

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** John C. Watkins

2. **Bill Number** SB 784

House of Origin:

☐ **Introduced**

☐ **Substitute**

☐ **Engrossed**

3. **Committee** Passed by House and Senate

4. **Title** Real Property Tax; Assessments of
Affordable Housing

Second House:

☐ **In Committee**

☐ **Substitute**

☒ **Enrolled**

5. **Summary/Purpose:**

This bill would clarify the current law requirement that a real estate assessor may require an owner of real property with four or fewer residential units that is operated in whole or in part as affordable rental housing to furnish the assessor with a statement of the income and expenses attributable to the property.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact**

8. **Fiscal implications:**

This bill would have no impact on state revenues. As this bill is a clarification of current law, it should have no impact on local revenues.

9. **Specific agency or political subdivisions affected:**

All localities

10. **Technical amendment necessary:** No.

11. **Other comments:**

Generally

Under current law, owners of real property operated in whole or in part as affordable housing may apply to the locality in which the property is located to have the real property assessed under special rules for affordable housing. The locality must grant the application if 1) the owner charges rents at levels that meet the locality's definition of affordable housing and 2) the real property does not have any pending building code violations at the time of the application.

Under these special assessment rules, in order to determine the fair market value of real property that is operated as affordable rental housing, the real estate assessor must consider: 1) the contract rent and the impact of applicable rent restrictions; 2) the actual operating expenses and expenditures and the impact of any such additional expenses or expenditures and; 3) restrictions on the transfer of title or other restraints on alienation of the real property. The assessor must also consider evidence presented by the property owner of other restrictions imposed by law that impact these variables.

In general, real estate assessors may require the owners of all income producing real property to furnish a statement of income and expenses. An exception to the general requirement is allowed for income producing property solely from the rental of no more than four dwelling units. However, this exception does not apply to property assessed as affordable rental housing.

Proposal

This bill would clarify that a real estate assessor may require an owner of real property with four or fewer residential units that is operated in whole or in part as affordable rental housing to furnish to the assessor a statement of the income and expenses attributable to the property when the owner applies to the locality to have the real property assessed as affordable rental housing.

The effective date of this bill is not specified.

Similar Bills

House Bill 1470 would authorize circuit courts for any locality to appoint up to two alternate board members to serve on local Boards of Equalization if a member of the Board is absent or abstains.

House Bill 1526 would clarify that statements of income and expense may be used in a complaint before a Board of Equalization, provided the statements are submitted to the Board of Equalization no later than the appeal filing deadline of the Board.

House Bill 1532 would lower the threshold percentage of taxes and liens on property from 50 percent to 35 percent of the assessed value of the parcel for real estate in the Cities of Norfolk, Richmond, Hopewell, and Petersburg for a special commissioner to convey the property to the locality in lieu of a public sale at auction. The bill would also lower the threshold percentage if only taxes from 25 percent to 15 percent of the assessed value of the parcel for a special commissioner to convey real estate in those cities.

House Bill 1588 and **Senate Bill 1350** would, on appeal, give the taxpayer the burden of rebutting the presumption that the assessor's valuation was correct and showing by a preponderance of the evidence that the property is valued at more than its fair market value. The bills would also require the assessor, in any appeal of an assessment by an owner of real property containing less than four residential units, to provide written notice to the owner at least 45 days before the appeal informing him of his right to review the

assessment records and to have the assessor make a physical examination of the property.

House Bill 1899 and **Senate Bill 785** would require the local governing body of a locality in which partial exemptions for structures in redevelopment or conservation areas or rehabilitation districts are available to provide written notification to the property owner of the amount of the assessment of the exempt property and the period of the exemption. The bill would also clarify that the exempt amount is a covenant that runs with the land for the period of the exemption and would prohibit local governing bodies from reducing that amount during the exemption period unless they provide the property owner with written notification that the exempt amount may be decreased.

cc : Secretary of Finance

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