



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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March 24, 1989

TO COUNTY ASSESSORS:

No. 89/26

WELFARE EXEMPTION -- LOWER-INCOME HOUSING INCOME STATEMENT

Section 214(g) of the Revenue and Taxation Code provides that the Welfare Exemption is available for rental housing and related facilities serving lower-income households provided specified criteria are met. A partial exemption, equal to that percentage of the value of the property which the portion of the property serving lower-income households is of the total property, is also available.

To qualify for the Welfare Exemption, the property, or portion thereof, must be used exclusively for rental housing and related facilities serving "lower-income households" and must be owned and operated by a religious, hospital, scientific, or charitable fund, foundation, or corporation, including a limited partnership in which the managing general partner is an eligible nonprofit corporation, meeting all the requirements of Section 214.

The term "lower-income households" is defined by Section 50079.5 of the Health and Safety Code. A list of the income limits, based on the number of persons in the household, for each of the 58 counties is attached.

The law also requires that at least one of the following criteria is complied with:

"(1) Twenty percent or more of the occupants of the property are lower-income households whose rent does not exceed that prescribed by Section 50053 of the Health and Safety Code.

"(2) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower-income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

"(3) The owner of the property is eligible for and receives low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514.

Finally, in order to be eligible for the exemption provided by this subdivision, the owner of the property shall do both of the following:

"(A) Certify and ensure that there is a deed restriction, agreement, or other legal document which restricts the project's usage and which provides that the units designated for use by lower income households are continuously available to or occupied by lower-income households at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053, rents do not exceed those prescribed by the terms of the financing or financial assistance.

"(B) Certify that the funds which would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower-income households."

Enclosed are the following forms and procedures to be used in the administration of the income requirements for rental housing for lower-income households:

1. The Supplemental Affidavit, Housing - Lower-Income Households, SBE-ASD AH 267L, Income 1989.

This affidavit must be filed by the claimant, in duplicate, at the same time that its duplicate claims for the welfare exemption are filed with the county assessor. The affidavit must include the lower-income household income limits based upon number of persons in the household, to be specifically used for households occupying properties owned by claimants in your county. The set of eight income limits is different for each county. Your affidavit must not be used for filing in another county.

You must provide a copy of the affidavit to each facility for lower-income households, or other facility occupied by such households where the organization files for the welfare exemption. The organization will not be allowed the exemption unless the proper information in a completed affidavit, in duplicate, is provided to the assessor, who will forward a copy of the affidavit, along with a copy of

the welfare exemption claim, to the Assessment Standards Division, State Board of Equalization, for review under the provisions of Section 254.5, Revenue and Taxation Code.

NOTE: The low-income exemption calculation under 214(g) is the value of low-income households to the total area of the property, unlike 214(f) which is the number of low- and moderate-income elderly and handicapped families occupying the property to the total number of families occupying the property.

2. A copy of the Lower-Income Household Income Limits for 1988 showing the limits based upon number of persons in the household for each of the 58 counties.
3. A suggested form that you should provide to organizations so that the organization can provide the forms to each household occupying a portion of its property in order to determine if the household income exceeds the specified limit for the household. The suggested form is titled, "Statement of Family Household Income." The eight income limits, based upon number of persons in families, for your county must be included on each form.

Please note that the form does not ask for the amount of household income, only that the form be signed if the household income does not exceed a stated amount.

The assessor should determine that an officer or manager of the organization verified that:

1. The income limits used on each statement provided to each occupant were correct.
2. The correct number of names of household members is entered on each statement completed by an occupant, and that the same number of persons and corresponding income limit is entered on the claimant's affidavit.

If you have any questions concerning these procedures, please contact our Exemption Unit at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:wpc
Enclosures
AF-03B-2539A

WELFARE EXEMPTION

Supplemental Affidavit

HOUSING - LOWER - INCOME HOUSEHOLDS

ELIGIBILITY BASED ON FAMILY HOUSEHOLD INCOME (Yearly Filing)

(Read instructions carefully before preparing claim.)

This affidavit is required under the provisions of Sections 251 and 254.5 of the Revenue and Taxation Code for those organizations where the income of the occupants must not exceed certain limits.

The affidavit must accompany the claim for welfare exemption and be filed with the assessor, in duplicate, by March 15. Failure to complete and file this form is grounds for denial of the exemption.

A. _____ states:
(Name of Person Making Affidavit)

- 1. (S)he is _____
(Title, such as President, etc.)
- 2. of the _____
(Corporate or Organization Name)
- 3. the address of which is _____
(Complete Mailing Address)
- 4. for the property located at _____
(Address of Property)

5. That (s)he makes this affidavit in behalf of said organization in support of a claim for exemption for the 19__ - 19__ fiscal year and certifies that:

A. There is a deed restriction, agreement, or other legal document which restricts the project's usage and which provides that the units designated for use by lower income households are continuously available to or occupied by lower-income households at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053, rents do not exceed those prescribed by the terms of the financing or financial assistance, and

B. The funds which would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower-income households, and

C. At least one of the following criteria is applicable (check one):

(1) Twenty percent or more of the occupants of the property are lower-income households whose rent does not exceed that prescribed by Section 50053 of the Health and Safety Code.

(2) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower-income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

(3) The owner of the property is eligible for and receives low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

Signature of Person making Affidavit Date

HOUSING - LOWER-INCOME HOUSEHOLDS

ELIGIBILITY BASED ON FAMILY HOUSEHOLD INCOME

Section 214 of the California Revenue and Taxation Code provides that property owned by nonprofit organizations providing housing for lower income households can qualify for the welfare exemption from property taxes to the extent that incomes of households residing therein do not exceed amounts listed below:

<u>No. of Persons in Household</u>	<u>Maximum Income</u>	<u>No. of Persons in Household</u>	<u>Maximum Income</u>	<u>No. of Persons in Household</u>	<u>Maximum Income</u>
1		4		7	
2		5		8	
3		6			

In order to qualify all or a portion of the total property for the exemption, you must have: (1) a signed statement for each household that qualifies (you keep the statement in case of further audit) and (2) you must complete the report below:

B. LIST OF QUALIFIED HOUSEHOLDS

(Complete or attach list showing desired information,
use additional sheets if necessary)

<u>Unit Number</u> (Use two lines if there are two households in a unit)	<u>No. of Persons in Household</u> (May be more than one household in unit)	<u>Maximum Income for Household Does Not Exceed</u>
1. _____	_____	\$ _____
2. _____	_____	\$ _____
3. _____	_____	\$ _____
4. _____	_____	\$ _____
5. _____	_____	\$ _____

C. RECAP FOR ALL HOUSEHOLDS, ELIGIBLE AND INELIGIBLE

Example Actual

NOTE: The low-income exemption calculation under 214(g) is the value of low-income households to the total area of the property.

1. Total number of households	100	_____
2. Number of qualified low-income households	40	_____
3. Total area of building(s) (square feet)	150,000	_____
4. Area of qualified low-income households (square feet).	75,000	_____

D. Exemption Calculation

Percentage of the area of lower - income households occupying the property to the total area of the property.

75,000/150,000 /

Percentage of Value of Property Eligible for Exemption

50% ==

WELFARE EXEMPTION

Instructions for Completion of Supplemental Affidavit

Housing - Lower-Income Households
Eligibility Based on Family Household Income
SBE-ASD AH 267L, Income -1989

Section 214 of the California Revenue and Taxation Code provides that property owned by nonprofit organizations providing housing for lower-income households can qualify for the welfare exemption from property taxes to the extent that household incomes of families residing therein do not exceed certain specified limits.

INSTRUCTIONS

The claimant (organization) must follow the instructions listed below. The claimant should provide each household living on the property with a copy of the attached form titled "Lower-Income Households - Statement of Family Household Income". The organization's property will not be allowed the exemption unless the proper information in a completed affidavit, in duplicate, is provided to the assessor, who will forward a copy of the affidavit, along with a copy of the welfare exemption claim, to the Assessment Standards Division, State Board of Equalization, for review under the provisions of Section 254.5, Revenue and Taxation Code.

Processing of the Affidavit by the Claimant

- A. The claimant (organization) should complete the front of the affidavit; it must be filed, in duplicate, along with the copies of the claim for welfare exemption by March 15.
- B. The claimant must list on the affidavit the following information for only those lower-income households that qualify:
 - 1) Home address, apartment number, room number, etc. Use two lines if there are two households at the same location, etc.
 - 2) The number of persons claimed to be in the household (one household for each line item).
 - 3) The maximum income limit reported by each household (this figure should agree with the income limit based upon number of persons in the household that is printed on the affidavit).

Note: No reporting by line item is necessary for vacant room (areas), households that did not report, households that may not be lower-income, or for households whose incomes exceed the applicable income limits.

C. The claimant must complete the Recap section of the affidavit for all households, eligible and ineligible, by entering:

	<u>Example</u>
1) The total number of households.	100
2) The number of low-income <u>qualified</u> households (one for each line item completed in B, above).	40
3) The total area of the building(s) (square feet).	150,000
4) The area of qualified low-income households (square feet).	75,000

D. The claimant must complete the Exemption Calculation Percentage and enter the Percentage of Value of Property Eligible for Exemption on the appropriate line.

The exemption calculation percentage is computed by:

- 1) Enter the number of lower-income households occupying the property, in the example the number is 40.
- 2) Enter the total number of households occupying the property, in the example the number is 100.
- 3) Divide the number in 4 (75,000) by the number in 3 (150,000) to obtain the Percentage of Value of Property Eligible for Exemption: $75,000/150,000 = 50\%$ (percent).

Note: If a dollar amount is not entered in the upper portion of the second page of the affidavit for each number of persons, 1-8, contact the county assessor for the figures which are found in schedule SBE-ASD AH 267L Income Limits. The amounts are different for each county and they change annually.

Income includes but is not limited to:

- 1) Wages, salaries, fees, tips, bonuses, commissions and other employee compensation.
- 2) Net income from the operation of a business or profession or from rental of real or personal property.
- 3) Interest and dividends.
- 4) Periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or other similar types of periodic receipts.

- 5) Unemployment and disability compensation, workers compensation and severance pay.
- 6) Public assistance exclusive of any amount specified for shelter and utilities.
- 7) Alimony, child support payments and regular contributions or gifts from persons not residing in the dwelling.
- 8) All regular pay, special pay and allowances of a member of the Armed Forces who is head of the family or spouse.

The following items shall not be considered as income:

- 1) Casual, sporadic or irregular gifts.
- 2) Amounts specifically for or in reimbursement of the cost of medical expenses.
- 3) Lump sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses.
- 4) Amounts of educational scholarships paid directly to the student of educational institution and veteran benefits for costs of tuition, fees, books, and equipment.
- 5) The value of food coupons.
- 6) Payments received from the ACTION Agency, VISTA, Service Learning Programs, Special Volunteer Programs, National Older American Volunteer Program, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, SCORE and ACE.
- 7) Foster Child Care payments.

For a complete listing of income and deductions, see Department of Housing and Community Development Regulations, Section 6914.

WELFARE EXEMPTION - LOWER INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 1988
(TO BE USED FOR AFFIDAVITS TO BE FILED IN 1989)

COUNTY	NUMBER OF PERSONS IN FAMILY							
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
Alameda	\$23,750	27,100	30,500	33,900	36,000	38,150	40,300	42,400
Alpine	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Amador	16,050	18,350	20,650	22,950	24,400	25,800	27,300	28,700
Butte	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Calaveras	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Colusa	18,850	21,500	24,200	26,900	28,600	30,250	31,950	33,650
Contra Costa	23,750	27,100	30,500	33,900	36,000	38,150	40,300	42,400
Del Norte	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
El Dorado	20,250	23,100	26,000	28,900	30,700	32,500	34,350	36,150
Fresno	17,150	19,600	22,050	24,500	26,050	27,550	29,100	30,650
Glenn	17,550	20,050	22,550	25,050	26,600	28,200	29,750	31,300
Humboldt	17,100	19,500	21,950	24,400	25,950	27,450	29,000	30,500
Imperial	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Inyo	16,350	18,700	21,000	23,350	24,800	26,250	27,750	29,200
Kern	17,350	19,850	22,300	24,800	26,350	27,900	29,450	31,000
Kings	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Lake	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Lassen	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Los Angeles	21,300	24,300	27,350	30,400	32,300	34,200	36,150	38,000
Madera	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Marin	23,800	27,200	30,600	34,000	36,150	38,250	40,400	42,500
Mariposa	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Mendocino	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Merced	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Modoc	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Mono	18,000	20,550	23,150	25,700	27,300	28,900	30,550	32,150
Monterey	19,450	22,200	24,950	27,750	29,500	31,200	33,000	34,700
Napa	21,750	24,850	27,950	31,050	33,000	34,950	36,900	38,800
Nevada	17,800	20,350	22,900	25,450	27,050	28,650	30,250	31,800
Orange	23,800	27,200	30,600	34,000	36,150	38,250	40,400	42,500
Placer	20,250	23,100	26,000	28,900	30,700	32,500	34,350	36,150
Plumas	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Riverside	18,050	20,600	23,150	25,750	27,350	28,950	30,600	32,200
Sacramento	20,250	23,100	26,000	28,900	30,700	32,500	34,350	36,150
San Benito	17,150	19,600	22,050	24,500	26,050	27,550	29,100	30,650
San Bernardino	18,050	20,600	23,150	25,750	27,350	28,950	30,600	32,200
San Diego	20,550	23,500	26,400	29,350	31,200	33,000	34,900	36,700
San Francisco	23,800	27,200	30,600	34,000	36,150	38,250	40,400	42,500
San Joaquin	18,000	20,550	23,150	25,700	27,300	28,900	30,550	32,150
San Luis Obispo	18,400	21,050	23,650	26,300	27,950	29,600	31,250	32,900
San Mateo	23,800	27,200	30,600	34,000	36,150	38,250	40,400	42,500
Santa Barbara	23,800	27,200	30,600	34,000	36,150	38,250	40,400	42,500
Santa Clara	23,800	27,200	30,600	34,000	36,150	38,250	40,400	42,500
Santa Cruz	21,350	24,400	27,450	30,500	32,400	34,300	36,250	38,150
Shasta	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Sierra	17,250	19,700	22,200	24,650	26,200	27,750	29,300	30,800
Siskiyou	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Solano	21,750	24,850	27,950	31,050	33,000	34,950	36,900	38,800
Sonoma	21,950	25,100	28,200	31,350	33,300	35,250	37,250	39,200
Stanislaus	17,800	20,350	22,900	25,450	27,050	28,650	30,250	31,800
Sutter	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Tehama	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Trinity	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Tulare	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Tuolumne	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500
Ventura	23,800	27,200	30,600	34,000	36,150	38,250	40,400	42,500
Yolo	20,250	23,100	26,000	28,900	30,700	32,500	34,350	36,150
Yuba	15,950	18,250	20,500	22,800	24,250	25,650	27,100	28,500

(Suggested Family Household Income Reporting Form for 1989)

GENERAL INFORMATION

Section 214 of the California Revenue and Taxation Code provides that beginning in 1988, property owned by nonprofit organizations providing housing for lower-income households can qualify for the welfare exemption from property taxes.

INSTRUCTIONS

FAMILY HOUSEHOLD INCOME

1. Enter the names of the persons who comprise your household. Also, enter address or unit number.
2. Enter on line 1 the number of persons who comprise your household.
3. Enter on line 2 the income limit figure for the number of persons shown on line 1.
4. Sign the statement if your combined household income is the same as or less than the income limit.
5. Return the statement to an officer or the manager of the organization on whose property you reside by March 1 so the organization will have time to complete the form that must be filed with the assessor.

HOUSEHOLD INCOME

Income includes but is not limited to:

- (1) Wages, salaries, fees, tips, bonuses, commissions and other employee compensation.
- (2) Net income from the operation of a business or profession or from rental of real or personal property.
- (3) Interest and dividends.
- (4) Periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or other similar types of periodic receipts.
- (5) Unemployment and disability compensation, workers compensation and severance pay.
- (6) Public assistance exclusive of any amount specified for shelter and utilities.
- (7) Alimony, child support payments and regular contributions or gifts from persons not residing in the dwelling.
- (8) All regular pay, special pay and allowances of a member of the Armed Forces who is head of the household or spouse.

The following items shall not be considered as income:

- (1) Casual, sporadic or irregular gifts.
- (2) Amounts specifically for or in reimbursement of the cost of medical expenses.
- (3) Lump sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses.
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution and veteran benefits for costs of tuition, fees, books, and equipment.
- (5) The value of food coupons.
- (6) Payments received from the ACTION Agency, VISTA, Service Learning Programs, Special Volunteer Programs, National Older American Volunteer Program, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, SCORE and ACE.
- (7) Foster Child Care payments.

For a complete listing of income and deductions, see Department of Housing and Community Development Regulations, Section 6914.