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June 10, 2002

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OPINION COMMITTEE

The Honorable John Cornyn
Attorney General of Texas
P. O. Box 12548
Austin, TX 78711-2548

RE: Request for Opinion

RQ-0561-JC FILE # ML-42656-02
I.D. # 42656

Dear General Cornyn:

Please accept this letter as one of request for an opinion from your office on the following question:

Does a county tax appraiser have the authority to refuse a tax exemption to a Community Housing Development Organization (CHDO) that qualifies as such under § 11.182 of the Tax Code and is the 100% owner of the general partner in a limited partnership that owns improved real estate for the direct purpose of renting low income housing units within a county?

Under Section § 11.182, a qualified organization is entitled to an exemption from taxation of improved or unimproved real property owned by the organization if it:

- (1) is organized as a community housing development organization;
- (2) meets the requirements of a charitable organization provided by Sections 11.18(e) and (f);
- (3) owns the property for the purpose of building or repairing housing on the property to sell without profit to a low-income or moderate-income individual or family satisfying the organization's eligibility requirements or to rent without profit to such an individual or family; and
- (4) engages exclusively in the building, repair, and sale or rental of housing as described by Subdivision (3) and related activities.



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Subparagraph (e) of § 11.182 provides in part: *

(e) In addition to meeting the applicable requirements of Subsections (b) and ©), to receive an exemption under Subsection (b) for improved real property that includes a housing project constructed after December 31, 2001, and financed with qualified 501©)(3) bonds issued under Section 145 of the Internal Revenue Code of 1986, tax-exempt private activity bonds subject to volume cap, or low-income housing tax credits, the organization must:

- (1) control 100 percent of the interest in the general partner if the project is owned by a limited partnership.

Thank you for your attention to this matter. Please don't hesitate to contact me or Lori Flores, the Senate Intergovernmental Relations Committee policy analyst handling this request.

Yours truly,


Frank Madla

FM/lf

cc: Susan Denmon Gusky, Opinion Committee