

REFERENCE TITLE: affordable housing; tax assessment

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

# **SB 1480**

Introduced by  
Senators Mendez: Quezada

AN ACT

AMENDING TITLE 42, CHAPTER 13, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 12; RELATING TO PROPERTY TAX VALUATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 42, chapter 13, Arizona Revised Statutes, is  
3 amended by adding article 12, to read:

4 ARTICLE 12. AFFORDABLE HOUSING

5 42-13551. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "AFFORDABLE HOUSING" MEANS OWNER-OCCUPIED RESIDENTIAL PROPERTY  
8 THAT IS CLASSIFIED AS CLASS THREE PURSUANT TO SECTION 42-12003 AND THAT IS  
9 SUBJECT TO A RECORDED DEED RESTRICTION THAT RESTRICTS THE USE OF THE  
10 PROPERTY AND LIMITS THE PRICE AT WHICH THE PROPERTY CAN BE RESOLD.

11 2. "COMMUNITY LAND TRUST DEVELOPER" MEANS A NONPROFIT HOUSING  
12 DEVELOPMENT ENTITY THAT IS A TAX-EXEMPT ORGANIZATION UNDER SECTION  
13 501(c)(3) OF THE INTERNAL REVENUE CODE AND THAT TRANSFERS COMMUNITY LAND  
14 TRUST PROPERTY TO A QUALIFYING OWNER.

15 3. "COMMUNITY LAND TRUST PROPERTY" MEANS IMPROVEMENTS TO REAL  
16 PROPERTY TO WHICH BOTH OF THE FOLLOWING APPLY:

17 (a) A FEE OR LEASEHOLD INTEREST IN THE IMPROVEMENTS IS TRANSFERRED  
18 SUBJECT TO RESALE RESTRICTIONS CONTAINED IN A LONG-TERM GROUND LEASE OF AT  
19 LEAST NINETY-NINE YEARS.

20 (b) THE COMMUNITY LAND TRUST DEVELOPER RETAINS AN INTEREST IN THE  
21 PROPERTY PURSUANT TO THE DEED OF CONVEYANCE OR THE LONG-TERM GROUND LEASE.

22 4. "GROUND LEASE" MEANS A LEASE BETWEEN THE COMMUNITY LAND TRUST  
23 DEVELOPER OF A DWELLING SITE, AS LANDLORD, AND THE OWNER OR LESSEE OF A  
24 PERMANENT RESIDENCE CONSTRUCTED ON THE DWELLING SITE, AS TENANT.

25 5. "QUALIFYING OWNER" MEANS A RESIDENT OF THIS STATE WHO OCCUPIES,  
26 AS OWNER, COMMUNITY LAND TRUST PROPERTY AS A PERMANENT RESIDENCE AND WHO  
27 IS PART OF A HOUSEHOLD FOR WHICH THE ANNUAL INCOME AT THE TIME OF TRANSFER  
28 AND ADJUSTED FOR FAMILY SIZE IS NOT MORE THAN ONE HUNDRED TWENTY PERCENT  
29 OF THE LOCAL AREA MEDIAN FAMILY INCOME ACCORDING TO THE MOST RECENT DATA  
30 PUBLISHED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN  
31 DEVELOPMENT, OR ITS SUCCESSOR AGENCY.

32 6. "RESALE RESTRICTIONS" MEANS BINDING DEED RESTRICTIONS THAT  
33 AFFECT THE PRICE AT WHICH A QUALIFYING OWNER'S INTEREST IN COMMUNITY LAND  
34 TRUST PROPERTY CAN BE TRANSFERRED FOR VALUE TO A SUBSEQUENT QUALIFYING  
35 OWNER OR TO THE COMMUNITY LAND TRUST DEVELOPER.

36 42-13552. Determining valuation of affordable housing

37 A. THE INITIAL APPRAISED VALUE OF COMMUNITY LAND TRUST PROPERTY IN  
38 THE YEAR THE PROPERTY FIRST QUALIFIES FOR CLASSIFICATION AS AFFORDABLE  
39 HOUSING UNDER THIS SECTION IS THE INITIAL INVESTMENT BASIS. IN SUBSEQUENT  
40 VALUATIONS BY THE ASSESSOR, THE VALUE OF THE COMMUNITY LAND TRUST PROPERTY  
41 SHALL NOT EXCEED THE SUM OF THE MARKET VALUE OF THE COMMUNITY LAND TRUST  
42 AND THE INITIAL INVESTMENT BASIS.

43 B. THE DEPARTMENT SHALL PRESCRIBE UNIFORM RULES, PROCEDURES AND  
44 FORMULAS FOR DETERMINING AND FIXING VALUATION UNDER THIS SECTION.