



PROPOSED 5703-25-20 Procedure for valuation of federally subsidized residential rental property.
OHIO DEPARTMENT OF TAX, DIVISION OF TAX EQUALIZATION

March 1, 2024

Dear Commissioner Harris,

Thank you for the opportunity to comment on the proposed new rule related to the valuation of federally subsidized rental property prompted by statutory changes in House Bill 33 of the 135th General Assembly. On the substance of how to reach evidence based values in keeping with the actual market for these properties and guidance of the Board of Tax Appeals and other courts both the statute and the rule will be a significant improvement. These comments pertain to some of the timing and logistics needs for the sharing of information and proposed values overlay this process onto the existing appraisal structure as seamlessly as possible. We look forward to working with the Department on this initial implementation and as these procedures are used in the coming year and hope you will consider the proposed adjustments before final adoption.

Make explicit the ability for auditors to file tentative abstracts without waiting for the process in (B)(7) of the proposed rule.

Taxation should amend the rule to expressly permit Auditor's to file tentative abstracts of value for review by taxation without waiting to complete the process laid out in (B)(7) of the proposed rule for a property owner to overcome the statutory presumptions for the formula. Under this provision, owners have until May 15th to provide the evidence and alternative proposed valuation and the auditor then has until June 15th per (B)(8) to either adjust per the evidence provide an opportunity to meet.

The timing itself is reasonable, but if tentative values set without reference to this process are not used in the initial abstract it would delay by 1-2 months the time frame that Franklin County traditionally files our abstract. This early filing practice is necessary to allow us sufficient time to process parcels needing special handling-those with TIFs, abatements, or other adjustments as well as layer annual maintenance and new construction into the abstract before publicizing approved tentative values.

In addition, delaying the filing of any county's abstract until after June 15th would create an unfortunate bottle neck for the Department of Taxation to review, seek adjustment to, and ultimately



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approve abstracts especially in the larger 41 county year of which Franklin County is part.

Tentative values are just that, tentative, and the ability for property owners to overcome statutory presumptions can just as easily take place after the tentative abstract has been filed and ensure the appraisal per the statute of federally subsidized residential rental property does not interfere with appraisal of other county properties.

Set a clear timeline for objections and resolution of objections to the valuation prior to the final abstract in (B)(6)(c) and (d) of the proposed rule.

Both auditors and property owners should be encouraged to promptly communicate through addition of specific timeframes for when a property owner must object and an auditor meet regarding objections to valuation. The rule as written in (B)(6)(d) provides that if an owner disagrees the auditor must provide an opportunity to meet by September 1st. The rule does not however provide guidance on how long after receiving the valuation the owner can express disagreement or how much notice an auditor has to set the meeting. The rule will not function well if all property owners in a county who disagree with a value inform the county auditor on August 31st and insist that they get a meeting by September 1st. Similarly, it would be unfair to property owners for an auditor to release values on August 31st and insist they either meet or go without the benefit of the rule the next day.

One solution to this would be saying that an owner has 21 days after notice of the valuation from the auditor to inform the auditor of disagreement and the auditor then has 30 days or until September 1st whichever comes last to provide an opportunity to meet and review the calculation. This motivates auditors to timely release valuations and gives property owners a reasonable time to both object and meet to review the calculation.

Add additional clarity to the triggering events and deadlines for initial filings when a project comes online in (B)(2) of the proposed rule.

The rule as drafted currently provides that the initial filing will be “upon” either “closing of the Partnership” for a low income housing tax credit property or “issuance of a certificate of occupancy” for “HUD or RD property”. Both the timing of “upon” and the triggering events for this initial filing could benefit from further review and detail.

First, if “upon” were changed to “withing 30 days” of the triggering event that would allow a reasonable time for owners to provide information and still plenty of time for auditors to use the information in the valuation of new projects.

Second, for the LIHTC projects in particular, it is not clear what “upon closing of the Partnership” means compared to when the project will be operational—often there is extended construction after this point in time and valuing an only partially built project based on its full gross rent potential could lead to absurd results. The affordable housing developers could hopefully provide additional insight in how to balance wanting prompt filing with how to appropriately use the pro forma statements or budgets to be filed on projects that have not yet generated financial statements per (B)(5).

Third, it would be helpful to owners and auditors alike to cross reference the types of federally subsidized residential rental property listed in (A)(6)(a) through (g) with the appropriate timeline trigger. For example if (B)(2)(a)(i) included this cross reference and the timeline suggestions above it would read “If a low Income Housing Tax Credit Property defined in (A)(6)(a), within 30 days of the closing of the Patnership;”

Conclusion

I hope you will consider these comments and make adjustments before proceeding with additional steps to file this rule. Both the statute and the existing draft will assist in the proper evaluation of these properties and hopefully avoid unnecessary appeals to the Board of Revision and the Board of Tax Appeals. I can be reached at AuditorStinziano@franklincountyohio.gov or 614-525-5700. I would welcome the opportunity to continue this discussion to craft the best possible language to implement this new program.

Sincerely,

Michael Stinziano
Franklin County Auditor