



## Recent Legislative Changes Affecting Virginia Affordable Housing Assessments

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The Virginia General Assembly recently enacted legislation to amend Section 58.1-3295 of the Code of Virginia, which relates to assessments for affordable housing units. The amendments to Virginia Code ? 58.1-3295 provide as follows:

- **Elimination of Four-Unit Requirement** - The amendments to Virginia Code ? 58.1-3295 eliminate the requirement that real property qualifying as affordable housing contain more than four residential units. Effective Jan. 1, 2011, a real property owner may apply to a Virginia locality to obtain an affordable housing designation irrespective of the number of residential units included in the property.
- **Mandatory Use of the Income Approach** - Beginning Jan. 1, 2011, a real estate assessor must use the income approach when assessing real property that is generating income as affordable housing. The assessor's use of the income approach must be based on (i) the property's current use; (ii) any income restrictions on the real property; (iii) the provisions of any arm's-length contract (including, but not limited to, restrictions on the transfer of title or other restraints on the alienation of the real property); and (iv) any other requirements under Virginia Code ? 58.1-3295 relating to the assessment of affordable housing property.
- **Compliance with Information Reporting Requirement** - On or after Jan. 1, 2011, a real estate assessor may require an affordable housing applicant to comply with the information reporting requirements of Virginia Code ? 58.1-3294. Under the amended statute, an applicant will have to provide an assessor with statements of income and expense relating to the property if the assessor requests such information.

For further information on the amendments to Virginia Code ? 58.1-3295 and their effects, contact any member of the Williams Mullen Business Tax Section.

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