
TAX - OHIO

Notestine Manor, Inc. v. Logan County Board of Revision

Supreme Court of Ohio - January 2, 2018 - N.E.3d - 2018 WL 321568 - 2018 -Ohio- 2

County auditor and board of revision appealed determination of the Board of Tax Appeals adopting valuation of residential rental property, which was federally subsidized low-income housing under federal Section 202 program, by taxpayer's appraiser.

The Supreme Court of Ohio held that:

- Contract-rent appraisal method, rather than market-rent appraisal method, applied to valuation of property, and
- Statute governing valuation of real estate did not require auditor to disregard effect of governmentally imposed restrictions when determining tax value of property.

Contract-rent appraisal method, rather than market-rent appraisal method, applied to valuation of residential rental property developed as federally subsidized low-income housing under Section 202 of the Housing Act of 1959, which involved highly restrictive covenants, though county asserted contract-rent appraisal resulted in nominal value that effectively granted property local-tax subsidy; rents were restricted to minimal amounts, any federal subsidization was strictly controlled by rigorous United States Department of Housing and Urban Development (HUD)-imposed restrictions on accumulation of surpluses, there was no indication that contract rents exceeded those generally available in the market or that property benefited from additional tax incentives, and policy concerns were for legislature.

Statute governing valuation of real estate, which required auditor to determine true value of "fee simple estate, as if unencumbered," did not require auditor to disregard effect of governmentally imposed restrictions when determining tax value of federally subsidized low-income housing, but rather governmental use restrictions should have been taken into account when valuing such property subject to those restrictions.

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