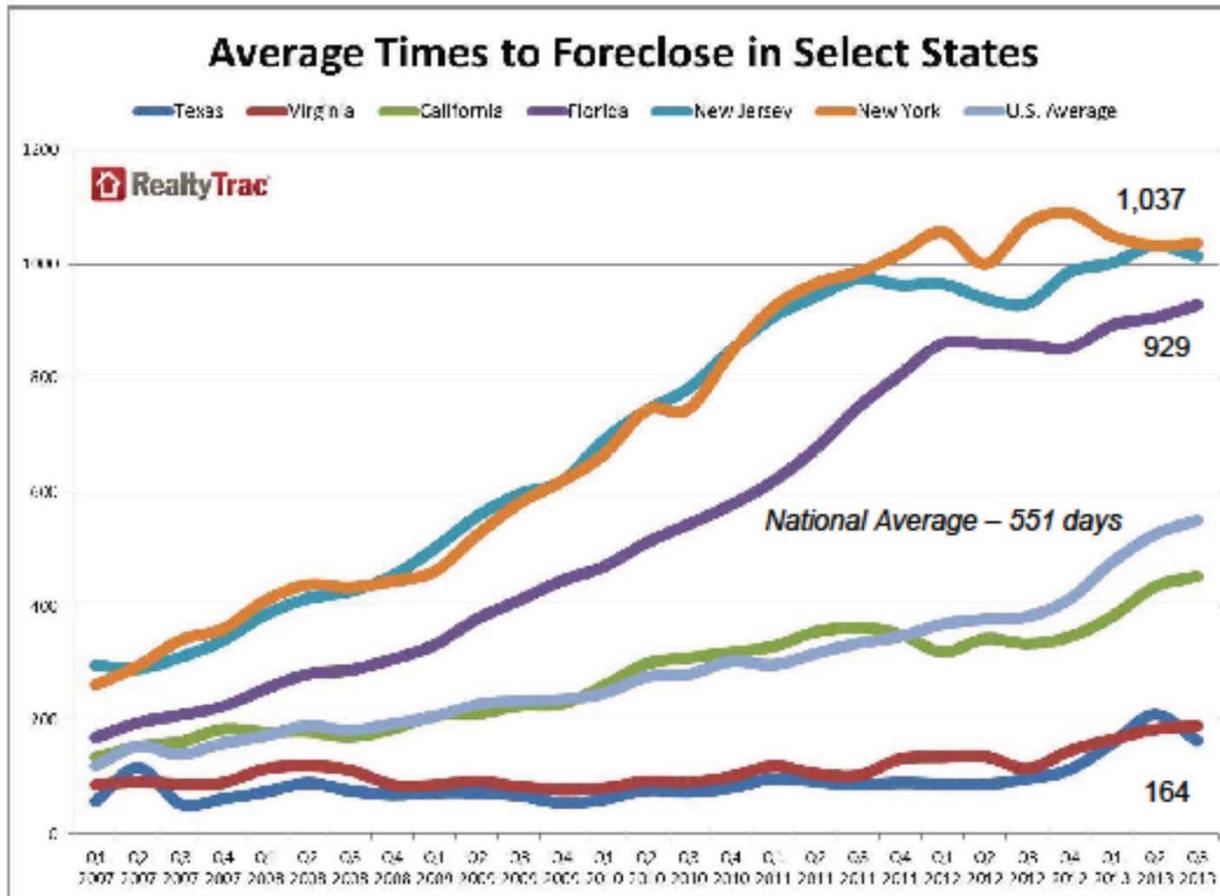
"Florida foreclosure activity in the third quarter decreased 8 percent from a year ago following six consecutive quarters with annual increases in foreclosure activity, but the state still posted the nation's highest foreclosure rate during the quarter. A total of 70,902 Florida properties had foreclosure filings in the third quarter, down 7 percent from the previous quarter and a rate of one in every 126 housing units — more than twice the national average." RealtyTrac

Data from RealtyTrac

Days to Foreclose

Foreclosure Process (once begun)

- 929 Days – 2.6 yrs – in Florida (3rd Longest Period in Nation in 2013:Q3)
- At the beginning of 2007, Florida was at 169 days or less than 6 months.



High

Low

Economy Recovering

- Florida growth rates are gradually returning to more typical levels. But, drags are more persistent than past events, and it will take a few more years to climb completely out of the hole left by the recession. In the various forecasts, normalcy has been largely achieved by FY 2016-17. Overall...
- The recovery in the national economy is well underway. While most areas of commercial and consumer credit are strengthening – residential credit still remains sluggish and difficult for consumers to access but has shown recent improvement.
- The subsequent turnaround in Florida housing will be led by:
 - Low home prices that begin to attract buyers and clear the inventory.
 - Long-run sustainable demand caused by continued population growth and household formation that has been pent-up.
 - Florida's unique demographics and the aging of the baby-boom generation (2011 marked the first wave of boomers hitting retirement).

Upside Risk for Construction

- The “shadow inventory” of homes that are in foreclosure or carry delinquent or defaulted mortgages may contain a significant number of “ghost” homes that are distressed beyond realistic use, in that they have not been physically maintained or are located in distressed pockets that will not come back in a reasonable timeframe. This means that the supply has become two-tiered – viable homes and seriously distressed homes.
- To the extent that the number of viable homes is limited, new construction may come back quicker than expected.

“Fiscal Cliff” Partially Avoided

- **Automatic Sequester** – Many of the Sequester’s expected early effects were muted through the use of federal reserves, targeted congressional fixes, and contracting delays. These solutions were largely unavailable if the Sequester continued into future fiscal years, meaning that the cumulative effects would come closer to the original predictions. In the continuing resolution passed in October, Congress froze 2014 spending at 2013 sequestration levels through January 15th while negotiators sought a new agreement.
 - Congress has reached a two-year budget deal (called the Bipartisan Budget Act) that would ease some of the automatic cuts.
 - An amendment to the agreement provides a short-term extension of a number of expired/expiring health programs, delays the Medicaid Disproportionate Share (DSH) reductions included in the Affordable Care Act (ACA) for two years, and prevents the scheduled 23.7% reduction in the Medicare reimbursement rate for physicians set to occur on January 1, 2014.
 - Extension of federal emergency unemployment benefits has not yet been authorized.
- **Statutory Debt Ceiling Temporarily Suspended** – The Treasury has the authority to issue new debt through February 7, 2014. Because the Treasury still has the ability to use its emergency powers, it may be able to delay a default for another month or two beyond this date.
 - No agreement has been reached.

Additional Information

- Florida Department of Revenue, Property Tax Data Portal
<http://dor.myflorida.com/dor/property/resources/data.html>
- Office of Economic and Demographic Research: Florida: An Economic Overview
<http://edr.state.fl.us/Content/economy/index.cfm>
- 2013 Local Government Financial Information Handbook
<http://edr.state.fl.us/Content/local-government/reports/lgfi13.pdf>
- State of Florida, Long-Range Financial Outlook, Fiscal Year 2013-14 through 2015-16
http://edr.state.fl.us/content/long-range-financial-outlook/3-Year-Plan_Fall-2012_1314-1516.pdf
- Bureau of Economic and Business Research (BEBR)
<http://www.bebr.ufl.edu/>
- Florida Association of Counties: 2-12 Florida County Government Guide
<http://www.fl-counties.com/member-services/publications/florida-county-government-guide>

