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No. 2011/033

TO COUNTY ASSESSORS:

2012-2013 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.

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 2012-2013 claim year. The moderate income limits should be used for elderly or handicapped rental housing eligible for the welfare exemption under Revenue and Taxation Code<sup>1</sup> 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).

***Welfare Exemption – Elderly and Handicapped Rental Housing***

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.

<sup>1</sup> All statutory references are to the Revenue and Taxation Code unless otherwise indicated.

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).

*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 lower 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*.<sup>2</sup>

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-

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<sup>2</sup> See Property Tax Rule 140 for a definition of *other legal documents*.

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 an other 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. The claim form is to be filed annually to document the units eligible for the exemption. Eligible units are defined as those rented within the prescribed rent levels to low-income family households whose annual income does not exceed the maximum levels allowed.

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.

***All assessors' offices must provide the Board 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 Board 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.

If the low-income housing property is owned and operated by a limited partnership with an eligible managing general partner meeting all of the requirements of section 214, supplemental claim form BOE-267-L1, *Welfare Exemption Supplemental Affidavit, Low-Income Housing Property of Limited Partnership*, is required. The supplemental claim form must be filed annually to certify that the property satisfies the requirements of section 214(g).

### ***Summary***

The enclosed income limits are designed to be used for affidavits filed for the 2012-2013 claim year. The claimant is required to file affidavits listing the income levels of the tenants for the exemption. 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 taxes is available only to the extent that the household incomes of families do not exceed the specified limits, and the rents are within the prescribed limits in the statute or regulatory agreement. 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.

If you have questions regarding the enclosed income levels or questions concerning the exemptions described in this letter, please contact the Assessment Services Unit at 916-274-3350.

Sincerely,

/s/ David J. Gau

David J. Gau  
Deputy Director  
Property and Special Taxes Department

DJG:mds  
Enclosures

**MODERATE INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2012**  
**WELFARE EXEMPTION--HOMES FOR THE ELDERLY/HANDICAPPED**  
 (To be used for Affidavits to filed in 2012)

Number of Persons in Family

<b>County</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Alameda	77550	88600	99700	110750	119600	128450	137350	146200
Alpine	70200	80250	90250	100300	108300	116350	124350	132400
Amador	56100	64100	72150	80150	86550	92950	99400	105800
Butte	48650	55600	62550	69500	75050	80600	86200	91750
Calaveras	57800	66050	74300	82550	89150	95750	102350	108950
Colusa	48050	54900	61800	68650	74150	79650	85150	90600
Contra Costa	77550	88600	99700	110750	119600	128450	137350	146200
Del Norte	48050	54900	61800	68650	74150	79650	85150	90600
El Dorado	63050	72100	81100	90100	97300	104500	111700	118950
Fresno	48050	54900	61800	68650	74150	79650	85150	90600
Glenn	48050	54900	61800	68650	74150	79650	85150	90600
Humboldt	48050	54900	61800	68650	74150	79650	85150	90600
Imperial	48050	54900	61800	68650	74150	79650	85150	90600
Inyo	54250	62000	69750	77500	83700	89900	96100	102300
Kern	48050	54900	61800	68650	74150	79650	85150	90600
Kings	48050	54900	61800	68650	74150	79650	85150	90600
Lake	48050	54900	61800	68650	74150	79650	85150	90600
Lassen	51150	58500	65800	73100	78950	84800	90650	96500
Los Angeles	53750	61450	69100	76800	82950	89100	95250	101400
Madera	48050	54900	61800	68650	74150	79650	85150	90600
Marin	85350	97500	109700	121900	131650	141400	151150	160900
Mariposa	49300	56350	63400	70450	76100	81700	87350	93000
Mendocino	48050	54900	61800	68650	74150	79650	85150	90600
Merced	48050	54900	61800	68650	74150	79650	85150	90600
Modoc	48050	54900	61800	68650	74150	79650	85150	90600
Mono	62600	71500	80450	89400	96550	103700	110850	118000
Monterey	56950	65100	73200	81350	87850	94350	100850	107400
Napa	71400	81600	91800	102000	110150	118300	126500	134650
Nevada	60150	68700	77300	85900	92750	99650	106500	113400
Orange	70750	80850	90950	101050	109150	117200	125300	133400
Placer	63050	72100	81100	90100	97300	104500	111700	118950
Plumas	48050	54900	61800	68650	74150	79650	85150	90600
Riverside	52500	60000	67500	75000	81000	87000	93000	99000
Sacramento	63050	72100	81100	90100	97300	104500	111700	118950
San Benito	65750	75150	84550	93950	101450	109000	116500	124000
San Bernardino	52500	60000	67500	75000	81000	87000	93000	99000
San Diego	62950	71900	80900	89900	97100	104300	111500	118650
San Francisco	85350	97500	109700	121900	131650	141400	151150	160900
San Joaquin	54950	62800	70650	78500	84800	91050	97350	103600
San Luis Obispo	62500	71450	80350	89300	96450	103600	110750	117900
San Mateo	85350	97500	109700	121900	131650	141400	151150	160900
Santa Barbara	60700	69400	78100	86750	93700	100650	107550	114500
Santa Clara	87000	99450	111850	124300	134250	144200	154150	164100
Santa Cruz	72050	82350	92650	102950	111200	119400	127650	135900
Shasta	48900	55900	62850	69850	75450	81050	86600	92200
Sierra	59550	68100	76600	85100	91900	98700	105500	112350
Siskiyou	48050	54900	61800	68650	74150	79650	85150	90600
Solano	68450	78250	88000	97800	105600	113450	121250	129100
Sonoma	68450	78250	88000	97800	105600	113450	121250	129100
Stanislaus	51300	58650	65950	73300	79150	85050	90900	96750
Sutter	49200	56250	63250	70300	75900	81550	87150	92800
Tehama	48050	54900	61800	68650	74150	79650	85150	90600
Trinity	48050	54900	61800	68650	74150	79650	85150	90600
Tulare	48050	54900	61800	68650	74150	79650	85150	90600
Tuolumne	55250	63150	71050	78950	85250	91600	97900	104200
Ventura	74000	84550	95150	105700	114150	122600	131050	139500
Yolo	63650	72750	81850	90950	98250	105500	112800	120050
Yuba	49200	56250	63250	70300	75900	81550	87150	92800

**LOWER INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2012  
WELFARE EXEMPTION LOW-INCOME HOUSING**

(To be used with Affidavits filed in 2012)

Number of Persons in Family

<b>County</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Alameda	45500	52000	58500	64950	70150	75350	80550	85750
Alpine	39550	45200	50850	56500	61050	65550	70100	74600
Amador	37450	42800	48150	53450	57750	62050	66300	70600
Butte	32450	37050	41700	46300	50050	53750	57450	61150
Calaveras	37850	43250	48650	54050	58400	62700	67050	71350
Colusa	32050	36600	41200	45750	49450	53100	56750	60400
Contra Costa	45500	52000	58500	64950	70150	75350	80550	85750
Del Norte	32050	36600	41200	45750	49450	53100	56750	60400
El Dorado	42100	48100	54100	60100	64950	69750	74550	79350
Fresno	32050	36600	41200	45750	49450	53100	56750	60400
Glenn	32050	36600	41200	45750	49450	53100	56750	60400
Humboldt	32050	36600	41200	45750	49450	53100	56750	60400
Imperial	32050	36600	41200	45750	49450	53100	56750	60400
Inyo	35400	40450	45500	50550	54600	58650	62700	66750
Kern	32050	36600	41200	45750	49450	53100	56750	60400
Kings	32050	36600	41200	45750	49450	53100	56750	60400
Lake	32050	36600	41200	45750	49450	53100	56750	60400
Lassen	34100	39000	43850	48700	52600	56500	60400	64300
Los Angeles	47850	54650	61500	68300	73800	79250	84700	90200
Madera	32050	36600	41200	45750	49450	53100	56750	60400
Marin	59850	68400	76950	85450	92300	99150	106000	112800
Mariposa	32900	37600	42300	46950	50750	54500	58250	62000
Mendocino	32450	37050	41700	46300	50050	53750	57450	61150
Merced	32050	36600	41200	45750	49450	53100	56750	60400
Modoc	32050	36600	41200	45750	49450	53100	56750	60400
Mono	39850	45550	51250	56900	61500	66050	70600	75150
Monterey	38000	43400	48850	54250	58600	62950	67300	71650
Napa	46050	52600	59200	65750	71050	76300	81550	86800
Nevada	40150	45850	51600	57300	61900	66500	71100	75650
Orange	51700	59100	66500	73850	79800	85700	91600	97500
Placer	42100	48100	54100	60100	64950	69750	74550	79350
Plumas	33050	37750	42450	47150	50950	54700	58500	62250
Riverside	37350	42700	48050	53350	57650	61900	66200	70450
Sacramento	42100	48100	54100	60100	64950	69750	74550	79350
San Benito	43900	50150	56400	62650	67700	72700	77700	82700
San Bernardino	37350	42700	48050	53350	57650	61900	66200	70450
San Diego	45850	52400	58950	65500	70750	76000	81250	86500
San Francisco	59850	68400	76950	85450	92300	99150	106000	112800
San Joaquin	36650	41850	47100	52300	56500	60700	64900	69050
San Luis Obispo	41650	47600	53550	59500	64300	69050	73800	78550
San Mateo	59850	68400	76950	85450	92300	99150	106000	112800
Santa Barbara	40500	46300	52100	57850	62500	67150	71750	76400
Santa Clara	55550	63500	71450	79350	85700	92050	98400	104750
Santa Cruz	56500	64550	72600	80650	87150	93600	100050	106500
Shasta	32600	37250	41900	46550	50300	54000	57750	61450
Sierra	35800	40900	46000	51100	55200	59300	63400	67500
Siskiyou	32050	36600	41200	45750	49450	53100	56750	60400
Solano	44950	51400	57800	64200	69350	74500	79650	84750
Sonoma	44950	51400	57800	64200	69350	74500	79650	84750
Stanislaus	34250	39150	44050	48900	52850	56750	60650	64550
Sutter	32850	37550	42250	46900	50700	54450	58200	61950
Tehama	32050	36600	41200	45750	49450	53100	56750	60400
Trinity	32050	36600	41200	45750	49450	53100	56750	60400
Tulare	32050	36600	41200	45750	49450	53100	56750	60400
Tuolumne	35100	40100	45100	50100	54150	58150	62150	66150
Ventura	49850	57000	64100	71200	76900	82600	88300	94000
Yolo	42500	48550	54600	60650	65550	70400	75250	80100
Yuba	32850	37550	42250	46900	50700	54450	58200	61950