

May 5, 2009

H 1586. COMMUNITY LAND TRUST PROPERTY TAXATION. Filed 5/5/09. **TO MODIFY THE VALUATION OF COMMUNITY LAND TRUST PROPERTY.**

Establishes new GS 105-277.17 to provide that when a tax assessor appraises, assesses, and taxes *community land trust property*, as that term is defined in the new section, the assessor must take into consideration the resale restrictions applying to the property. Also defines the terms *community land trust developer*, *ground lease*, *qualifying owner*, and *resale restrictions*. Effective for taxable years beginning on or after July 1, 2009.

Intro. by Luebke.

GS 105

July 13, 2009

H 1586. COMMUNITY LAND TRUST PROPERTY TAXATION. Filed 5/5/09. House committee substitute makes the following changes to 1st edition. Makes the following changes to proposed GS 105-277.17. Defines *community land trust property* as improvements to real property (was, improved real property) that meet all of the following conditions: (1) transfers a fee or leasehold interest in the improvements subject to resale restrictions contained in a long-term ground lease of not less than 99 years (was, conveyed property to a qualifying owner subject to resale restrictions contained in a deed of conveyance or in a long-term ground lease of not less than 30 years) and (2) the community land trust developer retains an interest in the property pursuant to the deed of conveyance or the long-term ground lease (was, long-term ground lease of not less than 30 years). Amends the definition for *ground lease* to provide that the lease is between the community land trust developer of a dwelling site (was, the owner of a dwelling site), as landlord, and the owner or *lessee* of a permanent residence constructed on the dwelling site, as tenant. Amends the definition for *qualifying owner* to mean a resident of the state who occupies the community land trust property as a permanent residence as an owner or *lessee* with an annual income adjusted for family size, which at the time of the transfer is not more than 100% (was, 80%) of the local area median family income as defined by the most recent figures published by the US Department of Housing and Urban Development. Amends the definition for *resale restrictions* to mean binding restrictions that affect (was, limit) the price at which a qualifying owner's interest in community land trust property can be transferred for value (was, resold) to a subsequent qualifying owner or *the community land trust developer*.

Adds definitions for: (1) *income* as defined in GS 105-277.1(b); (2) *initial investment basis* meaning the most recent sales price of community land trust property, excluding any mortgage amount; (3) *silent mortgage amount* referencing the amount of debt incurred by a qualifying owner that is represented by a deed of trust or leasehold deed of trust on community land trust property, earns no interest, and requires no repayment prior to satisfaction of any interest-earning mortgage or a subsequent transfer of the property, whichever comes first; and (4) *transfer* meaning any method of disposing of an interest in real property.

Expands the criteria for determining valuation (was, directed the assessor to take resale restrictions that apply to community land trust property into consideration in determining the value of the property). Provides basis for determining the initial investment basis. Directs that in subsequent general reappraisals, the value of the community land trust property cannot be more than the sum of the restricted capital gain amount and the initial investment basis. Provides criteria for determining the restricted capital gain amount. Makes a technical change.

Amends GS 105-278.6(e) regarding real property purposed as a future site for housing for low or moderate income individuals or families. Provides that a disqualifying event causing the loss of eligibility for deferred taxes on the real property occurs when the property is not used (was, when the organization fails to construct) for low or moderate income housing within five years from when the property was classified under this section. Amends GS 105-282.1(a)(2)c. to add as special classes of property classified for taxation at a reduced valuation those described under new GS 105-277.17.

Effective for taxable years beginning on or after July 1, 2010 (was, July 1, 2009).

September 1, 2009

SL 2009-481 (H 1586). COMMUNITY LAND TRUST PROPERTY TAXATION. AN ACT TO CLARIFY THE VALUATION OF COMMUNITY LAND TRUST PROPERTY. Summarized in *Daily Bulletin* 5/5/09 and 7/13/09. Enacted August 26, 2009. Effective for taxes imposed for taxable years beginning on or after July 1, 2010.