

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

HOUSE BILL 1894

5 By: Representative Beaty Jr.
6 By: Senator Gilmore
7

For An Act To Be Entitled

8
9 AN ACT TO ESTABLISH A METHOD OF VALUATION FOR REAL
10 PROPERTY USED FOR AFFORDABLE HOUSING; TO ESTABLISH A
11 METHOD OF VALUATION FOR CERTAIN REAL PROPERTY UNDER
12 ARKANSAS CONSTITUTION, ARTICLE 16, § 5; AND FOR OTHER
13 PURPOSES.
14
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Subtitle

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17 TO ESTABLISH A METHOD OF VALUATION FOR
18 REAL PROPERTY USED FOR AFFORDABLE
19 HOUSING; AND TO ESTABLISH A METHOD OF
20 VALUATION FOR CERTAIN REAL PROPERTY
21 UNDER ARKANSAS CONSTITUTION, ARTICLE 16,
22 § 5.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. DO NOT CODIFY. Legislative intent.

27 The General Assembly intends for this act to:

- 28 (1) Be remedial; and
- 29 (2) Clarify the existing law.
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31 SECTION 2. Arkansas Code § 26-26-1202, concerning valuation procedures
32 for property, is amended to add an additional subsection to read as follows:

33 (j)(1) In assessing the value of a parcel of real property, a county
34 assessor shall use an income-based approach for the assessment of a parcel of
35 real property that has federally imposed or state-imposed restrictions that
36 use rent limitations, operations requirements, or any other restrictions on



1 the real property that are connected to:

2 (A) The real property being eligible for an income tax
 3 credit under 26 U.S.C. § 42;

4 (B) Real property constructed with the use of the United
 5 States Department of Housing and Urban Development HOME Investment
 6 Partnerships Program;

7 (C) Real property constructed with the use of incentives
 8 provided by the United States Department of Agriculture Rural Development; or

9 (D) Real property that receives any other state or federal
 10 subsidy provided with respect to the use of the real property for housing
 11 purposes.

12 (2)(A) As used in this subsection, "income-based approach" means
 13 a computation that:

14 (i) Divides the actual net operating income of a
 15 parcel of real property by an appropriate market-derived capitalization rate;

16 (ii) Does not exceed the average of the current
 17 market data available in the county in which the parcel of real property is
 18 located, as determined by analyzing sales of comparable income-producing
 19 properties that reflect prevailing investment conditions, risk factors, and
 20 expected returns; and

21 (iii) Is not calculated using federal tax credits,
 22 state tax credits, or any other subsidy.

23 (B) "Income-based approach" includes the use of direct
 24 capitalization methodology.

25 (3) After the expiration of a land-use restriction agreement,
 26 this subsection does not apply to a parcel of real property that was subject
 27 to the land-use restriction agreement that expired.

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 29 SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for
 30 assessment years beginning on or after January 1, 2026.

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