

SENATE BILL 1887

By Kyle

AN ACT to amend Tennessee Code Annotated, Title 13
and Title 67, relative to affordable housing rental
property that has received federal tax credits.

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 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
which has received a low-income housing tax credit authorized by § 42 of the
Internal Revenue Code of 1986;

(2) "Owner" means the person or 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" shall be the product of:

(A) The property's potential gross income (less applicable utility
allowances) from restricted rents determined by the owner's audited
financial statements prepared in accordance with generally accepted
accounting principals as certified by the Tennessee housing development
agency (THDA); and

(B) The gross income multiplier of 6.0.

(c)

(1) Any owner may apply for its classification as affordable housing rental property on any assessment roll of any county by filing an application for the 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 carried out in the county, an owner shall apply for the classification by the later of March 31 or the final annual adjournment of the county board of equalization.

(2) The assessor shall determine whether the land and improvements or both are affordable housing rental property, and if the determination is made, the assessor shall classify and include it as affordable housing rental property on the county tax roll. This determination shall be established when an "extended low-income housing commitment" as defined in § 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended, is in effect with respect to the property.

(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 in this section, that the land or improvements continues to meet the definition of affordable housing rental property.

(e) The assessor shall request the certification under subsection (d) in the year of completion of every general reappraisal of property in the county, but in no event less frequently than 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 are provided in the general statutes 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 section, and subsequently ceases to meet the definition of affordable housing rental property, then the assessment shall be based upon its value in its immediate most suitable economic use as residential rental property. It is the responsibility of the owner to 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 under this section shall be valued in accordance with its present use value.

(i) THDA promptly shall certify the potential gross income (less applicable utility allowances) from restricted rents for each owner to attach to its application for classification as affordable housing rental property.

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