

By: Rodriguez

H.B. No. 683

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the ad valorem taxation of property owned by certain  
3 organizations and used to provide affordable housing.

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

5 SECTION 1. Sections 11.1825(f), (l), and (q), Tax Code, are  
6 amended to read as follows:

7 (f) For property to be exempt under this section, the  
8 organization must own the property for the purpose of constructing  
9 or rehabilitating a housing project on the property and:

10 (1) renting the housing, regardless of whether the  
11 housing project consists of multifamily or single-family  
12 dwellings, to individuals or families whose median income is not  
13 more than 60 percent of the greater of:

14 (A) the area median family income for the  
15 household's place of residence, as adjusted for family size and as  
16 established by the United States Department of Housing and Urban  
17 Development; or

18 (B) the statewide area median family income, as  
19 adjusted for family size and as established by the United States  
20 Department of Housing and Urban Development; or

21 (2) selling single-family dwellings to individuals or  
22 families whose median income is not more than the greater of:

23 (A) the area median family income for the  
24 household's place of residence, as adjusted for family size and as

1 established by the United States Department of Housing and Urban  
2 Development; or

3 (B) the statewide area median family income, as  
4 adjusted for family size and as established by the United States  
5 Department of Housing and Urban Development.

6 (1) If the property is owned for the purpose of  
7 rehabilitating a housing project on the property:

8 (1) the original construction of the housing project  
9 must have been completed at least 10 years before the date the  
10 organization began actual rehabilitation of the project, if the  
11 project consists of multifamily dwellings;

12 (2) the person from whom the organization acquired the  
13 project must have owned the project for at least five years, if the  
14 organization is not the original owner of the project and the  
15 project consists of multifamily dwellings;

16 (3) the organization must provide to the chief  
17 appraiser and, if the project was financed with bonds, the issuer of  
18 the bonds a written statement prepared by a certified public  
19 accountant stating that the organization has spent on  
20 rehabilitation costs at least the greater of \$5,000 or the amount  
21 required by the financial lender for each dwelling unit in the  
22 project; and

23 (4) the organization must maintain a reserve fund for  
24 replacements:

25 (A) in the amount required by the financial  
26 lender; or

27 (B) if the financial lender does not require a

1 reserve fund for replacements, in an amount equal to \$300 per unit  
2 per year.

3 (q) If property qualifies for an exemption under this  
4 section, the chief appraiser shall use the income method of  
5 appraisal as described [~~provided~~] by Section 23.012 to determine  
6 the appraised value of the property. The chief appraiser shall use  
7 that method regardless of whether the chief appraiser considers  
8 that method to be the most appropriate method of appraising the  
9 property. In appraising the property, the chief appraiser shall:

10 (1) consider the restrictions provided by this section  
11 on the income of the individuals or families to whom the dwelling  
12 units of the housing project may be rented and the amount of rent  
13 that may be charged for purposes of computing the actual rental  
14 income from the property or projecting future rental income; and

15 (2) use the same capitalization rate that the chief  
16 appraiser uses to appraise other rent-restricted properties.

17 SECTION 2. This Act applies only to ad valorem taxes imposed  
18 for a tax year beginning on or after the effective date of this Act.

19 SECTION 3. This Act takes effect January 1, 2012.