



STATE BOARD OF EQUALIZATION
 PROPERTY AND SPECIAL TAXES DEPARTMENT
 450 N STREET, SACRAMENTO, CALIFORNIA
 PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
 1-916 274-3350 • FAX 1-916 285-0134
 www.boe.ca.gov

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No. 2013/041

August 26, 2013

TO COUNTY ASSESSORS:

2014-2015 INCOME LEVELS FOR THE WELFARE EXEMPTION

The listings reflecting the various income levels of households to qualify for the Welfare Exemption are developed by the California Department of Housing and Community Development (HCD). By statute, HCD obtains certain information from the U.S. Department of Housing and Urban Development (HUD) to compile the household income levels to be used by county assessors.

Welfare Exemption – Elderly and Handicapped Rental Housing

Revenue and Taxation Code¹ section 214(f) provides that the Welfare Exemption is available for property used exclusively for housing and related facilities for elderly or handicapped families, provided that the property is owned and operated by qualifying organizations meeting all the requirements of section 214 under any of the following:

1. Care is provided such as skilled nursing or convalescent care; or services are provided to residents such as meals, transportation, and staff on premises available to assist residents.
2. The housing project is financed by the federal government pursuant to one of the following sections:
 - Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q)
 - Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v)
 - Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z)
 - Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013)
3. The property is used for housing and related facilities for low- and moderate-income elderly or handicapped families.

If the claimant does not provide supplemental care or services and the property is not financed by the federal government, the property may qualify for the Welfare Exemption under section 214(f) only to the extent that the property is used for housing and related facilities for low- and moderate-income elderly or handicapped families. A home for the handicapped may include persons who are not elderly, such as housing for physically or mentally disabled. Nursing homes, sanitariums, etc., also may be eligible for exemption under section 214(f).

¹ All statutory references are to the Revenue and Taxation Code unless otherwise indicated.

Low- and moderate-income has the same meaning as the term "persons and families of low- or moderate-income" as defined by section 50093 of the Health and Safety Code. Property which would otherwise be exempt, except that it includes some housing and related facilities for other than low- or moderate-income elderly or handicapped families, is entitled to a partial exemption. While limited partnership property may qualify for exemption as low-income housing under section 214(g), it cannot qualify for exemption under section 214(f).

Supplemental claim form BOE-267-H, *Welfare Exemption Supplemental Affidavit, Housing – Elderly or Handicapped Families*, provides the procedures that should be used to administer the income requirements. The claim form is to be filed on an annual basis to document the units that are eligible for the exemption. In order to be eligible for the exemption, the units must be rented within the prescribed rental levels to low- or moderate-income family households that do not exceed the maximum levels allowed.

Welfare Exemption – Low-Income Rental Housing

Section 214(g) provides an exemption for property owned and operated by qualifying organizations used exclusively for rental housing occupied by low-income households. Qualifying organizations include nonprofit funds, foundations, corporations, limited liability companies, and limited partnerships with an eligible managing general partner. Low-income housing owned and operated by a limited partnership that includes for-profit partners may still be eligible for the Welfare Exemption if the managing general partner is an eligible nonprofit organization or an eligible limited liability company that meets all the requirements for exemption in section 214(a) and has sufficient management authority and duties in the partnership operations.

Limited partnerships filing an exemption claim for low-income housing must certify and ensure that there is an enforceable and verifiable agreement with a public agency (regulatory agreement) or a recorded deed restriction that restricts the property for rental to low-income households. Low-income housing owned and operated by nonprofit corporations may be restricted with a regulatory agreement, deed restriction, or through the use of an *other legal document*.²

Under section 214(g)(1)(C), nonprofit organizations using an *other legal document* to restrict their property are subject to an exemption cap. A single property or multiple properties for any fiscal year may not exceed \$20,000 of tax. This limitation on the exemption of \$20,000 of tax applies solely to low-income housing properties owned by nonprofit organizations that are not financed by government loans, as specified in section 214(g)(1)(A), or do not receive low-income housing tax credits, as provided in section 214(g)(1)(B). A limited partnership, with an eligible managing general partner, cannot claim the exemption through another legal document which restricts property usage and rent levels (section 214(g)(1)(C)).

Supplemental claim form BOE-267-L, *Welfare Exemption Supplemental Affidavit, Housing—Lower-Income Households*, should be used to administer the income requirements on low-income housing property owned and operated by a nonprofit corporation or an eligible

² See Property Tax Rule 140, *Welfare Exemption Requirements for Low-Income Housing Properties*, for a definition of *other legal documents*.

limited liability company. Supplemental claim form BOE-267-L1, *Welfare Exemption Supplemental Affidavit, Low-Income Housing Property of Limited Partnership*, should be used to administer the income requirements on low-income housing owned and operated by a limited partnership. The claim forms are to be filed annually to document the units eligible for the exemption. Eligible units are defined as those rented within the prescribed rental levels to low-income family households whose annual income does not exceed the maximum levels allowed. These supplemental claim forms must also be filed annually to certify that the property satisfies the requirements of section 214(g).

Additionally, a qualifying organization claiming exemption under section 214(g)(1)(C) using an *other legal document* must complete Part E of form BOE-267-L to provide information concerning those properties subject to the \$20,000 tax exemption. The claimants must list all the counties in which such properties are located and the dollar amount of tax exemption, up to the \$20,000 cap, to be applied for each property.³

All assessors' offices must provide the State Board of Equalization (BOE) with a list of properties on which all or a portion of the \$20,000 tax exemption cap has been applied and the tax dollar amount applied to each property. The BOE will conduct a statewide match by corporate name and identification number to verify that the \$20,000 tax exemption cap has not been exceeded. The results of the matching process will be provided to those assessors' offices where the limit has been exceeded so that action can be taken to resolve the issue.

The property is entitled to an exemption of an amount equal to the percentage of the property serving low-income households. The exemption amount should be applied to the property's assessed value. Vacant units may also qualify for exemption if the units are restricted by a deed, regulatory agreement, or other legal document. These documents are required to restrict the property usage to low-income housing by expressly stating that:

The units designated for use by low-income households are continuously available to or occupied by lower income households at rents within the prescribed limits of the statutes or regulatory agreements.

Enclosed are the *Moderate Income Family Household Income Limits* (Attachment A) and *Lower Income Family Household Income Limits* (Attachment B) listings issued by HCD which are to be used for affidavits filed for the 2014-2015 claim year. The moderate income limits should be used for elderly or handicapped rental housing eligible for the Welfare Exemption under section 214(f). The lower income limits should be used for low-income rental housing eligible for the Welfare Exemption as provided in section 214(g).

The tenant income levels should be reviewed and compared to the enclosed income limits to determine the portion of the property that is eligible for the Welfare Exemption. Determination of qualifying units should be based on the use of the property on the lien date. In all cases, the exemption from property tax is available only to the extent that the household incomes of

³ A limited partnership, with an eligible managing general partner, cannot claim the exemption through an *other legal document*.

families do not exceed the specified limits, and the rents are within the prescribed limits in the statute or regulatory agreement.

If you have questions regarding the enclosed income levels or questions concerning the exemptions described in this letter, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:kdk
Enclosures

**MODERATE INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2014
WELFARE EXEMPTION—HOMES FOR THE ELDERLY/HANDICAPPED**

(To be used for affidavits to be filed in 2014)

County	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Alameda	78,550	89,750	101,000	112,200	121,200	130,150	139,150	148,100
Alpine	71,650	81,900	92,100	102,350	110,550	118,750	126,900	135,100
Amador	58,150	66,450	74,750	83,050	89,700	96,350	103,000	109,650
Butte	49,300	56,350	63,400	70,450	76,100	81,700	87,350	93,000
Calaveras	58,550	66,900	75,300	83,650	90,350	97,050	103,750	110,400
Colusa	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Contra Costa	78,550	89,750	101,000	112,200	121,200	130,150	139,150	148,100
Del Norte	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
El Dorado	63,900	73,050	82,150	91,300	98,600	105,900	113,200	120,500
Fresno	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Glenn	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Humboldt	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Imperial	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Inyo	55,250	63,150	71,050	78,950	85,250	91,600	97,900	104,200
Kern	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Kings	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Lake	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Lassen	56,100	64,100	72,150	80,150	86,550	92,950	99,400	105,800
Los Angeles	54,450	62,200	70,000	77,750	83,950	90,200	96,400	102,650
Madera	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Marin	86,500	98,900	111,250	123,600	133,500	143,400	153,250	163,150
Mariposa	51,500	58,850	66,200	73,550	79,450	85,300	91,200	97,100
Mendocino	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Merced	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Modoc	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Mono	66,850	76,400	85,950	95,500	103,150	110,800	118,400	126,050
Monterey	57,700	65,950	74,200	82,450	89,050	95,650	102,250	108,850
Napa	72,300	82,650	92,950	103,300	111,550	119,850	128,100	136,350
Nevada	60,950	69,700	78,400	87,100	94,050	101,050	108,000	114,950
Orange	73,250	83,700	94,200	104,650	113,000	121,400	129,750	138,150
Placer	63,900	73,050	82,150	91,300	98,600	105,900	113,200	120,500
Plumas	52,100	59,500	66,950	74,400	80,350	86,300	92,250	98,200
Riverside	54,600	62,400	70,200	78,000	84,250	90,500	96,700	102,950
Sacramento	63,900	73,050	82,150	91,300	98,600	105,900	113,200	120,500
San Benito	68,100	77,850	87,550	97,300	105,100	112,850	120,650	128,450
San Bernardino	54,600	62,400	70,200	78,000	84,250	90,500	96,700	102,950
San Diego	63,750	72,900	82,000	91,100	98,400	105,700	112,950	120,250
San Francisco	86,500	98,900	111,250	123,600	133,500	143,400	153,250	163,150
San Joaquin	55,700	63,650	71,600	79,550	85,900	92,300	98,650	105,000
San Luis Obispo	63,350	72,400	81,450	90,500	97,750	105,000	112,200	119,450
San Mateo	86,500	98,900	111,250	123,600	133,500	143,400	153,250	163,150
Santa Barbara	61,550	70,350	79,150	87,950	95,000	102,000	109,050	116,100
Santa Clara	88,600	101,300	113,950	126,600	136,750	146,850	157,000	167,100
Santa Cruz	73,100	83,500	93,950	104,400	112,750	121,100	129,450	137,800
Shasta	49,550	56,650	63,700	70,800	76,450	82,150	87,800	93,450
Sierra	60,650	69,300	78,000	86,650	93,600	100,500	107,450	114,400
Siskiyou	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Solano	69,350	79,300	89,200	99,100	107,050	114,950	122,900	130,800
Sonoma	69,350	79,300	89,200	99,100	107,050	114,950	122,900	130,800
Stanislaus	52,100	59,500	66,950	74,400	80,350	86,300	92,250	98,200
Sutter	49,900	57,050	64,150	71,300	77,000	82,700	88,400	94,100
Tehama	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Trinity	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Tulare	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Tuolumne	56,050	64,050	72,050	80,050	86,450	92,850	99,250	105,650
Ventura	75,000	85,700	96,450	107,150	115,700	124,300	132,850	141,450
Yolo	64,600	73,850	83,050	92,300	99,700	107,050	114,450	121,850
Yuba	49,900	57,050	64,150	71,300	77,000	82,700	88,400	94,100

To determine income limit for households larger than 8 persons: (1) multiply the 4-person income limit by 8%; (2) multiply result by number of persons in excess of 8; (3) add the amount to the 8-person income limit; and (4) round to nearest \$50.

LOWER INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2014
WELFARE EXEMPTION—LOW INCOME HOUSING
 (To be used with Affidavits filed in 2014)

County	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Alameda	46,350	53,000	59,600	66,250	71,550	76,850	82,150	87,450
Alpine	43,600	49,800	56,050	62,250	67,250	72,250	77,200	82,200
Amador	38,750	44,300	49,850	55,350	59,800	64,250	68,650	73,100
Butte	32,900	37,600	42,300	46,950	50,750	54,500	58,250	62,000
Calaveras	39,050	44,600	50,200	55,750	60,250	64,700	69,150	73,600
Colusa	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Contra Costa	46,350	53,000	59,600	66,250	71,550	76,850	82,150	87,450
Del Norte	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
El Dorado	42,650	48,750	54,850	60,900	65,800	70,650	75,550	80,400
Fresno	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Glenn	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Humboldt	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Imperial	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Inyo	36,900	42,150	47,400	52,650	56,900	61,100	65,300	69,500
Kern	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Kings	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Lake	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Lassen	36,250	41,400	46,600	51,750	55,900	60,050	64,200	68,350
Los Angeles	47,850	54,650	61,500	68,300	73,800	79,250	84,700	90,200
Madera	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Marin	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
Mariposa	34,350	39,250	44,150	49,050	53,000	56,900	60,850	64,750
Mendocino	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Merced	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Modoc	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Mono	43,900	50,150	56,400	62,650	67,700	72,700	77,700	82,700
Monterey	39,950	45,650	51,350	57,050	61,650	66,200	70,750	75,350
Napa	46,050	52,600	59,200	65,750	71,050	76,300	81,550	86,800
Nevada	40,700	46,500	52,300	58,100	62,750	67,400	72,050	76,700
Orange	53,950	61,650	69,350	77,050	83,250	89,400	95,550	101,750
Placer	42,650	48,750	54,850	60,900	65,800	70,650	75,550	80,400
Plumas	34,750	39,700	44,650	49,600	53,600	57,550	61,550	65,500
Riverside	37,550	42,900	48,250	53,600	57,900	62,200	66,500	70,800
Sacramento	42,650	48,750	54,850	60,900	65,800	70,650	75,550	80,400
San Benito	45,100	51,550	58,000	64,400	69,600	74,750	79,900	85,050
San Bernardino	37,550	42,900	48,250	53,600	57,900	62,200	66,500	70,800
San Diego	46,250	52,900	59,500	66,100	71,400	76,700	81,950	87,250
San Francisco	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
San Joaquin	37,150	42,450	47,750	53,050	57,300	61,550	65,800	70,050
San Luis Obispo	42,250	48,250	54,300	60,300	65,150	69,950	74,800	79,600
San Mateo	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
Santa Barbara	44,600	51,000	57,350	63,700	68,800	73,900	79,000	84,100
Santa Clara	59,400	67,900	76,400	84,900	91,650	98,450	105,250	112,050
Santa Cruz	56,500	64,550	72,600	80,650	87,150	93,600	100,050	106,500
Shasta	33,050	37,800	42,500	47,200	51,000	54,800	58,550	62,350
Sierra	39,400	45,000	50,650	56,250	60,750	65,250	69,750	74,250
Siskiyou	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Solano	45,500	52,000	58,500	65,000	70,200	75,400	80,600	85,800
Sonoma	45,500	52,000	58,500	65,000	70,200	75,400	80,600	85,800
Stanislaus	34,750	39,700	44,650	49,600	53,600	57,550	61,550	65,500
Sutter	33,250	38,000	42,750	47,500	51,300	55,100	58,900	62,700
Tehama	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Trinity	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Tulare	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Tuolumne	37,200	42,500	47,800	53,100	57,350	61,600	65,850	70,100
Ventura	49,850	57,000	64,100	71,200	76,900	82,600	88,300	94,000
Yolo	43,050	49,200	55,350	61,500	66,450	71,350	76,300	81,200
Yuba	33,250	38,000	42,750	47,500	51,300	55,100	58,900	62,700

To determine income limit for households larger than 8 persons: (1) multiply the 4-person income limit by 8%; (2) multiply result by number of persons in excess of 8; (3) add the amount to the 8-person income limit; and (4) round to nearest \$50.