

By: Nelson

S.B. No. 58

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of certain property used to provide low-income or moderate-income housing.

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

SECTION 1. Section 11.182, Tax Code, is amended by adding Subsections (b-1) and (i-1) and amending Subsections (c) and (e) to read as follows:

(b-1) To receive an exemption under Subsection (b) for improved real property that includes a housing project, the organization must reserve:

(1) at least 50 percent of the total number of dwelling units in the housing project for low-income or moderate-income individuals or families satisfying the organization's eligibility requirements; and

(2) at least 50 percent of the total square footage of the dwelling units in the housing project for low-income or moderate-income individuals or families satisfying the organization's eligibility requirements.

(c) Property owned by the organization that includes a housing project may not be exempted under Subsection (b) after the third anniversary of the date the organization acquires the property unless the organization is offering to rent or is renting the applicable number and square footage of dwelling units in the project [~~property~~] without profit to [~~a~~] low-income or

1 moderate-income individuals [~~individual~~] or families [~~family~~]
2 satisfying the organization's eligibility requirements.

3 (e) In addition to meeting the applicable requirements of
4 Subsections (b), (b-1), and (c), to receive an exemption under
5 Subsection (b) for improved real property that includes a housing
6 project constructed after December 31, 2001, and financed with
7 qualified 501(c)(3) bonds issued under Section 145 of the Internal
8 Revenue Code of 1986, tax-exempt private activity bonds subject to
9 volume cap, or low-income housing tax credits, the organization
10 must:

11 (1) control 100 percent of the interest in the general
12 partner if the project is owned by a limited partnership;

13 (2) comply with all rules of and laws administered by
14 the Texas Department of Housing and Community Affairs applicable to
15 community housing development organizations; and

16 (3) submit annually to the Texas Department of Housing
17 and Community Affairs and to the governing body of each taxing unit
18 for which the project receives an exemption for the housing project
19 evidence demonstrating that the organization spent an amount equal
20 to at least 90 percent of the project's cash flow in the preceding
21 fiscal year as determined by the audit required by Subsection (g),
22 for eligible persons in the county in which the property is located,
23 on social, educational, or economic development services, capital
24 improvement projects, or rent reduction.

25 (i-1) The amount of an exemption under Subsection (b) for
26 improved real property that includes a housing project is 50
27 percent of the appraised value of the property multiplied by a

1 fraction the numerator of which is the square footage of the
2 dwelling units in the housing project that are reserved for
3 low-income or moderate-income individuals or families satisfying
4 the organization's eligibility requirements and the denominator of
5 which is the total square footage of the dwelling units in the
6 project.

7 SECTION 2. Sections 11.1825(g), (p), and (s), Tax Code, are
8 amended to read as follows:

9 (g) Property may not receive an exemption under this section
10 unless:

11 (1) at least 50 percent of the total number of dwelling
12 units in the housing project are reserved for individuals or
13 families described by Subsection (f); and

14 (2) at least 50 percent of the total square footage of
15 the dwelling units in the housing project is reserved for
16 individuals or families described by Subsection (f).

17 (p) If the organization acquires the property for the
18 purpose of constructing or rehabilitating a housing project on the
19 property, the organization must be renting or offering to rent the
20 applicable number and square footage of dwelling units in the
21 property to individuals or families described by Subsection (f) not
22 later than the third anniversary of the date the organization
23 acquires the property.

24 (s) Unless otherwise provided by the governing body of a
25 taxing unit any part of which is located in a county with a
26 population of at least 1.4 million under Subsection (x), the amount
27 of the exemption under this section from taxation is 50 percent of

1 the appraised value of the property multiplied by a fraction the
2 numerator of which is the square footage of the dwelling units in
3 the housing project that are reserved for individuals or families
4 described by Subsection (f) and the denominator of which is the
5 total square footage of the dwelling units in the project.

6 SECTION 3. This Act applies only to ad valorem taxes imposed
7 for a tax year beginning on or after the effective date of this Act.

8 SECTION 4. This Act takes effect January 1, 2006.