



## FLORIDA GUIDANCE FOR ADJUSTMENT FACTORS APPLIED TO TAX ASSESSMENT VALUES

*Office of Floodplain Management*

*Florida Division of Emergency Management*

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This guidance explains acceptable adjustment factors that are applied to tax assessment value to yield a “**market value**” for the purposes of making Substantial Improvement and Substantial Damage determinations. These determinations are required by the Florida Building Code, Existing Building, when improvements are proposed (or repairs are required) for buildings in mapped Special Flood Hazard Areas. Local floodplain management regulations outline the process for making the determinations.

Definitions for “Substantial Improvement” and “Substantial Damage” appear in the local floodplain management regulations and in the Florida Building Code (Building and Existing Building volumes). Both definitions require the local official to compare the costs of improvements or the costs to repair the damage, to the **market value** of the building before the improvements are made or before the damage was incurred.

**ISSUE: ADJUSTMENT FACTORS.** In the aftermath of Hurricane Ian and Hurricane Nicole, the FDEM Office of Floodplain Management (OFM) has responded to many questions about market value. In particular, questions have arisen about the adjustment factor that can be applied to the tax assessment value (building only) that is developed and published by county assessment offices.

The following is the definition of “market value,” which is modified from the original definition shown in the Florida model ordinance. It is modified to focus on actual cash value and adjusted tax assessment value rather than the “traditional” appraisal approach based on sales of comparable properties. As of late 2022, more than 150 communities have adopted this definition, and many more are developing amendments to modify their existing definitions to match this definition. For more guidance on this definition, see Florida Guidance for Amending the Definition of Market Value (link at the bottom of this guidance).

**Market value.** The value of buildings and structures, excluding the land and other improvements on the parcel. Market value is the actual cash value (in-kind replacement cost depreciated for age, wear and tear, neglect, and quality of construction) determined by a qualified independent appraiser, or tax assessment value adjusted to approximate market value by a factor provided by the property appraiser.

**CONCLUSION.** A small number of Florida communities have codified a fixed adjustment factor, usually expressed as a percentage. **In consultation with FEMA, FDEM OFM has determined that communities must not codify a fixed factor.** As stated in the definition for market value (even those definitions not yet modified as shown above), communities may use a factor provided by the property appraiser.

Therefore, we conclude that local officials who are responsible for making substantial improvement and substantial damage determinations **may adjust** the published tax assessment value of buildings to approximate market value **ONLY when the adjustment factor:**

- Is provided, in writing, by the County Property Appraiser,

- Is a single factor, and
- Is provided for a single use for specified individual buildings or, if intended for use for multiple buildings, the County Property Appraiser specifies the time period during which the factor is valid (e.g., 3 months).

**BACKGROUND.** County property assessors are charged with deriving a “just valuation” of real property, taking into consideration various factors articulated in Florida Statute, Chapter 193. The FDEM Office of Floodplain Management concludes the following:

1. Codifying a fixed adjustment factor in the locally adopted definition of “market value” is not consistent with published FEMA guidance [See Note 1].
2. Codifying a fixed adjustment factor in the locally adopted definition of “market value” is not consistent with the market value definition approved by FEMA Headquarters and FEMA Region IV in 2013 [See Note 2].
3. Codifying a fixed adjustment factor in the locally adopted definition of “market value” does not account for statutory adjustments of certain properties, such as homestead properties.
4. County assessments are effective as of January 1 of each year. Especially late in a year, this means the reported assessment values do not capture increases or decreases since the beginning of the year.
5. The County Property Appraiser is the appropriate government official to determine adjustment factors, which should be determined within the bounds of the property appraiser’s authority and professional experience.

**Note 1.** See FEMA P-758 (2010), [Substantial Improvement/Substantial Damage Desk Reference](#), Sec. 4.5.2, “The **assessor’s office should provide the adjustment factor**...limitation [on use of assessed value] ...how often are the appraisals done and when was the date of the last appraisal? Market value estimates can be grossly outdated if the cycle is long and the property happens to be in the later stage of its cycle and has not been appraised for many years. ... [variations] in assessment levels (an established statutory ratio between the assessor’s estimate of value and the true fair market value)... The assessor’s office should provide the adjustment factor... **copy of the adjustment factor justification should be retained** with the community’s permanent records.” (emphases added)

**Note 2.** See Florida Model Ordinance, definition “Market Value... or tax assessment value adjusted to approximate market value **by a factor provided by the property appraiser.**” (emphasis added)

<https://www.floridadisaster.org/dem/mitigation/floodplain/community-resources/> (Guidance, Ordinance Amendments, FBC Amendments, and Sample Forms). Issued December 2022.

**IMPORTANT NOTE!**

Communities that have a fixed factor stated in the definition of “market value” **MUST AMEND** that definition.

**All communities that amend the local floodplain regulations or the FBC must submit draft ordinances to the OFM at least 30 days before presenting it to planning boards or elected officials.**

Please put the community name in the subject line and send to [floods@em.myflorida.com](mailto:floods@em.myflorida.com).

Or send a request for the OFM to work with you to prepare a draft.