

HOUSE BILL 960

By Dunn

AN ACT to amend Tennessee Code Annotated, Title 13  
and Title 67, relative to affordable housing rental  
property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, Part 6, is amended by  
adding the following as a new, appropriately designated section:

67-5-607.

(a) The general assembly finds that it is in the public interest and is a  
public purpose to encourage and assist in the creation and preservation of  
affordable rental housing for Tennessee's needy individuals and families, and  
that adequate encouragement and assistance is lacking with respect to  
individuals and families with incomes below sixty percent (60%) of the median  
incomes in their respective areas.

(b) As used in this section, unless the context otherwise requires:

(1) "Affordable housing rental property" means residential rental  
property that meets the requirements of subdivision (c)(2);

(2) "Owner" means persons holding fee simple title, or a leasehold  
interest of thirty (30) years or more, to the land or improvements; and

(3) "Present use value" means the gross rental income actually  
earned on the property established by the owner's audited financial  
statements prepared in accordance with generally accepted accounting  
principals as certified to the assessor of property multiplied by a factor of  
five (5).

(c)

(1) Any owner may apply for an affordable housing rental property classification on any assessment roll of any county by filing an application for such classification with the assessor of property of the county on or before March 31 of the first year for which the classification is sought. In a year in which a general reappraisal of property is conducted in the county, an owner shall apply for the classification by either March 31 or the final annual adjournment of the county board of equalization, whichever is later.

(2) The assessor shall determine whether the land or improvements are affordable housing rental property, and if the determination is made, the assessor shall classify and include it as such on the county tax roll. The determination shall be established when an extended low-income housing commitment as defined in § 42 of the Internal Revenue Code is in effect with respect to the property. Notwithstanding any law to the contrary, land or improvements shall not be eligible to be classified as affordable housing rental property if the property is currently benefitting from:

(A) A payment in lieu of taxes arrangement; or

(B) Funding secured in part through tax increment financing.

(d) The assessor of property shall discontinue the classification of land or improvements as affordable housing rental property unless the owner certifies, upon the reasonable request of the assessor as provided herein, that the land or improvements continue to meet the definition of affordable housing rental property.

(e) The assessor shall request the certification provided in subsection (d) in the year of completion of every general reappraisal of property in the county, at least once every six (6) years. The certification need not be recorded, but shall be maintained with the assessor's records for the property. The certification shall be provided by the buyer upon any sale of property previously approved for classification or the property shall be deemed to be disqualified by the sale. The certification due during reappraisal shall be filed with the assessor by the date provided in subsection (c). The certification by new purchasers shall be filed with the assessor by the date provided in subsection (c) in the year following the purchase of the property.

(f) Any person aggrieved by the denial of any application for the classification of land or improvements as affordable housing rental property has the same rights and remedies for appeal and relief as provided for taxpayers claiming to be aggrieved by the actions of assessors of property or boards of equalization.

(g) When land or improvements have been classified by the assessor of property as affordable housing rental property under this part, and subsequently ceases to meet the definition of affordable housing rental property, then its assessment shall be based on its value in its most suitable economic use as residential rental property. The owner shall promptly notify the assessor of any change in the use or ownership of the property which might affect its eligibility under this section.

(h) Land or improvements classified by the assessor as affordable housing rental property pursuant to this section shall be valued in accordance with its present use value.

SECTION 2. This act shall take effect July 1, 2011, the public welfare requiring it.