



July 22, 2024

Property Owned by a Charitable Organization for Low-Income Housing

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Property Owned by a Charitable Organization for Low-Income Housing

Reference Number: CTAS-1550

Under T.C.A. § 67-5-221, certain property owned by a charitable organization and held for the housing of persons with low income may be exempt from taxation upon the adoption of a resolution by two-thirds vote of the county legislative body.¹ If the provisions of T.C.A. § 67-5-221 are adopted and subject to the application requirements of T.C.A. § 67-5-212, land, including buildings on the land, owned by a charitable institution and held for the purpose of constructing one or more single family dwellings to be conveyed for use as the residence of a low-income household as defined in T.C.A. § 13-23-103(12), is exempt during the period of its ownership by the charitable institution until the date it is conveyed to the adult head of the low-income household, but not to exceed the periods established in T.C.A. § 67-5-221(b) and (c).² The effective date of exemption is determined under T.C.A. § 67-5-212. If a dwelling is not constructed and conveyed as provided in T.C.A. § 67-5-221 within the allotted periods, the property will be encumbered by the full amount of taxes together with penalties and interest which would otherwise have been due.³

If the property purchased is a single lot on which only a single family home may be constructed, the property is exempt for a period not to exceed 18 months.⁴ If the property is planned for subdivision into multiple single family lots according to plans filed by the organization, the period of exemption is 18 months plus six months for each additional lot planned beyond the first. If a lot is not developed as planned, a proportionate share of taxes which would have been due upon the lot, including delinquency penalties and interest, will accrue from the date of acquisition of the property by the organization. Taxes will accrue on individual lots within a multi-lot development at the time each lot is conveyed as provided in T.C.A. § 67-5-221.⁵

¹T.C.A. § 67-5-221(a) and (d).

²T.C.A. § 67-5-221(a).

³T.C.A. § 67-5-221(a).

⁴T.C.A. § 67-5-221(b).

⁵T.C.A. § 67-5-221(c).

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