

## HB1380

### Virginia Housing Alliance Bill

#### OPPOSE

This legislation creates an unconstitutional provision because it requires a different method of appraisal for properties not based on property type but rather the business decision of the owner.

Salient points:

#### **Violates Article X, Section I of the Virginia Constitution**

Virginia Constitution Article X Taxation and Finance, Section 1 Taxable property; uniformity; classification and segregation is VIOLATED by this proposed legislation.

The constitution says all taxes are “levied and collected under general laws and **shall be uniform upon the same class of subjects** within the territorial limits of the authority levying the tax.”

This requires the same method of assessment for a class of subjects. While there are exceptions affordable housing is not one of them.

#### **Proposed changes to 58.1-3295 are Vague and Unduly Burden the Assessor**

Limiting the appraiser to the income method utilizing banded investment does not improve the accuracy of the proposal – it provides a desired result.

Income Approach method is now mandated but does NOT meet the general accepted appraisal practices which restricts the appraiser’s scope of work in developing the value conclusion – the outcome being that the appraiser may have to ignore the method that reflects the best value.

This requirement does NOT contemplate the unique requirement that the Commission (through the assessor) has to separate each total assessment into land and building components.

#### **Mandated Release of Confidential Information in Violation of Criminal Law**

The requirement to provide the owner with all materials used in the assessment is in violation of criminal law because the appraiser uses other confidential income and expense information provided by owners of like properties

The release of this information violates Virginia Code Section 58.1-3

### **Affect on the Validity of Results under the income approach**

Requiring the use of the band of investment technique impacts how the Commissioner estimates rates of capitalization for use in an income approach.

This directly impacts the final value results which has the impact of limiting the appraiser's scope of work in developing and analyzing market conditions.

### **Changes to the Commissioner of the Revenue (COR) Competency Requirements**

The COR is responsible for overseeing the reassessment of every parcel of property in their locality.

The proposed changes elevate affordable housing over every other property creating an unreasonable burden as it states that the COR must understand the various affordable housing subsidy programs, restrictions, risks, benefits associated with ownership of affordable rental housing, relevant tax considerations, local market conditions, supply and demand characteristics and anticipated changes to the market.

No such requirements exist for the COR with respect to tax-exempt property, multi-use property, complex industrial property, solar farms, etc.

### **Rewards Frivolous Tax Challenges by Only Burdening a Losing Locality with Attorneys' Fees and Costs**

Virginia typically awards attorney's fees to the prevailing party when a statute or contract explicitly requires it.

This proposal favors the property owner regardless of the outcome because there is no provision for the locality to recover its costs.

