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February 4, 2026

The Honorable Morgan Meyer  
Chairman  
Committee on Ways and Means  
Texas House of Representatives  
Texas State Capitol, E2.116  
Austin, Texas 78768

Subject: Request for Interim Study on Appraisals for Housing Tax Credit Developments

Dear Chairman Meyer,

I am writing on behalf of the Texas Affiliation of Affordable Housing Providers (TAAHP) to respectfully request that the House Committee on Ways and Means include an interim charge examining property tax appraisal practices for income-restricted multifamily housing.

TAAHP represents more than 800 professionals involved in the development, financing, construction, and operation of affordable housing across Texas. Our members operate in urban, suburban, and rural markets and are directly affected by appraisal valuation policy, particularly for developments financed through the federal Low-Income Housing Tax Credit (LIHTC) program.

We respectfully propose the following interim charge language for the Committee's consideration:

### Appraisals for Income-Restricted Multifamily Housing

*Study issues related to property tax appraisal practices for income-restricted multifamily housing, including the use of capitalization rates and the consistency of valuation methodologies across appraisal districts. Make recommendations to improve predictability, transparency, and uniformity in appraisal practices for income-restricted properties, reduce unnecessary valuation volatility and disputes, and support stable local tax administration while maintaining appropriate local appraisal authority.*

These concerns were examined during the 89th Legislature through HB 4478, which focused on standardizing capitalization rates used in the appraisal of certain low-income housing properties. While the bill did not reach the House floor before the end of session, it passed out of the House Committee on Ways and Means unanimously, and the hearing record reflects broad agreement that current appraisal practices for income-restricted properties produce unnecessary volatility and recurring disputes.

Testimony during the HB 4478 hearing highlighted how routine appraisal protests, and litigation have become for income-restricted properties. One Texas developer operating 18 LIHTC properties testified that approximately 90 percent are protested and litigated annually. In one case, a property appraised at \$5.65 million after protest was proposed the following year at approximately \$18.4 million, despite no change in income restrictions or

net operating income. When initial valuations are this disconnected from operating reality, protests, and ultimately litigation, become a required part of the appraisal cycle.

Both property owners and appraisal districts identified the same underlying issue: the absence of a consistent, data-driven framework for determining capitalization rates for income-restricted properties. During committee testimony, the Texas Association of Appraisal Districts (TAAD) expressed support for a standardized approach and specifically acknowledged the value of leveraging Texas Department of Housing and Community Affairs (TDHCA) statewide data and expertise. TDHCA already collects audited income and expense information for LIHTC properties and is uniquely positioned to inform appraisal inputs that reflect the economic realities of long-term income-restricted housing.

An interim study by the Committee would allow for a focused, technical examination of appraisal methodology, data inputs, and statutory guardrails, including the appropriate role of TDHCA in supporting consistent and transparent valuation practices. This work would build on the progress already made in Ways and Means, further engage appraisal districts and industry stakeholders, and help identify solutions that improve predictability and administrative efficiency without altering tax rates or local appraisal authority.

TAAHP would welcome the opportunity to support the Committee's work during the interim. We appreciate your leadership on tax policy matters and respectfully ask for your consideration of this request.

Sincerely,

A handwritten signature in black ink that reads "Roger Arriaga". The signature is written in a cursive, flowing style.

Roger Arriaga, Executive Director

CC: Meghan Cano, President  
Kathryn Saar, President-Elect, Government Affairs Chair