



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, Second Regular Session*

**AMENDED**  
FACT SHEET FOR H.B. 2610

G&F; permits; tags; transfers  
(NOW: project unit size; affordable housing)

Purpose

Removes the 200-unit cap for affordable rental housing property to qualify for a property tax exemption.

Background

Statute exempts, from property tax, property that is used exclusively for affordable rental housing as prescribed by the Low-Income Housing Tax Credit (LIHTC) program or another recorded restrictive covenant imposed by financing for affordable housing and related facilities. An affordable housing rental property is exempt from property tax if the property does not exceed 200 units, is owned and operated by an eligible nonprofit corporation or a limited partnership or limited liability company in partnership with or managed by an eligible nonprofit corporation, maintains a restricted rent amount that does not exceed the amount prescribed by deed restrictions or regulatory agreements pursuant to the property's financing or financial assistance terms and is either: 1) financed with tax-exempt mortgage revenue bonds or general obligation bonds or by local, state or federal loans or grants; or 2) eligible for and receives LIHTCs. The owner of a tax-exempt property must certify that the monies that would have been used for property tax are used to maintain the affordability of the units occupied by low-income households ([A.R.S. § 42-11133](#)).

The LIHTC program was enacted by the U.S. Congress in 1986 to promote the development of affordable rental housing for low-income individuals and families. The LIHTC provides funding for the development costs of low-income housing by allowing an investor to take a federal tax credit equal to a percentage of the costs incurred ([26 U.S.C. § 42](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Removes the 200-unit cap for affordable rental housing property to qualify for a property tax exemption.
2. Makes technical changes.
3. Becomes effective on the general effective date.

FACT SHEET – Amended

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Amendments Adopted by Committee

- Adopted the strike-everything amendment.

Senate Action

NREW	3/17/22	W/D	
FIN	3/23/22	DPA/SE	6-2-2

Prepared by Senate Research

April 12, 2022

MG/KJA/slp