

By: Anderson of Dallas

H.B. No. 2532

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 is [~~was~~] financed under the low income housing tax credit program under Subchapter DD, Chapter 2306, Government Code;

(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) The chief appraiser shall use the income method of appraisal as described by Section 23.012 to appraise the property,

1 regardless of whether the chief appraiser considers that method to
2 be the most appropriate method of appraising the property [~~in the~~
3 ~~manner provided by Section 11.1825(g)~~]. In using the income method
4 to appraise the property, the chief appraiser shall:

5 (1) use information contained in the most recent
6 annual owner's compliance report filed by the organization that
7 owns the property with the Texas Department of Housing and
8 Community Affairs to:

9 (A) estimate the property's gross income
10 potential and operating expenses; and

11 (B) make projections relating to the property's
12 future operating expenses; and

13 (2) make projections relating to the property's future
14 rent or income potential using the maximum amount of rent that is
15 permitted to be charged for the property, as established by the
16 United States Department of Housing and Urban Development.

17 (c) The chief appraiser shall appraise property in the
18 manner provided by this section regardless of whether, on January 1
19 of the tax year in which the property is appraised:

20 (1) the property is no longer under active
21 construction; and

22 (2) the occupancy of the property has stabilized.

23 (d) For purposes of this section, a property's operating
24 expenses include:

25 (1) standard property maintenance;

26 (2) debt service;

27 (3) employee compensation;

- 1 (4) fees required by government agencies;
2 (5) expenses incurred in satisfying the requirements
3 of lenders, including reserve requirements;
4 (6) insurance; and
5 (7) other justifiable expenses related to the
6 property's operation and maintenance.

7 SECTION 2. The change in law made by this Act applies only
8 to an ad valorem tax year that begins on or after January 1, 2018.

9 SECTION 3. This Act takes effect January 1, 2018.