

TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MINUTES OF THE
TENNESSEE ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS
3 September 2014

Meeting Called to Order

The Tennessee Advisory Commission on Intergovernmental Relations met in Legislative Plaza Room 30 at 1:11 p.m., Chairman Mark NORRIS presiding.

Present 22	Absent 2
Mayor Troy Beets	County Executive Jeff Huffman
County Mayor Ernest Burgess	Representative Gary Odom
Mr. Charles Cardwell	
Representative Mike Carter	
Mr. Rozelle Criner	
Mayor Betsy Crossley	
Ms. Paula Davis	
County Mayor Brent Greer	
Representative Ryan Haynes	
Senator Douglas Henry	
County Mayor Kenny McBride	
Mr. Iliff McMahan	
Senator Randy McNally	
Senator Mark Norris	
Representative Antonio Parkinson	
Mayor Tom Rowland	
Representative Charles Sargent	
Mr. Tommy Schumpert	
Councilmember Kay Senter	
Senator Jim Tracy	
County Mayor Larry Waters	
Comptroller Justin Wilson ¹	

¹ Phillip Doss represented Justin Wilson

1. Call to Order and Approval of the Minutes

Chairman Mark NORRIS called the meeting to order at 1:11 p.m. and requested approval of the minutes. Mayor Tom ROWLAND made a motion to adopt the minutes, seconded by Commissioner Iliff MCMAHAN, and passed unanimously.

2. Commission Updates

Chairman NORRIS referred the members to tab 2 of the docket book to find a resolution honoring Senator Jim KYLE for his service to the Commission, which Senator KYLE left upon his successful election to the Chancery Court of Shelby County. Chairman NORRIS went on to say, "Senator KYLE served here on this body for many years with distinction. We have work remaining even on today's agenda that is KYLE legacy stuff. He served from the beginning of April 2007, so at least seven years, and I know you will all join me in wishing him well." Senator HENRY made a motion to approve the resolution and the Commission unanimously approved it.

Executive Director Lynnis ROEHRICH-PATRICK introduced new staff Matthew OWEN, who joined the staff in July as a research associate and is nearing completion of a PhD in History at Vanderbilt University.

Chairman NORRIS asked Ms. ROEHRICH-PATRICK to update the Commission on the status of the ongoing audit of the Commission. Ms. ROEHRICH-PATRICK updated the members on the status of the audit, noting that it was a risk audit focused on the Commission's infrastructure inventory for the period July 1, 2011, through June 30, 2013, and that no exit conference had been scheduled as of the time of the meeting. The auditors arrived at the beginning of March and left mid-July, though they have continued to contact staff with follow-up questions. She added that she did not know what kind of things the auditors will have to report to TACIR.

Chairman NORRIS recalled there were questions about whether the Commission was required to promulgate rules and regulations like some type of regulatory agency. Neither he nor Senator Henry recalled there ever being a reason the Commission would have needed to promulgate rules; he said it might be best to introduce legislation removing that requirement. Chairman NORRIS asked Mr. DOSS, as the Comptroller's designee on TACIR, whether he had anything to say on the matter for the good of the order. Mr. DOSS replied that the auditors are more likely to speak about an audit with the Chairman or Ms. ROEHRICH-PATRICK than to him.

3. Biennial Report

TACIR's deputy executive director, Dr. Cliff LIPPARD, presented the Commission's biennial report for fiscal years 2012-13 and 2013-14 for approval. Commissioner MCMAHAN moved approval, Mayor Troy BEETS seconded, and the Commission unanimously concurred. Noting that the report reflected the substantial work done by the staff and the Commission and his desire to address how studies are sent to the Commission in the future, Chairman NORRIS asked that freshman members of the next General Assembly be given a copy of the report to familiarize themselves with the work of the Commission.

4. Dealing with Blight: Impediments Posed by Foreclosure and Tax Delinquency—Final Report

Research manager David LEWIS presented the final staff report *Dealing with Blight: Impediments Posed by Foreclosure and Tax Delinquency*. The report was requested by the Commission based on concerns expressed by Senator Kyle about the damaging effect of the lengthy and costly foreclosure process on blighted areas. The final report addresses questions and comments from Commission members about the draft report from the presentation at the June meeting and includes new information about tax-delinquent and tax-dead properties, which are worth less than the taxes owed on them and, therefore, are difficult to sell.

Senator HENRY asked about the program in Baltimore where properties can be purchased for one dollar. Mr. LEWIS explained that Tennessee's constitution makes it difficult to forgive back taxes because of uniformity in assessment value and tax rate requirements. The legislature has limited power under the state constitution to make exceptions. Senator HENRY suggested looking into how the law could be changed to enable this. Mayor BURGESS drew the Commission's attention to Public Chapter 353, Acts of 2014, which passed last year and gave county commissions the ability to sell properties when bids on them would otherwise not cover the amount of back taxes and penalties owed.

The staff report will be published on TACIR's web page.

5. Fire Sprinkler Requirements for Places of Worship, Protecting People and Property (House Bill 1649 by Hill, T.)—Draft Report for Review and Comment

Research associate Jennifer BARRIE presented the draft report on fire sprinkler requirements for places of worship for review and comment. The bill prompting the study, House Bill 1649 by Representative Timothy Hill, was sent to the Commission by the House Local Government Subcommittee. If passed, it would have exempted single-story places of worship that meet specific size, occupancy, and exit requirements and that are located in unincorporated areas without a water supply from the requirement to install fire protection sprinkler systems. Because of the increased risk to the health, safety, and welfare of community members, firefighters, and property, staff recommends that the Commission not support exempting these churches from sprinkler requirements.

House Bill 1649 was introduced in response to a request from Dyson Grove Baptist Church in Johnson County to change the law to exempt their recently constructed building from the state's sprinkler requirements, which apply to buildings with auditoriums that exceed 12,000 square feet, have a capacity of 300 or more persons, or are located on a floor other than the level of the building exit. Buildings that are required to install sprinklers and do not have access to a public water supply can use tanks or cisterns to store water or access streams or ponds to feed their sprinkler systems. Mr. MCMAHAN commented that sometimes it is very difficult for rural communities to get a tank installed because grants don't provide funds for areas without a sustainable water source that can fill the tank consistently. Executive director Lynnis ROEHRICH-PATRICK clarified that Ms. BARRIE was describing a cistern or small tank for a particular building, not a community water supply tank.

Ms. Barrie discussed fire injury and damage statistics in Tennessee that demonstrate that sprinkler systems help suppress fires and reduce the risk of both injury and loss of life as well as the cost of property damage.

The Commission discussed the responsibilities and actions of the architect for the Dyson Grove Baptist church, who should have submitted building plans to the state fire marshal as required by law but did not and is being held accountable by the Board of Architectural and Engineering Examiners for signing off on the plans as an engineer though he was not qualified to do so. According to the fire marshal's office, the architect calculated a number for the capacity that was below the threshold and, therefore, did not think he had to submit the plans to the fire marshal, but his calculation was incorrect.

Representative PARKINSON said that in his experience sprinklers usually activate after-hours when the buildings are not occupied. He added that, in his experience, every time a sprinkler was activated, it suppressed the fire before the fire crew arrived and that dry-pipe systems that do not have water sitting in the lines all the time are used to ensure that pipes do not freeze and break.

Representative SARGENT said that the public-at-large benefits from the current requirements and that he would hate to think that someone's grandchildren were killed in a church that was not approved and a fire got out of control. Representative PARKINSON and Mayor Burgess also expressed concern that the bill was very narrowly focused. Chairman NORRIS noted that the report is a draft for discussion and will not require action until November. He asked that staff make it clearer in the text of the report that the Commission does not support the bill.

6. Taxing Low-Income Housing Tax Credits—(Senate Bill 1671 by Southerland)

Senior research consultant Dr. Stan CHERVIN presented an overview of the issues involved in the Commission's study of how low-income housing tax credit (LIHTC) properties should be assessed. Congress created the LIHTC program as part of the bipartisan federal Tax Reform Act of 1986. Through 2012, it has helped construct or rehabilitate over 900 projects and 43,000 low-income housing units in Tennessee. It is supported by federal tax credits that the IRS allocates to each state's housing authority, such as the Tennessee Housing Development Agency (THDA), which allocate the credits to developers that agree to income and rent restrictions for 30 years or more in exchange for the credits. As interpreted by the courts in 2003, Tennessee law recognizes the value of low-income housing tax credits and requires them to be considered when LIHTC properties are assessed for property tax purposes because they are not severable from the property itself and cannot be sold separately. The Division of Property Assessment and the Board of Equalization instruct local assessors to value LIHTC properties by adding a measure of the tax credits to the value calculated using traditional methods for assessing commercial rental properties.

Senator MCNALLY asked whether the income approach takes tax credits into account. The Division of Property Assessments says yes, but not all assessors have been including the credits. Where they do, taxes are now higher than many partnerships originally anticipated, causing them cash flow problems. The first bill to prohibit inclusion of the tax credits was introduced in 2000; another bill was introduced in 2005. Neither was successful. Some states' courts or legislatures do not allow the credits to be considered.

Dr. CHERVIN said that Tennessee also allows for payment in lieu of taxes (PILOT) programs, something Memphis has done. PILOTs are typically based on a portion of the value of the property before the construction or rehabilitation has begun and are lower than the income approach would require. The law allows any local health and education board to do this.

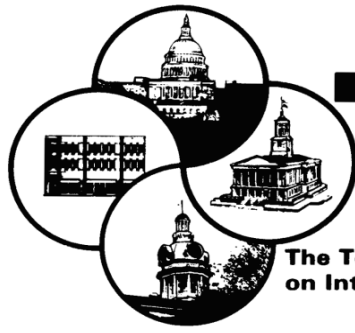
Senator MCNALLY asked whether the 2003 court decision affected developers' willingness to enter into new projects. Dr. CHERVIN said he doesn't have enough information to say, but not all assessors have adopted the approach. It has been taking hold over time county by county. Mayor WATERS asked how many counties are including the tax credits in property values now. Dr. CHERVIN replied that about a third of counties don't have any LIHTC properties at all. In the other counties, it is less spotty than it was three years ago, but it is not clear exactly how many counties are including the credits.

Representative CARTER complimented Dr. CHERVIN on the thoroughness of his presentation and asked whether there is any other statute that restricts local governments in how they tax property by granting an exemption or whether this would be the first statute. [Staff note: Two such laws are Tennessee Code Annotated 67-5-1001 (Greenbelt Law) and Tennessee Code Annotated 67-5-218 (Improvements to Historic Properties).] Representative CARTER asked whether these credits going to banks lower franchise and excise taxes. Dr. CHERVIN replied that he did not know. [Staff note: Partnerships or companies that exclusively develop low-income housing do not have to pay excise taxes if they have received an allocation of tax credits and have an "extended low-income housing commitment" on all residential buildings owned (Tennessee Code Annotated, Section 67-4-2008).]

Discussion of Criteria for Referring Studies and for Classifying Studies as Commission Reports.

The Commission discussed how legislation should be referred to the Commission for study and which reports should be considered commission reports. Chairman NORRIS suggested that in order for a bill to warrant a commission report, the bill should be sent by both the Senate and the House to the Commission for study. He said that otherwise, the Commission's time and resources would be spent on something that one chamber or the other may not think worthy of further consideration. Other members voiced procedural concerns with this approach, among them Senator MCNALLY's concern that a sponsor could pull a bill out of subcommittee with the agreement that it goes to TACIR and later amend it to remove that requirement, thereby bypassing the committee system. Chairman NORRIS agreed, saying that this is a procedural question that needs further discussion. The members agreed to work with leadership in the House and Senate on a procedure for bringing issues to the Commission with the aim to formalize the procedure by the end of the year.

Chairman NORRIS adjourned the meeting at 3:33 pm.



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**MINUTES OF THE
TENNESSEE ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS
4 September 2014**

Meeting Called to Order

The Tennessee Advisory Commission on Intergovernmental Relations met in Legislative Plaza Room 30 at 8:35 a.m., Chairman Mark NORRIS presiding.

Present 21	Absent 3
Mayor Troy Beets	Mayor Betsy Crossley
County Mayor Ernest Burgess	Representative Gary Odom
Mr. Charles Cardwell	Representative Antonio Parkinson
Representative Mike Carter	
Mr. Rozelle Criner	
Ms. Paula Davis	
County Mayor Brent Greer	
Representative Ryan Haynes	
Senator Douglas Henry	
County Executive Jeff Huffman	
County Mayor Kenny McBride	
Mr. Iliff McMahan	
Senator Randy McNally	
Senator Mark Norris	
Mayor Tom Rowland	
Representative Charles Sargent	
Mr. Tommy Schumpert	
Councilmember Kay Senter	
Senator Jim Tracy	
County Mayor Larry Waters	
Comptroller Justin Wilson ¹	

¹ Phillip Doss represented Justin Wilson

Call to Order

Chairman NORRIS called the meeting to order at 8:35 a.m.

Following up on discussion from the previous day's meeting, Ms. ROEHRICH-PATRICK further clarified the distinction between staff reports and Commission reports by giving examples. The front cover of staff reports includes a statement that "Staff Report to the Members of the Tennessee Advisory Commission on Intergovernmental Relations" at the bottom, while Commission reports have a banner at the top that says "Report of the Tennessee Advisory Commission on Intergovernmental Relations." Commission reports also include a transmittal memo from the executive director to Commission members and a transmittal letter from Chairman NORRIS and the executive director to the Speakers and members of the General Assembly or to the committee or committees that requested the report.

1. Taxing Low-Income Housing Tax Credits (Senate Bill 1671 by Southerland) continued

The Commission heard presentations from two panels on Low-Income Housing Tax Credits (LIHTC). The first panel, on financing low-income housing, included presentations by

- Tennessee Housing Development Agency, Ralph PERREY, Executive Director;
- Tennessee Association of Housing and Redevelopment Authorities, Alvin NANCE, Executive Director and CEO of Knoxville's Community Development Corporation;
- Tennessee Bankers Association, David VERBLE, President and CEO of Citizens National Bank in Sevierville; and
- Tennessee Developers Council, Phil LAWSON, Chief Executive Officer of Lawler Wood Housing, LLC and Lawler Wood Housing Partners, LLC.

Mr. PERREY spoke first and asked whether it makes policy sense to tax the tax credits, noting that this is the only incentive there is to get the private sector involved in low-income housing. He said we don't tax other economic incentives. He said that state law does allow for taxation of the incentive and he stipulated that assessing officers are doing exactly what they think they ought to do. However, he would argue that some local assessors agree with supporters of the bill.

Mr. LAWSON said that his company has been building low-income housing for over 30 years and owns 37 properties in Tennessee and 22 in other states, all of them LIHTC properties. He said that the LIHTC program has been the most successful housing program in the history of our country. He said that developers are in crisis mode in this state and that he believes the inclusion of the tax credits puts low-income housing at risk. He referred to a map in his presentation and noted sporadic utilization of the methodology across nine states. No state contiguous to Tennessee is using this methodology.

Mr. LAWSON presented an example of two 40-year-old properties in Sullivan County that were assessed in 2013 at \$109,000. In May of this year, his company received a notice that these two properties were going to be re-assessed using the Spring Hill methodology. Taxes went up a combined \$181,000 on these two properties, dropping the combined cash flow from \$124,035 to a negative cash flow of \$57,514.

He thinks the program will fall apart if Spring Hill is applied statewide. He contends that if you built two properties side by side, one market rent and one dedicated to serving low-income households, the Spring Hill method would cause the LIHTC property to pay more in taxes. He said that as far as he knows there is no attempt to tax historic tax credits, new markets tax credits, or energy tax credits, possibly because none of these programs annually publish a list of the projects affected. Those credits come early in the process, but these credits are over a ten-year period. He said that many mayors in Tennessee are supportive of this bill.

Mr. NANCE spoke next, saying that he represents the 85 housing authorities in Tennessee. He said that housing authorities have few resources and, while LIHTCs are only part of the funding for projects, they make many of these projects possible. They have to cobble together funding sources, and taxing the credits could potentially take away about half of the funds they rely on. He is concerned that the loss of the LIHTC projects could have negative effects on the ability to obtain other funding sources such as Community Development Block Grants (CDBGs), HOME funds, and emergency shelter dollars. Public housing authorities' mission is to serve individuals with little or zero income. Businesses are not going to meet this need and the housing authorities are not going to sell the property to someone else. And unlike private developers, housing authorities can't go to another state to pursue tax credits. He is worried about how including the tax credits in property values would affect the assessment for the new elderly low-income property in east Knoxville and is going to ask Knox County to instead authorize a payment in lieu of taxes (PILOT). He asked how they are supposed to handle increased assessments on existing units, saying that those costs might have to be offset by additional funds from local municipalities.

Mr. David VERBLE spoke last. In 1995, the City of Sevierville gave them a 47-unit complex in Sevierville called River Park for 30 years; after 30 years, ownership reverts to the city. They bought a majority interest in the partnership owning the property in order to qualify for the LIHTCs and provided the loan. He said a bank will not invest in low-income housing projects or make loans on such projects if the credits are included in the value for property tax purposes. Instead of adding to the taxes on these properties, we should be creating more incentives. Places without payment in lieu of taxes (PILOT) programs are going to be at a disadvantage compared to Memphis.

Mr. PERREY closed by saying that local leaders are concerned about the potential loss of revenue if these properties fail economically or don't get built or rehabilitated. The county realizes more taxes on these properties than they would get for vacant lots or older developments. At some point, including the credits in the property values is going to reduce housing authorities' ability to rebuild old housing projects and affect economic development efforts. This is workforce housing, and the credit is the only incentive to build it. Without it, the program withers on the vine. These properties can and should pay taxes but should be assessed without the inclusion of the credits.

The Commission questioned whether not taxing the credits would distort the assessed value of the property by neglecting part of the income stream and whether including the credits in the property values could be a local decision. Mr. LAWSON responded that there is going to be more tax after the project than before and that taxes are not shifted onto other taxpayers. He added that these low-income housing projects create construction jobs and that the vast majority of assessors have told them that they are not that interested in applying the Spring Hill

approach. Senator MCNALLY asked whether these projects add local government expenses in terms of services provided, such as law enforcement. Mr. LAWSON said that in the six months since they took over a development in Nashville, the number of emergency response calls has decreased greatly. They have evicted many tenants who had criminal records.

The Commission also asked whether developers or partnerships can increase rents to offset increased property taxes caused by including the tax credits and whether most of the units are at the maximum. Mr. PERREY said a certain amount of taxes could be passed on to tenants through rent increases in larger cities where the rents are higher. This would not be possible in smaller cities. It is already hard to make these projects work in rural communities because of the income and rent restrictions. Mr. LAWSON said that Section 8 rents are determined by HUD. You can seek adjustments periodically, based on analysis of what other rents are, not on expenses.

Mayor BURGESS asked whether tax credits are available for both new construction and rehabilitations and whether assessors valuing these properties know whether the credits are still in place. Mr. LAWSON clarified that both types of projects receive credits annually with about two-thirds for new construction and about a third for rehabilitations and that assessors know the credits are in place for ten years.

Chairman NORRIS thanked the first panel and seated the second panel to discuss valuing low-income housing for tax purposes:

- Tennessee Association of Assessing Officers, Will DENAMI, Executive Director
- Tennessee County Services Association, David CONNOR, Executive Director
- Tennessee Comptroller of the Treasury, Robert LEE, General Counsel
- Tennessee State Board of Equalization, Kelsie JONES, Executive Secretary

Mr. DENAMI spoke first and said that assessors are required to follow statutes, common law, and the administrative guidance of the Division of Property Assessments. The assessors' job is to be fair and equitable as constitutionally required. He argued that making an exception for one class of taxpayers creates a slippery slope. Mr. DENAMI gave the example of two identical properties across the street from each other competing for the same renters but one property has rent restriction because of LIHTCs and the other one does not have such restrictions. He says by lowering the tax rate on the LIHTC property that the tax burden would be passed to the market rate property owner across the street. He said that the taxpayers do not find themselves in this situation by accident, that these are sophisticated entities, the deals are complicated and well-thought out, and developers compete for this program. He said he is not aware of any county that is not valuing the credits other than Shelby County with the PILOT program that allows local governments to determine the amount of payments, like in economic development deals.

Mr. CONNOR said that everyone recognizes the importance and value of low-income housing and the critical work that THDA and local public housing authorities perform. He noted that the law has been settled for 11 years and it's hard to accept that developers are unaware of it. The demand for the LIHTC credits remains very competitive. Counties have little room to maneuver financially, and when you reduce property taxes on one sector, it shifts the burden to others.

For this reason, the Tennessee County Services Association objects to these types of tax breaks for special groups of taxpayers.

Mr. LEE summarized a series of cases going all the way back to 1984 with the Briley Parkway case in Davidson County that found that you should limit valuation to the submarket of subsidized housing. The Division of Property Assessments views the LIHTC credits as enhancing factors and as income; the judge in the 2003 Spring Hill case agreed. Mr. LEE said he attends many property tax legal seminars nationally, and the Spring Hill decision has been held up as a model. Many states have legislatively removed the credits from valuation and there are still some court cases nationally that find that the credits should not be included in the valuation. The Comptroller's Office takes no position on the bill but considers the Spring Hill case the law of the land in Tennessee.

Mr. LEE said that appraisers view the credits as prepaid rent and consider them part of the income stream. They do a bifurcated appraisal, which values the actual income stream, then determines the present worth of the remaining tax credits outstanding, discounts it back to a present value, and adds it to the direct capitalization process of the income. He noted that assessors sometimes don't know a property is receiving LIHTCs until an owner appeals their appraisal.

Mr. JONES, answering an earlier question, said that in 2000, the state adopted a franchise and excise state tax credit for unanticipated property taxes, but that credit has since fallen by the wayside. Health, housing, and educational facility board PILOT programs have been around almost as long as industrial development board PILOT arrangements. Attorney General's Opinion 05-089 explains why providing PILOTs is within the legislature's authority and provides guidance on how to avoid constitutional problems. Most legislation over the years has been about disregarding the credits. However, one year there was an approach that mirrored the gross-rent-multiplier approach used for green-belt property.

There was a discussion about how the property credits are classified and whether there are any constitutional issues with including them in property tax appraisals. Mr. JONES said the approach upheld in the Spring Hill case treated the tax credits merely as an indication of value. The case was not about taxing the credits themselves; it was about recognizing the financial interests of all the owners of the property. The court said and two State Attorney General's Opinions in 2000 and 2005 agreed that it is within the constitutional authority of the legislature to define value for these kinds of property to account for the restrictions on use assumed by the owner. Mr. Jones said that the legislature could statutorily instruct assessors to disregard the credit or to take into account the restrictions, but could not constitutionally limit the value to the actual income in the limited use-market.

The Commission members discussed PILOT arrangements for low-income housing projects. Mayor HUFFMAN asked whether Memphis is the only local government using the PILOT approach and how a local government sets one of these up. Mr. JONES answered that the process is the same as the industrial development board process. Property is deeded to the health, housing, and educational facility boards, and the board leases the property to the business that will actually run the project. The business has an option to purchase the property at any time for a nominal amount and pays an agreed amount in lieu of taxes in the interim. Asked why other counties haven't followed Memphis' lead and established PILOTs for low-

income housing projects, Mr. CONNOR said that, if a developer wants to transfer the ownership over to the local board, they already have the ability to do so.

Representative SARGENT asked what the difference is between subsidies for properties eligible for the Greenbelt formula and the credits for LIHTC properties. Mr. JONES said that the Greenbelt Law provides a formula that doesn't take the subsidy into consideration. [Staff note: According to the Division of Property Assessment, the income method for Greenbelt property is based on estimates of income from "best agricultural practices" applied to that property, not on the income from that particular parcel. Estimates are based on the characteristics of the property (e.g., soil quality) and market prices for commodities typically produced on similar properties.]

Mr. McMAHAN asked whether there are actual examples of two properties physically close together but only one with LIHTCs truly competing to attract the same residents. Mr. DENAMI said that the example is a hypothetical, but there is a situation like it in Madison, Tennessee. Mr. McMAHAN also asked whether building a LIHTC property contributes enough added value to offset any property taxes lost by not considering the tax credits and whether the members of the second panel agreed that there are properties without the tax credits that are not contributing the way they could to the tax rolls. Mr. CONNOR answered that while vacant lots don't generate as much as a developed lot, residential growth doesn't pay for itself because the service burden exceeds taxes. The cost of services required by LIHTC properties will exceed the increase in taxes collected.

The Commission questioned why LIHTC properties have not been appraised the same way across the state. Mr. JONES said that new properties are entered and run through the mass appraisal computer system, which generally takes the cost approach. It is only when the owner files an appeal that the assessor learns that the property has LIHTCs. That's usually when the income approach, consistent with the Spring Hill decision, is first used.

Chairman NORRIS recognized Representative FAISON, sponsor of the bill, who said that Ronald Reagan and Tip O'Neill, recognizing some of the problems with traditional public housing, worked together and came up with the idea of inviting the private sector to develop low-income housing by giving them some skin in the game. He said it is important to give private business people some expectation of return for their investment in low-income housing. He said that supporters of the bill appreciate the fiscal situation of local governments and that passage of the bill will cause some money to be lost to local governments. However, if assessors tax the credits, there will not be enough incentive for developers to continue with low-income housing in Tennessee. The private sector takes better care of these properties. He asked the Commission members to make sure that this type of housing is preserved.

Representative CARTER requested a blank application for rent adjustment from staff, and Councilmember SENTER asked staff to provide a list of other low-income housing incentives.

2. Next meetings

- November 19-20
- January 2015 to be determined

Chairman NORRIS adjourned the meeting at 11:00 A.M.