

AN ACT

relating to the appraisal for ad valorem tax purposes of property on which housing is being or has been built or repaired for sale or rent to a low-income individual or family.

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

SECTION 1. Section 11.181(b), Tax Code, is amended to read as follows:

(b) Property may not be exempted under Subsection (a) after the fifth anniversary of the date the organization acquires the property. Property that received an exemption under Section 11.1825 and that was subsequently transferred by the organization described by that section that qualified for the exemption to an organization described by this section may not be exempted under Subsection (a) after the fifth anniversary of the date the transferring organization acquired the property.

SECTION 2. Section 11.1825, Tax Code, is amended by amending Subsections (f) and (q) and adding Subsection (p-1) to read as follows:

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

(1) renting the housing, regardless of whether the housing project consists of multifamily or single-family dwellings, to individuals or families whose median income is not

1 more than 60 percent of the greater of:

2 (A) the area median family income for the  
3 household's place of residence, as adjusted for family size and as  
4 established by the United States Department of Housing and Urban  
5 Development; or

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

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

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

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

18 (p-1) Notwithstanding the other provisions of this section,  
19 the transfer of property from an organization described by this  
20 section to a nonprofit organization that claims an exemption for  
21 the property under Section 11.181(a) is a proper use of and purpose  
22 for owning the property under this section and does not affect the  
23 eligibility of the property for an exemption under this section.

24 (q) If property qualifies for an exemption under this  
25 section, the chief appraiser shall use the income method of  
26 appraisal as described [~~provided~~] by Section 23.012 to determine  
27 the appraised value of the property. The chief appraiser shall use

1 that method regardless of whether the chief appraiser considers  
2 that method to be the most appropriate method of appraising the  
3 property. In appraising the property, the chief appraiser shall:

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

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

11 SECTION 3. Section 23.21, Tax Code, is amended by adding  
12 Subsection (c) to read as follows:

13 (c) In appraising real property that was previously owned by  
14 an organization that received an exemption for the property under  
15 Section 11.181(a) and that was sold to a low-income individual or  
16 family meeting income eligibility standards established by the  
17 organization under regulations or restrictions limiting to a  
18 percentage of the individual's or the family's income the amount  
19 that the individual or family was required to pay for purchasing the  
20 property, the chief appraiser shall take into account the extent to  
21 which that use and limitation and any resale restrictions or  
22 conditions applicable to the property established by the  
23 organization reduce the market value of the property.

24 SECTION 4. Section 23.55, Tax Code, is amended by adding  
25 Subsection (p) to read as follows:

26 (p) The sanctions provided by Subsection (a) do not apply to  
27 real property transferred to an organization described by Section

1 11.181(a) if the organization converts the real property to a use  
2 for which the real property is eligible for an exemption under  
3 Section 11.181(a). This subsection does not apply to the sanctions  
4 provided by Subsection (a) in connection with a change in use  
5 described by this subsection that are due to a county or school  
6 district unless the governing body of the county or school  
7 district, as applicable, waives the sanctions in the manner  
8 required by law for official action by the body.

9 SECTION 5. (a) The changes in law made by this Act to  
10 Sections 11.181 and 11.1825, Tax Code, apply to the taxation of real  
11 property beginning with the 2011 tax year.

12 (b) The change in law made by this Act to Section 23.21, Tax  
13 Code, applies only to an appraisal of real property on or after the  
14 effective date of this Act. An appraisal of real property before the  
15 effective date of this Act is governed by the law in effect  
16 immediately before the effective date of this Act, and that law is  
17 continued in effect for that purpose.

18 SECTION 6. Section 23.55(p), Tax Code, as added by this Act,  
19 applies only to a transfer of real property that occurs on or after  
20 the effective date of this Act. A transfer of real property that  
21 occurs before the effective date of this Act is governed by the law  
22 in effect immediately before the effective date of this Act, and  
23 that law is continued in effect for that purpose.

24 SECTION 7. This Act takes effect immediately if it receives  
25 a vote of two-thirds of all the members elected to each house, as  
26 provided by Section 39, Article III, Texas Constitution. If this  
27 Act does not receive the vote necessary for immediate effect, this

H.B. No. 3133

1 Act takes effect September 1, 2011.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3133 was passed by the House on May 10, 2011, by the following vote: Yeas 94, Nays 50, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3133 on May 25, 2011, by the following vote: Yeas 107, Nays 38, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 3133 was passed by the Senate, with amendments, on May 24, 2011, by the following vote: Yeas 29, Nays 2.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor