



May 26, 2020

The Honorable Greg Abbott
Governor of Texas
Office of the Governor
P.O. Box 12428
Austin, Texas 78711

Dear Governor Abbott:

I am writing you to encourage you and other state leaders to continue using all tools at your disposal to ensure both valuations and tax rates for property taxes take into account the impacts of the COVID 19 crisis.

The Texas Apartment Association (TAA) represents more than 12,000 members who own, manage and serve nearly 2.2 million rental housing units in Texas. Throughout the COVID 19 crisis, our members have undertaken a number of measures at their properties to assist our residents, protect employees and maintain essential services.

During this crisis TAA members have had a unique role to not only provide shelter for millions of Texans forced to stay home but also continue operating their properties and providing services expected by our residents while balancing health-based protocols, new federal regulations, and in some cases new local ordinances. Notwithstanding these operating challenges, TAA members have foregone tens of millions of dollars in waived or discounted rent for their residents, waived fees, entered into payment agreements and provided other assistance to help their members and employees successfully navigate the COVID 19 crisis.

As you know, TAA also worked with Chief Justice Hecht and other stakeholders to craft the statewide eviction moratorium. While the state moratorium has ended, various local restrictions and the federal moratorium under the CARES Act (which would be vastly expanded if the HEROES Act were to become law) could result in significant damages to the rental housing industry as property owners are prohibited from removing residents who refuse to pay rent.

Being required to maintain housing for non-paying residents coupled with increased operating expenses including higher property taxes will have a devastating impact on the rental housing industry. Despite the widespread economic impacts of the COVID 19 crisis, property valuations have increased dramatically this year – one of our members reports a 137% increase in their proposed value. While this example may be extreme, many of our members across the state have reported increases of 30% or more.

Property taxes are the single largest operating expense for Texas apartment communities, typically consuming 20% or more of rents. From 2007 to 2019, the taxable value of multifamily properties rose 187% statewide. That rate is more than twice the increase in single-family home values and more than

twice the growth in the property tax base as a whole. This increase reflects a strong demand for apartment living in Texas, and TAA's members – and our residents – have paid property taxes every year on those rising values. But with the onset of COVID-19 and the horrifically timed fall in the oil and gas market, a sharp reversal in values is now occurring. Some of our members have said they expect as much as a 25% decline in revenues to result.

Market value remains the gold standard for tax appraisal as well as being required by law. TAA and its members ask that you communicate directly with our state's Central Appraisal Districts to ensure that the market values determined for apartment communities are appropriately adjusted to reflect the reality of what is happening across our state. We also hope that you will continue to press local governments as they begin to work on budgets for the upcoming fiscal year to restrict increases in tax levies to be in line with the provisions in SB 2 (86th r.s.) that limit property tax increases to 3.5 percent without voter approval.

Thank you again for your leadership during these unprecedented times.

We look forward to working with you on this important issue and stand ready to assist in any way we can.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Newton". The signature is fluid and cursive, with the first name "Chris" and last name "Newton" clearly distinguishable.

Chris Newton
Executive Vice President
Texas Apartment Association