

By: Deshotel

H.B. No. 3439

A BILL TO BE ENTITLED

AN ACT

relating to the appraisal for ad valorem tax purposes of certain nonexempt property used for low-income or moderate-income housing.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 23.215, Tax Code, is amended to read as follows:

Sec. 23.215. APPRAISAL OF CERTAIN NONEXEMPT PROPERTY USED FOR LOW-INCOME OR MODERATE-INCOME HOUSING. (a) This section applies only to real property owned by an organization:

(1) for the purpose of renting the property [~~that on the effective date of this section was rented~~] to a low-income or moderate-income individual or family satisfying the organization's income eligibility requirements [~~and that continues to be used for that purpose~~];

(2) that was financed under the low income housing tax credit program under Subchapter DD, Chapter 2306, Government Code, and is subject to a land use restriction agreement under that subchapter that has not expired or been terminated;

(3) that does not receive an exemption under Section 11.182 or 11.1825; and

(4) the owner of which has not entered into an agreement with any taxing unit to make payments to the taxing unit instead of taxes on the property.

(b) In appraising property that is under construction or

1 that has not reached stabilized occupancy on January 1 of the tax
2 year in which the property is appraised, the [The] chief appraiser
3 shall determine the appraised value of [appraise] the property in
4 the manner provided by Section 11.1825(q), provided that the chief
5 appraiser shall estimate the property's gross income potential and
6 operating expenses based on the property's projected income and
7 expenses for the first full year of operation as established and
8 utilized in the underwriting report pertaining to the property
9 prepared by the Texas Department of Housing and Community Affairs
10 under Subchapter DD, Chapter 2306, Government Code, adjusted as
11 provided by this subsection. For a property under construction on
12 January 1, the income and expenses contained in the underwriting
13 report shall be adjusted by multiplying those amounts by a
14 fraction, the denominator of which is the total construction budget
15 for the property and the numerator of which is the total amount
16 spent in constructing the property as of January 1. For a property
17 on which construction was completed but that has not reached
18 stabilized occupancy on January 1, the income and expenses
19 contained in the underwriting report shall be adjusted to reflect
20 the actual occupancy of the property on January 1.

21 (c) In appraising property for the first tax year following
22 the year in which construction on the property was completed and
23 occupancy of the property had stabilized and any tax year
24 subsequent to that year, the chief appraiser shall determine the
25 appraised value of the property in the manner provided by Section
26 11.1825(q).

27 SECTION 2. The change in law made by this Act applies only

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1 to an ad valorem tax year that begins on or after January 1, 2022.

2 SECTION 3. This Act takes effect January 1, 2022.