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May 2, 2007

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

2007/023

INCOME LEVELS FOR THE WELFARE EXEMPTION

Enclosed are the *Moderate Income Family Household Income Limits* (Attachment A) and *Lower Income Family Household Income Limits* (Attachment B) listings issued by the California Department of Housing and Community Development which are to be used for affidavits filed for the 2007-2008 claim year. The moderate income limits should be used for elderly or handicapped rental housing eligible for the welfare exemption under Revenue and Taxation Code¹ section 214, subdivision (f). The lower income limits should be used for low-income rental housing eligible for the welfare exemption as provided in section 214, subdivision (g).

Welfare Exemption – Elderly and Handicapped Rental Housing

Section 214, subdivision (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 three different sets of criteria.

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, subdivision (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, subdivision (f).) *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

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

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. Limited partnership property may qualify for exemption as low-income housing under section 214, subdivision (g); it cannot qualify for exemption under section 214, subdivision (f).

Supplemental claim form BOE-267-H, *Welfare Exemption Supplemental Affidavit, Housing – Elderly or Handicapped Families*, and procedures listed thereon should be used for the administration of the income requirements. Claim form BOE-267-H is to be filed on an annual basis to document the units eligible for the exemption. The units eligible are those that are rented within the prescribed rent levels to low- or moderate-income family households that do not exceed the maximum income levels allowed.

Welfare Exemption – Low-Income Rental Housing

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

Managing general partner claimants filing an exemption claim for lower 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 lower 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."

Under section 214, subdivision (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.² 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, subdivision (g)(1)(A), or do not receive low-income housing tax credits as provided in section 214, subdivision (g)(1)(B). A limited partnership, in which the managing general partner is a nonprofit corporation, cannot claim the exemption through an "other legal document" which restricts property usage and rent levels (section 214, subdivision (g)(1)(c).)

Supplemental claim form BOE-267-L, *Welfare Exemption Supplemental Affidavit, Housing – Lower Income Households*, and procedures listed thereon, should be used to administer the income requirements. Claim form BOE-267-L is to be filed **annually** to document the units eligible for the exemption, those rented within the prescribed rent levels to lower income family households that do not exceed the maximum income levels allowed.

² Section 214(g)(1)(C).

Additionally, a qualifying organization claiming exemption under section 214, subdivision (g)(1)(C), using an "other legal document," must complete part E of BOE-267-L to provide information concerning its properties subject to the limitation of exemption up to \$20,000 of tax. These claimants are to 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. The assessors' offices are required to provide to the Board a listing of all properties to 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 Board conducts a statewide match by corporate name and identification number to verify and ensure that the \$20,000 tax exemption cap has not been exceeded statewide, and provides the results of the matching process to the assessors' offices for further action, if needed.

If the low-income housing property is owned and operated by a limited partnership in which the managing general partner is an eligible nonprofit organization meeting all of the requirements of section 214, supplemental claim form BOE-267-L1, *Welfare Exemption Supplemental Affidavit, Housing-Lower-Income Households (Limited Partnerships)* is also required. Supplemental claim form BOE-267-L1 is filed by the managing general partner to provide an annual certification that the property satisfies the requirements of section 214, subdivision (g).

Summary

The enclosed income limits are designed to be used for affidavits filed for the 2007-2008 claim year. The claimant is required to file affidavits listing the income levels of the tenants for the exemption. These income levels should be reviewed and compared to the enclosed income limits to determine the portion of the property that is eligible for exemption from property taxes. Determination of qualifying units is based on the use of the property on the lien date. In all cases, the exemption from property taxes is available only to the extent that household incomes of families residing therein do not exceed specified limits and the rents are within the prescribed limits in the statute or regulatory agreement. The property is entitled to an exemption amount that is equal to the percentage of the property's value that the portion of the property serving lower income households is of the total property.

Vacant units may also qualify for exemption if the unit is restricted by a deed, regulatory agreement or other legal document. These documents are required to restrict the property usage to lower income housing by expressly stating that "the units designated for use by lower income households are continuously available to or occupied by lower income households at rents within the prescribed limits of the statutes or regulatory agreements."

If you have any questions concerning the enclosed income levels or questions concerning the exemptions described in this letter, please contact the Exemptions Section at 916-445-3524.

Sincerely,

/s/Lynn Bartolo for

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:lf
Enclosures

MODERATE INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2006
WELFARE EXEMPTION--HOMES FOR THE ELDERLY/HANDICAPPED
 (To be used for Affidavits to be Filed in 2007)

COUNTY	Number of Persons in Family							
	1	2	3	4	5	6	7	8
Alameda	70,400	80,500	90,500	100,600	108,600	116,700	124,700	132,800
Alpine	55,300	63,200	71,100	79,000	85,300	91,600	98,000	104,300
Amador	53,500	61,100	68,800	76,400	82,500	88,600	94,700	100,800
Butte	43,700	49,900	56,200	62,400	67,400	72,400	77,400	82,400
Calaveras	49,500	56,600	63,600	70,700	76,400	82,000	87,700	93,300
Colusa	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Contra Costa	70,400	80,500	90,500	100,600	108,600	116,700	124,700	132,800
Del Norte	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
El Dorado	56,400	64,500	72,500	80,600	87,000	93,500	99,900	106,400
Fresno	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Glenn	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Humboldt	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Imperial	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Inyo	46,200	52,800	59,400	66,000	71,300	76,600	81,800	87,100
Kern	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Kings	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Lake	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Lassen	44,700	51,000	57,400	63,800	68,900	74,000	79,100	84,200
Los Angeles	47,500	54,200	61,000	67,800	73,200	78,600	84,100	89,500
Madera	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Marin	79,800	91,200	102,600	114,000	123,100	132,200	141,400	150,500
Mariposa	43,500	49,800	56,000	62,200	67,200	72,200	77,100	82,100
Mendocino	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Merced	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Modoc	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Mono	53,900	61,600	69,300	77,000	83,200	89,300	95,500	101,600
Monterey	53,300	60,900	68,500	76,100	82,200	88,300	94,400	100,500
Napa	63,700	72,800	81,900	91,000	98,300	105,600	112,800	120,100
Nevada	54,700	62,500	70,300	78,100	84,300	90,600	96,800	103,100
Orange	66,100	75,500	85,000	94,400	102,000	109,500	117,100	124,600
Placer	56,400	64,500	72,500	80,600	87,000	93,500	99,900	106,400
Plumas	47,500	54,300	61,100	67,900	73,300	78,800	84,200	89,600
Riverside	49,700	56,800	63,900	71,000	76,700	82,400	88,000	93,700
Sacramento	56,400	64,500	72,500	80,600	87,000	93,500	99,900	106,400
San Benito	62,700	71,700	80,600	89,600	96,800	103,900	111,100	118,300
San Bernardino	49,700	56,800	63,900	71,000	76,700	82,400	88,000	93,700
San Diego	58,300	66,600	75,000	83,300	90,000	96,600	103,300	110,000
San Francisco	79,800	91,200	102,600	114,000	123,100	132,200	141,400	150,500
San Joaquin	50,700	57,900	65,200	72,400	78,200	84,000	89,800	95,600
San Luis Obispo	53,900	61,600	69,300	77,000	83,200	89,300	95,500	101,600
San Mateo	79,800	91,200	102,600	114,000	123,100	132,200	141,400	150,500
Santa Barbara	56,400	64,400	72,500	80,500	86,900	93,400	99,800	106,300
Santa Clara	88,600	101,300	113,900	126,600	136,700	146,900	157,000	167,100
Santa Cruz	68,300	78,100	87,800	97,600	105,400	113,200	121,000	128,800
Shasta	44,200	50,600	56,900	63,200	68,300	73,300	78,400	83,400
Sierra	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Siskiyou	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Solano	63,300	72,400	81,500	90,500	97,700	105,000	112,200	119,500
Sonoma	63,100	72,100	81,100	90,100	97,300	104,500	111,700	118,900
Stanislaus	47,000	53,800	60,500	67,200	72,600	78,000	83,300	88,700
Sutter	43,400	49,600	55,800	62,000	67,000	71,900	76,900	81,800
Tehama	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Trinity	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Tulare	43,300	49,400	55,600	61,800	66,700	71,700	76,600	81,600
Tuolumne	46,200	52,800	59,400	66,000	71,300	76,600	81,800	87,100
Ventura	66,800	76,300	85,900	95,400	103,000	110,700	118,300	125,900
Yolo	55,200	63,000	70,900	78,800	85,100	91,400	97,700	104,000
Yuba	43,400	49,600	55,800	62,000	67,000	71,900	76,900	81,800

LOWER INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2006
WELFARE EXEMPTION--LOW INCOME HOUSING
 (To be used for Affidavits to be Filed in 2007)

COUNTY	Number of Persons in Family							
	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	36,850	42,100	47,400	52,650	56,850	61,050	65,300	69,500
Amador	35,650	40,750	45,850	50,950	55,050	59,100	63,200	67,250
Butte	29,100	33,300	37,450	41,600	44,950	48,250	51,600	54,900
Calaveras	32,950	37,700	42,400	47,100	50,850	54,650	58,400	62,150
Colusa	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Contra Costa	46,350	53,000	59,600	66,250	71,550	76,850	82,150	87,450
Del Norte	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
El Dorado	37,650	43,000	48,400	53,750	58,050	62,350	66,650	70,950
Fresno	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Glenn	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Humboldt	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Imperial	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Inyo	30,800	35,200	39,600	44,000	47,500	51,050	54,550	58,100
Kern	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Kings	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Lake	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Lassen	29,800	34,050	38,300	42,550	45,950	49,350	52,750	56,150
Los Angeles	41,450	47,350	53,300	59,200	63,950	68,650	73,400	78,150
Madera	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Marin	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
Mariposa	29,000	33,150	37,300	41,450	44,750	48,100	51,400	54,700
Mendocino	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Merced	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Modoc	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Mono	35,950	41,100	46,200	51,350	55,450	59,550	63,650	67,800
Monterey	36,100	41,300	46,450	51,600	55,750	59,850	64,000	68,100
Napa	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
Nevada	36,450	41,700	46,900	52,100	56,250	60,450	64,600	68,750
Orange	48,500	55,450	62,350	69,300	74,850	80,400	85,950	91,500
Placer	37,650	43,000	48,400	53,750	58,050	62,350	66,650	70,950
Plumas	31,700	36,250	40,750	45,300	48,900	52,550	56,150	59,800
Riverside	33,150	37,900	42,600	47,350	51,150	54,950	58,700	62,500
Sacramento	37,650	43,000	48,400	53,750	58,050	62,350	66,650	70,950
San Benito	41,500	47,450	53,350	59,300	64,050	68,800	73,550	78,300
San Bernardino	33,150	37,900	42,600	47,350	51,150	54,950	58,700	62,500
San Diego	39,300	44,900	50,550	56,150	60,650	65,150	69,650	74,100
San Francisco	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
San Joaquin	33,800	38,600	43,450	48,250	52,100	55,950	59,850	63,700
San Luis Obispo	35,950	41,100	46,200	51,350	55,450	59,550	63,650	67,800
San Mateo	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
Santa Barbara	37,600	42,950	48,350	53,700	58,000	62,300	66,600	70,900
Santa Clara	59,400	67,900	76,400	84,900	91,650	98,450	105,250	112,050
Santa Cruz	44,350	50,700	57,000	63,350	68,400	73,500	78,550	83,600
Shasta	29,500	33,700	37,950	42,150	45,500	48,900	52,250	55,650
Sierra	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Siskiyou	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Solano	41,450	47,350	53,300	59,200	63,950	68,650	73,400	78,150
Sonoma	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
Stanislaus	31,350	35,850	40,300	44,800	48,400	51,950	55,550	59,150
Sutter	28,950	33,100	37,200	41,350	44,650	47,950	51,250	54,600
Tehama	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Trinity	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Tulare	28,850	32,950	37,100	41,200	44,500	47,800	51,100	54,400
Tuolumne	30,800	35,200	39,600	44,000	47,500	51,050	54,550	58,100
Ventura	48,000	54,850	61,700	68,550	74,050	79,500	85,000	90,500
Yolo	36,800	42,050	47,300	52,550	56,750	60,950	65,150	69,350
Yuba	28,950	33,100	37,200	41,350	44,650	47,950	51,250	54,600