

Application for Constructing or Rehabilitating Low-Income Housing Property Tax Exemption

Form 50-310

Tax Year

Appraisal District's Name

Appraisal District Account Number (if known)

GENERAL INFORMATION: This application is for use in claiming exemptions pursuant to Tax Code Section 11.1825 and pre-acquisition, preliminary determinations of qualification for such exemptions pursuant to Tax Code Section 11.436(c).

FILING INSTRUCTIONS: This application and all supporting documentation must be filed with the appraisal district office in each county in which the property is located between Jan. 1 and no later than April 30. **Do not file this document with the Texas Comptroller of Public Accounts.**

SECTION 1: State Whether Requesting an Exemption or Preliminary Determination

Exemption Preliminary Determination

SECTION 2: Property Owner/Applicant

Name of Property Owner or Lessee of Ground Lease

Phone (area code and number)

Mailing Address, City, State, ZIP Code

Email Address

Property Owner or Lessee of Ground Lease is a (check one):

Partnership Corporation Other (specify): _____

Name of Person Preparing this Application

Title

Driver's License, Personal I.D. Certificate or Social Security Number*

If this application is for an exemption from ad valorem taxation of property owned by a charitable organization with a federal tax identification number, that number may be provided here in lieu of a driver's license number, personal identification certificate number or social security number:

* Unless the applicant is a charitable organization with a federal tax identification number, the applicant's driver's license number, personal identification certificate number or social security account number is required. Pursuant to Tax Code Section 11.48(a), a driver's license number, personal identification certificate number or social security account number provided in an application for an exemption filed with a chief appraiser is confidential and not open to public inspection. The information may not be disclosed to anyone other than an employee of the appraisal office who appraises property, except as authorized by Tax Code Section 11.48(b). If the applicant is a charitable organization with a federal tax identification number, the applicant may provide the organization's federal tax identification number in lieu of a driver's license number, personal identification certificate number or social security account number.

SECTION 3: Property Identification

Provide the property's legal description.

Physical Address (i.e. Street address, not P.O. Box). City, County, Zip Code

SECTION 4: Qualifying Organization

To receive an exemption under Tax Code Section 11.1825, the property owner or one of two other entities must meet the requirements set forth in Tax Code Section 11.1825(b). Pursuant to Tax Code Section 11.1825(c), property may qualify for an exemption under Tax Code Section 11.1825 if the property owner does not meet the requirements of Tax Code Section 11.1825(b) if the property otherwise qualifies for the exemption and the owner is:

- (1) a limited partnership of which an organization that meets the requirements of Tax Code Section 11.1825(b) controls 100 percent of the general partner interest, is organized under the laws of Texas and has its principal place of business in Texas; or
(2) an entity the parent of which is an organization that meets the requirements of Tax Code Section 11.1825(b), is organized under the laws of Texas and has its principal place of business in Texas.

For purposes of this application, the term qualifying organization refers to the organization (property owner or other entity described by Tax Code Section 11.1825(c) that meets the Tax Code Section 11.1825(b) requirements:

- (1) for at least the preceding three years, the organization:
(A) has been exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as amended, by being listed as an exempt entity under Section 501(c)(3) of that code;
(B) has met the requirements of a charitable organization provided by Tax Code Section 11.18(e) and (f); and
(C) has had as one of its purposes providing low-income housing;
(2) a majority of the members of the board of directors of the organization have their principal place of residence in this state;
(3) at least two of the positions on the board of directors of the organization must be reserved for and held by:
(A) an individual of low income as defined by Government Code Section 2306.004, whose principal place of residence is located in this state;
(B) an individual whose residence is located in an economically disadvantaged census tract as defined by Government Code Section 783.009(b) in this state; or
(C) a representative appointed by a neighborhood organization in this state that represents low-income households; and
(4) the organization must have a formal policy containing procedures for giving notice to and receiving advice from low-income households residing in the county in which a housing project is located regarding the design, siting, development and management of affordable housing projects.

Does the property owner identified in Section 2, above, meet the requirements of Tax Code Section 11.1825(b)? ... Yes No

Note: If you answered yes, the property owner is the qualifying organization for purposes of the remainder of this application and you may skip to Section 5. If you answered no, the property owner is not the qualifying organization for purposes of the remainder of this application and you must provide the following information before proceeding to Section 5.

If the property owner identified in Section 2, above, does not meet the requirements of Tax Code Section 11.1825(b), please identify the qualifying organization pursuant to Tax Code Section 11.1825(c):

Name of Qualifying Organization Phone (area code and number)
Mailing Address, City, State, ZIP Code

Is the land leased under a ground lease by the organization? ... Yes No
If yes, please attach a copy of the lease agreement.

Is the qualifying organization identified above organized under the laws of Texas? ... Yes No

Does the qualifying organization identified above have its principal place of business in Texas? ... Yes No

Pursuant to Tax Code Section 11.1825(c)(1), is the property owner a limited partnership of which the qualifying organization identified above controls 100 percent of the general partner interest? ... Yes No
If yes, please attach organizational documents supporting your answer.

Pursuant to Tax Code Section 11.1825(c)(2), is the qualifying organization the parent of the property owner? ... Yes No
If yes, please attach organizational documents supporting your answer.

SECTION 5: Organization Activities (Identified in Section 4)

1. Is the organization engaged primarily in public charitable functions? ... Yes No
If yes, using an attachment, describe the organization's activities in a narrative. The narrative description of activities should be thorough, accurate and include date-specific references to the tax year for which the exemption is sought. You may also attach representative copies of newsletters, brochures or similar documents for supporting details to this narrative.

2. Is the organization organized exclusively to perform religious, charitable, scientific, literary or educational purposes? ... Yes No
If yes, attach copies of organizational documents supporting your answer.

SECTION 6: Organization Information

For the preceding three years (note years) _____, answer these questions:

- 1. Has the organization been exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as amended, as an exempt entity under Section 501(c)(3) of that Code?
2. Has the organization operated, or does its charter permit it to operate, in a manner that permits the accrual of profits or distribution of any form of private gain?
3. Has the organization used its assets in providing low-income housing?
4. In the past year has the organization loaned funds to, borrowed funds from, sold property to or bought property from a shareholder, director or member of the organization or has a shareholder or member sold his interest in the organization for a profit?
5. Attach a list of salaries and other compensation for services paid in the last year.

Answer these questions about the board of directors:

- 1. Does a majority of the members of the organization's board of directors have their principal place of residence in Texas?
2. Do two or more directors on the board whose principal place of residence is located in Texas meet one of the following requirements: an individual of low income as defined by Government Code Section 2306.004; an individual whose residence is located in an economically disadvantaged census tract in Texas, as defined by Government Code Section 783.009(b); or an individual who is a representative appointed by a neighborhood organization in Texas that represents low-income households?

Note on attached list of board members those directors that meet one of these provisions and indicate which provisions.

Answer these questions about policies, bylaws or charter:

- 1. Does the organization have a formal policy containing procedures for giving notice to and receiving advice from low-income households residing in the county in which a housing project is located regarding the design, siting, development and management of affordable housing projects?
2. Does the organization perform, or does its charter permit it to perform, any functions other than those of providing low-income housing?
3. Do the bylaws or charter direct that on the discontinuance of the organization the organization's assets are to be transferred to the State of Texas, the United States or an educational, religious, charitable or other similar organization that is qualified for exemption under Section 501(c)(3), Internal Revenue Code, as amended?

SECTION 7: Property Use

- 1. Does the organization currently rent or sell or plan to rent or sell dwelling units in this building to individuals or families?
2. Questions regarding renting dwelling units:
Do/will the individuals and families have a median income that is not more than 60 percent of either the area or statewide median family income? (Complete A or B):
A. Area median family income for the household's place of residence, as adjusted for family size and as established by the U.S. Department of Housing and Urban Development (HUD), which is
OR
B. Statewide area median family income, as adjusted for family size and as established by HUD, which is

SECTION 7: Property Use (continued)

What is the annual total of the monthly rent charged or to be charged for each dwelling unit in this building that is reserved for an individual or family? \$ _____/year

Will the organization be renting or offering to rent the applicable square footage of dwelling units in this building to qualified individuals and families by the third anniversary of the date the organization acquired this property? [] Yes [] No

3. Questions regarding selling dwelling units:

Do/will the individuals and families have a median income that is below either the area or statewide median family income? (Complete A or B): [] Yes [] No

[] A. Area median family income for the household's place of residence, as adjusted for family size and as established by HUD, which is \$ _____

OR

[] B. Statewide area median family income, as adjusted for family size and as established by HUD, which is \$ _____

4. How many dwelling units does/will the above described property have? _____ units

5. What percentage of the total square footage of the dwelling units in this building described above are/will be reserved for individuals or families noted in question 1 above? _____%

SECTION 8: Audit Information

Pursuant to Tax Code Section 11.1826, property may not be exempted under Tax Code Section 11.1825 for a tax year unless the organization owning or controlling the property owner has an audit prepared by an independent auditor covering the organization's most recent fiscal year.

The audit must include an opinion on whether:

- (1) the financial statements of the organization present fairly, in all material respects and in conformity with generally accepted accounting principles, the financial position, changes in net assets and cash flows of the organization; and
(2) the organization has complied with all of the terms and conditions of the exemption under Tax Code Section 11.1825.

Not later than the 180th day after the last day of the organization's most recent fiscal year, the organization must deliver a copy of the audit to the Texas Department of Housing and Community Affairs and the chief appraiser of the appraisal district in which the property is located.

If the property contains not more than 36 dwelling units, the organization may deliver to the Texas Department of Housing and Community Affairs and the chief appraiser a detailed report and certification as an alternative to an audit.

1. Did the organization timely deliver the required audit or report and certification, as applicable, to the Texas Department of Housing and Community Affairs? [] Yes [] No
If no, attach a statement explaining your answer.

2. Did the organization timely deliver the required audit or report and certification, as applicable, to the appraisal district? [] Yes [] No
If no, attach a statement explaining your answer.

SECTION 9: Property Information

If the property is under construction or rehabilitation:

- Attach a Schedule A (CONSTRUCTING) form for each parcel of land and each building of real property to be exempt for constructing low-income housing.
Attach a Schedule B (REHABILITATING) form for each parcel of land and building to be exempt for rehabilitating low-income housing.
If the property's construction or rehabilitation is complete and this application is filed annually as required by Tax Code Section 11.43(b) to maintain a previously granted exemption, skip to Section 10.

SECTION 10: Certification and Signature

If you make a false statement on this form, you could be found guilty of a Class A misdemeanor or a state jail felony under Penal Code Section 37.10.

I, _____, swear or affirm the following:
Printed Name of Property Owner or Authorized Representative

- 1. that each fact contained in this application is true and correct;
2. that the property described in this application meets the qualifications under Texas law for the child-care facility exemption claimed;

sign here

Signature of Property Owner or Authorized Representative

Date

* If the property owner is a company or other legal entity (not an individual), it must provide the entity's Federal Tax I.D. Number. Disclosure of your social security number (SSN) may be required and is authorized by law for tax administration and identification of any individual affected by applicable law. Authority: 42 U.S.C. § 405(c)(2)(C)(i); Tax Code Section 11.43(f). Except as authorized by Tax Code Section 11.48(b), a driver's license number, personal identification certificate number, or social security number provided in this application for an exemption filed with your county appraisal district is confidential and not open to public inspection under Tax Code Section 11.48(a).

Schedule A: Constructing Low-Income Housing

Complete one Schedule A form for EACH land parcel of improved (with building) and unimproved real property qualified for exemption. Attach all completed schedules to your application.

Name of Property Owner

Physical Address (i.e. Street address, not P.O. Box), City, County, Zip Code

Primary Use

Date of acquisition: _____

Is this property reasonably necessary for operation of the organization? Yes No

Answer These Questions About the Property Listed Above

If this is a preliminary determination of exemption, when the final application is filed is this property expected to be under active construction or physical preparation?

Active Construction Physical Preparation

If this is a final determination of exemption, is this property under active construction or physical preparation?

Active Construction Physical Preparation

If active construction, when will construction be completed?

If physical preparation, what has been done?

Physical preparation is when the organization has engaged in architectural or engineering work, soil testing, land clearing activities or site improvement work necessary for constructing the project or has conducted an environmental or land use study for construction of the project.

Schedule B: Rehabilitating Buildings for Low-Income Housing

Complete one Schedule B form for EACH building and land qualified for exemption. Attach all completed schedules to your application.

Name of Property Owner _____

Physical Address (i.e. street address, not P.O. Box), City, County, ZIP Code _____

Primary Use _____

Date of acquisition: _____

Is this property reasonably necessary for operation of the organization? Yes No

Answer These Questions About the Property Listed Above

- 1. When did actual rehabilitation of this property begin or when is it expected to begin? _____
- 2. When will rehabilitation of this property be completed? _____
- 3. When was the original construction completed? _____

4. If the organization acquired this property from another person/organization, how long did the person/organization own the property? _____ years

5. Has the organization spent or does it intend to spend the greater of: (check one)

\$5,000 or amount required by the financial lender for each dwelling unit in the project for the rehabilitation of this property? Yes No

Attach a written statement prepared by a certified public account stating what the organization has spent or a copy of the development budget to verify the intent to spend the requisite amount.

6. Does the organization maintain a reserve fund for replacements? Yes No

In what amount:

- amount required by the financial lender for each dwelling unit in the project;
- \$300 for each dwelling unit in the project; or
- \$ _____ amount for each dwelling unit in the project adjusted for cost-of-living (for tax years 2005 or later).

Has the organization made withdrawals from the reserve? Yes No

If yes, was it: (check one)

- authorized by the financial lender; or
- to pay the cost of capital improvements needed to maintain habitability under the Minimum Property Standards of the U.S. Department of Housing and Urban Development. Capital improvement is a property improvement that has a depreciable life of at least five years, excluding typical make ready expenses such as plaster repair, interior paint or floor coverings.

Important Information

GENERAL INFORMATION

This application is for use in claiming exemptions pursuant to Tax Code Section 11.1825 and pre-acquisition, preliminary determinations of qualification for such exemptions pursuant to Tax Code Section 11.436(c).

FILING INSTRUCTIONS

This application and all supporting documentation must be filed with the appraisal district in each county in which the property is located. **Do not file this document with the Texas Comptroller of Public Accounts.** Contact information for appraisal districts may be found on the Comptroller's website.

APPLICATION DEADLINES

Generally, the completed application and required documentation must be filed between Jan. 1 and no later than April 30 of the year for which an exemption is requested. Pursuant to Tax Code Section 11.436(a), an organization that acquires property that qualifies for an exemption under Tax Code Section 11.1825 may apply for the exemption for the year of acquisition not later than the 30th day after the date the organization acquires the property. The deadline provided by Tax Code Section 11.43(d) does not apply to the application for that year. If an application filed pursuant to Tax Code Section 11.436(a) is granted, the exemption for that year applies only to the portion of the year in which the property qualifies for the exemption as provided by Tax Code Section 26.111. A new application must be filed each year an exemption is claimed.

SUPPORTING DOCUMENTATION

- If the property is leased under a ground lease, a copy of the lease may be required.
- Supporting statements or documents may be required.

PRELIMINARY DETERMINATION APPLICATIONS

To facilitate the financing associated with the acquisition of a property, Tax Code Section 11.436(c) allows an organization, before acquiring the property, to request from the chief appraiser of the appraisal district established for the county in which the property is located a preliminary determination of whether the property would qualify for an exemption under Tax Code Section 11.1825 if acquired by the organization. The request must include the information that would be included in an application for an exemption for the property under Tax Code Section 11.1825. Not later than the 45th day after the date a request is submitted under Tax Code Section 11.436(c), the chief appraiser shall issue a written preliminary determination for the property included in the request. A preliminary determination does not affect the granting of an exemption under Tax Code Section 11.1825.

DUTY TO NOTIFY

The property owner must notify the appraisal district in writing before May 1 if qualification for this exemption ends.

OTHER IMPORTANT INFORMATION

Pursuant to Tax Code Section 11.45, after considering this application and all relevant information, the chief appraiser may request additional information from you. You must provide the additional information within 30 days of the request, or the application is denied. For good cause shown, the chief appraiser may extend the deadline for furnishing the additional information by written order for a single period not to exceed 15 days.