

**Subject:** Support HB 1446 to Address Undue Property Tax Burden on Affordable Housing Providers

**Recipients:** Members of subcommittee #2 of the House Finance committee (Delegate Wendell Walker, Delegate Vivian Watts, Delegate Bonita Anthony, Delegate Lee Ware, Delegate Katrina Callsen, Delegate Elizabeth Bennett-Parker, Delegate Bobby Orrock, Delegate R.C. Sullivan)

**Message:**

Across the Commonwealth, affordable housing providers are being subjected to undue tax burdens due to the inaccurate assessment of their properties. I urge you to support a commonsense solution to this issue in HB 1446, a bill introduced by Delegate Coyner with bipartisan support. This bill proposes changes to our current code to clarify what is required to correctly value affordable housing, leaving no room for misinterpretation.

According to professional appraisal standards, affordable properties should not be valued in the same way as market rate housing, but should be valued using what is called the "income approach," which accounts for the limited income and higher operating costs of such properties. Our current Virginia code similarly dictates that tax assessors shall consider the affordability restrictions of a property and utilize the income approach. However, many affordable housing providers across the state report that their properties are not assessed in accordance with this code or the established appraisal standards. Instead, the valuation process is frequently inconsistent, inefficient, and inaccurate.

While there are many assessors correctly valuing such properties, we know this issue is both longstanding and far-reaching throughout the Commonwealth. Inaccurate assessments are usually the result of misinterpretation, misunderstanding, ignorance, or disregard of our current code when assessors use the cost or market approach, incorrectly use the income approach, or simply aren't aware of the code or which properties have affordability restrictions. When these mistakes are made, it costs all involved parties time, energy, and money. Furthermore, an inflated tax burden may limit the ability of the owner to meet the needs of their residents and properly maintain their properties.

HB 1446 offers a simple solution to this issue. This bill uses direct language to clearly outline a consistent and equitable process for valuing affordable properties. HB1446 does not change what is already technically required by law and professional standards, but it adds precise instructions for compliance. We believe this bill will help assessors develop accurate assessments without requiring an appeal, ultimately saving everyone time and money. Ultimately, HB 1446 will hold assessors to the standards of their profession and ensure affordable housing providers only pay their fair share of property taxes. Therefore, I request your support for this legislation when it is considered by your committee. Thank you for your consideration.