



**ANTONIO VAZQUEZ**  
MEMBER  
CALIFORNIA STATE BOARD OF EQUALIZATION

**MEMORANDUM**

**Date:** February 6, 2024

**To:** Sally J. Lieber, Chair  
Ted Gaines, Vice Chair  
Mike Schaefer, Board Member, Fourth District  
Malia M. Cohen, State Controller

**From:** Antonio Vazquez, Board Member, Third District

**Re: February 21-22, 2024, Board Meeting Item 11. Affordable Housing Board Work Group Report: Blueprint of Property Tax Incentives for Affordable Housing**

Honorable Members, attached for your review, discussion, and possible action at the February 21-22, 2024, Board Meeting is the preliminary draft “*Blueprint of Property Tax Incentives for Affordable Housing*.” The purpose of the *Blueprint* is to highlight the results from the October 19, 2023, Statewide Informational Hearing on Modernizing California’s Property Tax System and Board Work Group on Affordable Housing, with a primary focus on:


- Identifying the relevant property tax exemptions and incentives under current law,
- Setting out the gaps/challenges that were pointed out in various testimonies and are not currently addressed by the welfare exemption for low-income housing (RTC section 214), and
- Describing the proposals made for addressing these gaps.

Resource documents used for developing the *Blueprint* were the transcript, testimonial data, and Board approved minutes and report (<https://www.boe.ca.gov/meetings/pdf/2023/202312-BWG-Housing-Minutes-Rprt.pdf>), as well as previous testimony provided to the Board, and previously approved Board documents, whitepapers, Assessors’ Handbooks, and legislation.

I would be very grateful for your review and input regarding this draft *Blueprint* and look forward to any comments and suggestions that we can incorporate. Ultimately, I intend to submit the final draft for your review and approval the next month, so that it can be distributed as a

Board-approved document in a timely manner during this legislative season to our stakeholders, the Governor, and the Legislature.

Sincerely,



ANTONIO VAZQUEZ, Member  
Board of Equalization, 3<sup>rd</sup> District

Ms. Deborah Bautista-Zavala, Chief Deputy, Office of Member Antonio Vazquez

Mr. Gary Gartner, Chief Deputy, Office of Chair Sally J. Lieber

Mr. Matt Cox, Chief Deputy, Office of Vice Chair Ted Gaines

Mr. Cody Petterson, Chief Deputy, Office of Member Mike Schaefer

Mr. Hasib Emran, Deputy State Controller

Ms. Yvette Stowers, Executive Director

*California State Board of Equalization*  
*Board Work Group on Affordable Housing*



**Blueprint of Property Tax Incentives  
for Affordable Housing**

February 2024

*Honorable Antonio Vazquez, Board Member, 3<sup>rd</sup> District*

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## 1. Intent and Purpose

The intent of this document is to serve as a preliminary draft Blueprint of Property Tax Incentives for Affordable Housing by:

- a. Identifying the relevant exemptions and incentives under current property tax law,
- b. Setting forth the specific gaps/challenges that exist and are not currently addressed by the welfare exemption for low-income housing in Revenue & Taxation Code section 214 and in other provisions, and
- c. Describing the potential policy ideas/action items for addressing these gaps.

Most of the content regarding the gaps and proposed solutions was presented to the Board at its Statewide Informational Hearing on Modernizing California's Property Tax System Part IV: Board Work Group on Affordable Housing on October 19, 2023, and in prior Board Meetings, Board Work Group Meetings, and testimony on related issues in 2022 and 2023.

The October 19, 2023, Hearing brought together legislators, County Assessors, community leaders, developers, and other advocates to explore gaps and identify comprehensive strategies and incentives to tackle the challenges Californians face in securing affordable housing, and to put together a "Blueprint of Property Tax Incentives" to present to the Governor, the Legislature, and all stakeholders.

## 2. Current Property Tax Incentives for Affordable Housing<sup>1</sup>

### Generally Available

The primary property tax incentive for low-income housing is the full or partial tax relief under Revenue and Taxation Code section 214, enacted by the Legislature to implement section 4(b) of California Constitution article XIII. It exempts from taxation "*property used exclusively for religious, hospital or charitable purposes and owned or held in trust by corporations or other entities...*" The exemption is generally implemented by subdivision (g) of section 214, based on the proportion of the units rented exclusively to low-income households if the property is owned and operated by a qualified organization or a limited partnership with a qualified entity as its managing general partner, and if specified financing and rent restrictions are met.

### *Current Limitations*

If a qualified owner meets all of the requirements, but does not receive government financing, the statute requires 90% or more of the property's occupants to be lower income

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<sup>1</sup> <https://www.boe.ca.gov/meetings/pdf/2021/072721-K3b-Welfare-Exmp-Prg.pdf>,  
<https://www.boe.ca.gov/meetings/pdf/2023/0423-WExmpt-Rprt.pdf>

households and limits the exemption to the first \$20 million of assessed value owned by that organization statewide.

Until recently, if a government entity, including a joint powers authority, owned property used for public housing projects, the lease of that property was taxable as a possessory interest because there was no exemption for possessory interests for units leased to low-income households for the private benefit of that household. However, on October 11, 2023, the Governor signed into law SB 734 (Rubio) which added Revenue and Taxation Code section 107.10 defining a lease of public housing to a low-income tenant as not meeting the definition of a taxable possessory interest. This codified the State Board of Equalization's (BOE) opinion that low-income tenants should not be charged a possessory interest tax on leases of public housing.

Starting in fiscal year 2018-19 through 2027-2028, the legislative exemption for rent-restricted units occupied by an over-income tenant (up to 140 percent of AMI) still applied provided that the tenant was income-qualified at first occupancy and the property receives federal low-income housing tax credits (LIHTC). The reasons stated are that the deed or regulatory restrictions generally prohibited the property owners from evicting tenants for being over-income or from increasing their rent; and the units with over-income tenants continued to qualify as lower-income units for tax credit purposes. Thus, the owners should not be forced to lose their property tax exemption in such circumstances.

Revenue and Taxation Code section 214 subdivision (g)(2)(A)(iv)(I) also allows for an increase in the income level of the occupants of a Community Land Trust unit to 140 percent of AMI, if the occupants initially qualified at 80 percent AMI and the unit continues to be rent restricted, notwithstanding the income increase. However, the assessor must cease to treat the unit as lower income and exempt if the income of the occupants increases above 140 percent AMI.

#### *Additional Provision*

Section 214 also applies the exemption to property owned by Community Land Trusts (CLT) (defined in Revenue and Taxation Code section 402.1) that facilitate the development of permanently affordable for-sale and rental housing, provided that the CLT's land is under a renewable 99-year ground lease that restricts all resales to low- and moderate-income purchasers at affordable prices.

#### **Public Benefit**

The main benefit of the welfare exemption is similar to other tax exemptions for charitable groups: that is, revenues paid in tax to the government divert needed resources away from good works, and good works that provide for a government purpose – providing for public needs – in turn, reduce costs for government.

The welfare exemption is essential in maintaining low-income housing affordability because it:

- Decreases the total expenses associated with the ownership and operation of an affordable housing development;
- Increases the size of the loans that lenders are willing to offer to project owners; and
- Incentivizes investors and property owners to willingly incur both up-front construction and long-term operating expenses for housing rented to low-income individuals and families at only a fraction of the market rent.

Institutions that finance these projects are willing to invest in affordable housing projects in part because there is an expectation that a properly structured and managed project will “pencil out” financially over time in part because it will qualify for a welfare exemption.

### **3. How to Obtain the Welfare Exemption<sup>2</sup>**

#### **a. BOE Approves the Charitable Organization (Property Owner)**

- i. BOE requires all non-profit organizations to apply and be approved for an Organizational Clearance Certificate (OCC) using form BOE-277 with the following documentation:
  1. Formative documents (e.g., articles of incorporation for corporations, etc.)
  2. A limited partnership, in addition to its managing general partner having an OCC, must also apply for a Supplemental Clearance Certificate (form BOE-277-L1).
  3. A tax-exempt status letter evidencing exemption from federal income tax (section 501(c)(3) of the Internal Revenue Code) or a copy of the letter evidencing exemption from state franchise or income tax (Revenue and Taxation Code section 23701d)
  4. Financial statements
  5. Documentation supporting/describing the activities of the organization.

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<sup>2</sup> A draft Welfare Exemption Process Map of the steps listed in this section is provided for quick reference in Appendix A, attached.

## **b. Assessor Approves Charitable Use of Property**

- i. Once the BOE has certified the organization, the assessor of the county where the property is located requires the organization to file BOE-267 (Claim for Welfare Exemption), 267-L (Welfare Exemption Supplemental Affidavit, Housing – Lower Income Households) and other documentation to determine whether the property is used for exempt purposes on the lien date. Generally, a low-income housing property qualifies for exemption *only after* the assessor finds that the property satisfies all of the following criteria:
  1. Government assistance: The property owner receives low-income housing tax credits or government financing on the property.
  2. Use restriction: The property is subject to a recorded deed restriction, regulatory agreement, or other legal document restricting its use for low-income housing purposes at specified rents (80% of AMI).
  3. Rents charged: The rents charged to lower income household occupants do not exceed the rent prescribed by the deed restrictions or regulatory agreement.
  4. Property tax savings: The owner certifies that the funds otherwise spent to pay taxes are instead used to maintain affordability of, or reduce rents of units occupied by, the lower income households.
  5. Occupancy: While there is no minimum percentage of units that must be occupied by lower income households, the exemption *only* extends to the units serving lower-income households.
  6. Limited partnership: In the case of housing owned by a limited partnership in which *the managing general partner is an eligible nonprofit organization or an eligible limited liability company*, use and rent restrictions must be contained in an enforceable and verifiable agreement with a public agency or in a recorded deed restriction to which the limited partnership certifies.
- ii. The timeline for approval varies from county to county, sometimes ranging from 6 to 18 months. Although the OCC approval from BOE is not required to begin the county approval process, county assessors cannot complete their review of the welfare exemption claim until the organization receives the OCC from BOE. Generally, only after the OCC is granted, and the assessor determines and verifies that the use and occupancy of the property is consistent with welfare exemption requirements, is the welfare exemption granted.



#### **4. Gaps/Problem Areas in Obtaining the Welfare Exemption**

##### **Issue 1: Welfare Exemption Cap for Privately Funded Affordable Housing Projects**

As outlined above, government financing is one of the mandatory criteria for receiving the welfare exemption for affordable housing. However, nonprofit developers of *privately funded* projects that meet the same *use* requirements relative to renting exclusively to low-income persons, are limited to a property tax welfare exemption of \$20 million in *total* assessed value annually, statewide, and must pay tax on any and all properties valued above \$20 million. As a result, nonprofit affordable housing owners and developers with rental projects in high-priced property areas and those with multiple projects throughout the state face more cost burdens and tax liabilities than their publicly funded counterparts, even though they provide housing for the homeless and for low-income households.

##### **Issue 2: Time Gap for Proof of Use, Low-Income Occupancy**

The Board heard significant testimony regarding the length of time required for an assessor to approve the exemption for a property used as affordable housing after the BOE issues the OCC and after the Claim for Welfare Exemption (BOE 267) is filed. However, the assessor is required by statute to confirm that the property is used and actually occupied by a “qualified” family or individual on the lien date.

The property owner/operator must submit a Welfare Exemption Supplemental Affidavit, Housing – Lower Income Households (BOE 267-L or a version thereof). In general, the affidavit must disclose the units that were/are rented to and occupied by low-income persons, the number of persons in the household, the maximum income allowed, and the rent level, as of the lien date. Once submitted, the assessor may make a field inspection so as to confirm the veracity of the information submitted. Because of this requirement, the time it takes for the property owner/operator to lease up the units after completion of construction, confirm their occupancy by qualified low-income persons and submit all the data required to the assessor is outside of the assessor’s control. Once the assessor receives this information and is able to confirm its accuracy, approval of the exemption generally does not exceed 1 – 3 months.

One model to consider is found under Revenue and Taxation Code section 214.18, which applies the welfare exemption to Community Land Trust (CLT) properties. Once the CLT property is in the course of construction, it is deemed to qualify for the exemption under section 214 and, on subsequent lien dates, if all of the following required “pre-conditions” establishing low-income housing use are met:

- The property is or will be developed as an owner-occupied single-family dwelling, an owner-occupied unit in a multifamily dwelling, a member-occupied unit in a limited equity housing cooperative, or a rental housing development;
- Improvements are or will be available for use and ownership or for rent by qualified persons; and

In addition, section 214 subdivision (g)(2)(A)(iv)(I) allows for an increase in the income level of the occupants of a CLT unit to 140 percent of AMI, if the occupants initially qualified at 80 percent of AMI and the unit continues to be rent restricted, notwithstanding the income increase. However, the assessor shall cease to treat the unit as lower income and exempt if the income of the occupants increases above 140 percent of AMI.

### **Issue 3: Adaptive Reuse for Affordable Housing**

Speakers at the October 19, 2023, Hearing, as well as prior Board Meetings and Board Work Group Meetings in 2022, identified adaptive reuse of older, vacant hotels as one of the most cost effective and efficient ways to create permanent housing—with estimated costs of \$100,000 per unit, as compared to \$500,000 to \$700,000 per unit for new construction—and enables them to “pencil out” at rents of \$400 to \$800 per unit.

In addition, recently enacted legislation AB 529 (Gabriel) encourages local jurisdictions to provide incentives for adaptive reuse housing and creates a state working group to identify challenges to, and opportunities that help support, the creation and promotion of adaptive reuse residential projects; and AB 1490 (Lee) requires local governments to permit and expand the adaptive reuse of all existing residential and commercial buildings in urban areas that create new low- and very-low-income housing more quickly and at a lower cost.

Similarly, SB 4 (Wiener) was signed on October 10, 2023, allowing religious institutions and higher education institutions to build affordable, multi-family homes on lands they own by streamlining the permitting process and overriding local zoning restrictions. The bill also guarantees “by-right” approval of new homes, as long as they are consistent with all objective building standards and comply with existing environmental protections.

Due to the specificity of the use requirements under exemption law however, there will likely continue to be a “time gap” between the date a change in ownership of the property and project approval occurs and the date that the buildings are actually occupied by low-income tenants. The exemption for property owned and operated by religious institutions and higher education institutions does not automatically apply when the property use is changed to low-income housing; rather, these organizations may need to separately claim and qualify for the exemption under section 214(g) to low-income housing.

The challenge is that under California Constitution article XIII A, real property is reappraised when a change in ownership or new construction occurs. For new construction, property is reassessed at current market value as of the date of completion, which establishes a new base year value for the property’s newly constructed improvements only. Therefore, even if the nonprofit organization files a claim for exemption (BOE 267), the assessor is required to have documentation including the 267-L, establishing that the newly refurbished hotel is no longer *used* as a hotel, but is actually *in use and occupied by* low-income housing tenants, and that the rents paid are commensurate. Thus, until the units are occupied by low-income tenants, the exemption is not available, and the property will be assessed at the market rate.

There is currently no streamlined method for property owners and developers to document the new use so that assessors can be assured that properties acquired and remodeled for adaptive reuse as low-income housing projects under AB 1490 will be eligible for the welfare exemption.

#### **Issue 4: Accessory Dwelling Units**

On January 1, 2023, new laws went into effect encouraging accessory dwelling units (ADUs): SB 897, AB 2221, and AB 916. The aforementioned legislation allows (in some instances) 2-story ADUs, provides more flexibility in where ADUs can be located on a property, and makes obtaining an ADU permit a more transparent and streamlined process.<sup>3</sup>

The California budget for fiscal year 2023-2024, signed by Governor Newsom in late June 2023, also allocated \$50 million to incentivize building ADUs. It is a revival of a previous program that distributed \$100 million in funds through 2022 and aimed to increase ADU construction to address California's housing shortage. According to the California Housing Financing Agency (CHFA), the previous program gave homeowners grants of up to \$40,000 to develop at least one additional housing unit on their property. According to a bulletin from the CHFA (<https://www.calhfa.ca.gov/homeownership/bulletins/2022/2022-12.pdf>), the program was expected to help 2,500 homeowners add an ADU to their primary residence.

While the relaxation of ADU building standards and the grant program have sought to address the housing shortage and incentivize the construction of ADUs, there appears to be no current state policy that identifies ADUs as a potential source of *affordable or low-income* housing. That is, owners of ADUs wishing to rent their ADU to low-income or very low-income tenants may do so at their own expense, but without any property tax incentive or benefit. ADUs offer benefits that address common housing development barriers, such as affordability and environmental quality, while also being an affordable type of home to construct in California because they do not require paying for land, major new infrastructure, structured parking, or elevators.

Currently, the welfare exemption does not apply to ADUs unless the ADU is sold or conveyed separately from the primary residence to a qualified buyer (if certain conditions are met), and the property was built or developed by a qualified nonprofit corporation. (See State Board of Equalization Letter to Assessors No. 2021/056, Assembly Bill 345 Accessory Dwelling Units: Separate Conveyance (Dec. 6, 2021); see also Revenue and Taxation Code section 214.15.)

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<sup>3</sup> Previously, local governments could limit the height of ADUs to 16 feet; now, ADUs taller than 16 feet are allowed in certain circumstances, including the following: 1) detached ADUs can be up to 18 feet high if the property is located within a half-mile of a major transit stop or a high-quality transit corridor, or is located on a property with a multistory multifamily dwelling; and 2) attached ADUs can be up to 25 feet high or as high as the main house, whichever is lower.

## **Issue 5: Limitations on the Exemption for Affordable Housing Projects During Construction**

Similar to Issue 2 above, nonprofit affordable rental housing developers have expressed concern that they are unable to obtain the welfare exemption during the construction phase of such projects. Section 5 of California Constitution article XIII extends the welfare exemption to buildings under construction, land required for their convenient use, and equipment in them, if the intended use would qualify the property for exemption.

However, by statute, the welfare exemption for affordable housing under Revenue and Taxation Code section 214, subdivision (g) is deemed to be within the exemption under Section 5 of article XIII, only when an assessor determines whether the use of the property satisfies the appropriate requirements as set forth in the Assessor's Handbook section 267. Under section 214, subdivision (g), the assessor must verify that the property meets all of the relevant criteria (government assistance, use restriction, rents charged, property tax savings, occupancy, etc.) Assessors are only able to verify these criteria once the properties are constructed and occupied.

## **Issue 6. Current Incentives are Administered on a Case-by-Case Basis.**

Numerous stakeholders, including some government entities, repeatedly expressed concerns about the complexity of the current exemption process and the uncertainty or extent of its application to their respective affordable housing projects. According to the BOE white paper on [\*Affordable Housing and Property Tax Relief\*](#) (July 27, 2021), a key issue is the large number of differences among the types of affordable housing programs and projects that exist. Per the white paper, the California Department of Housing & Community Development listed a total of 34 state sponsored programs promoting affordable housing in a variety of ways. Because of the uniqueness of each program and the specificity of the property tax exemptions in terms of property ownership and property use, the BOE and assessors must determine the applicability of the exemption on a "case-by-case" basis, which leaves a variety of "gaps" depending upon the structure and character of the project.

Both the BOE and Assessors have, and will continue to update processing methods, implement electronic filing, and otherwise respond to the requests for "streamlining" and simplifying. However, there is no "one-size fits all," under the current laws and rules, particularly where the properties and projects are so different, and the legislation and/or ballot initiatives passed to authorize such projects, rarely, if ever, include specific property tax relief provisions that would clarify the property tax relief that should be made available to that type of project/property use.

## **5. Potential Policy Ideas/Action Items for Addressing the Gaps**

### **Potential Policy Idea 1: Welfare Exemption Cap for Privately Funded Affordable Housing Projects**

Increase or remove the welfare exemption cap of \$20 million to privately funded projects owned by nonprofit corporations. Currently, SB 588 (Allen) seeks to remove the \$20 million exemption cap if at least 90 percent of the property's units are made continuously available to or are occupied by lower income households, at rents prescribed by section 50053 of the Health and Safety Code.

In addition to removing the \$20 million exemption cap, SB 588 requires privately funded affordable housing projects to meet the other criteria for the welfare exemption, including rents charged, use restrictions, property tax savings, etc. The bill would require the claimant seeking an exemption pursuant to the bill's provisions to provide to the county assessor any additional documents and materials requested by the county assessor necessary to evaluate the claimant's eligibility for the exemption.

### **Potential Policy Idea 2: Time Gap for Proof of Use, Low-Income Occupancy**

Input was received that advocated amending Revenue and Taxation Code section 214 to explicitly allow an affordable housing project under construction to be granted a full or partial welfare exemption (with the full exemption provided upon completion of construction), as is provided for community land trusts under Revenue and Taxation Code section 214.18. Specifically, those affordable housing projects that are not owned by community land trusts should be able to claim the exemption, provided that owners certify with assessors that the property is or will be developed as an affordable rental housing development, and improvements are or will be available for use and rent by qualified low-income persons, subject to a recorded deed restriction or other legal document executed under section 214, subdivision (g)(2)(A).

According to the testimony, the property taxes that are incurred during the construction phase (after project approval) until occupancy of the units by qualified persons (and their income levels) can be verified, are a significant cost-burden especially during the construction and lease-up phases. Although they sometimes have the option to claim a refund or cancellation of some of the taxes under Revenue and Taxation Code section 271(a)(1)-(3), it involves additional filing, waiting, and work both for them and for the assessor and other county officers to proceed through this process.

A practical, cost-efficient solution via legislation that would authorize application of the exemption at an earlier point would simplify the process, further reduce the costs, and incentivize the development of low-income housing. Some speakers recommended support for legislation similar to that initially proposed in AB 84 (Ward) that would have established a presumption that property is eligible for exemption and requires assessors to conditionally grant the exemption within 30 days of application. BOE's analysis of that bill however, stated that 30 days is not feasible, and if the exemption is deemed granted but the assessor

later finds that many units are ineligible for exemption, the assessor would be required to make escape assessments per Revenue and Taxation Code sections 75.11 and 532 within the four-year statute of limitations.

### **Potential Policy Idea 3: Adaptive Reuse for Affordable Housing**

Several speakers indicated the need for additional board guidance as to how non-exempt properties acquired for adaptive reuse affordable housing projects pursuant to recent legislation may receive existing exemptions and avoid unintended tax burdens. Some suggested that legislation may be needed to specify that properties acquired for adaptive reuse affordable housing projects, and whose improvements will be used exclusively for affordable housing purposes, are excluded from reassessment if they are deed-restricted for occupancy by low-income households.

Speakers also commented that even properties owned by religious institutions and higher education institutions that are currently receiving the exemption for those purposes will not retain that exemption once they are acquired for use as affordable housing. Therefore, they will be subject to reassessment and taxed accordingly until they separately claim and qualify for the exemption under Revenue and Taxation Code section 214, subdivision (g). As stated above, this involves a “time gap” that may be significant since the new exemption (for low-income housing) cannot be granted until the property is actually occupied by low-income tenants. If the goal is to incentivize adaptive reuse, some suggested that property tax legislation is needed to provide a full or partial exemption at an earlier point in the development phase.

### **Potential Policy Idea 4: Accessory Dwelling Units**

Expand the welfare exemption law or create or allow either a “partial” exemption for taxpayers who wish to rent their ADU at affordable rates for low-income or very low-income households, or provide other meaningful property tax incentives, such as a reduction in the property tax assessed on the construction of the ADU.

Specifically, the expansion of the welfare exemption should apply to any owner of an ADU who certifies annually to the assessor of the county in which the property is located, by statement under penalty of perjury, that the ADU is continuously available for rent to or occupied by lower-income households, at rents defined by section 50053 of the Health and Safety Code. If the owner provides false information in the statement or certification required for the exemption, the assessor may revoke the welfare exemption and collect otherwise applicable taxes at normally assessed rates and impose penalties as provided by law.

### **Potential Policy Idea 5: Need for the Exemption for Affordable Housing Projects During Construction**

The Board received input requesting the creation (through legislation) of a partial exemption, or an expansion of the existing welfare exemption, for nonprofit affordable housing projects

that have begun construction. The concept proposed was to have property owners certify, under penalty of perjury, that the property will satisfy the conditions for the welfare exemption for affordable housing under Revenue and Taxation Code section 214, subdivision (g) once construction is completed.

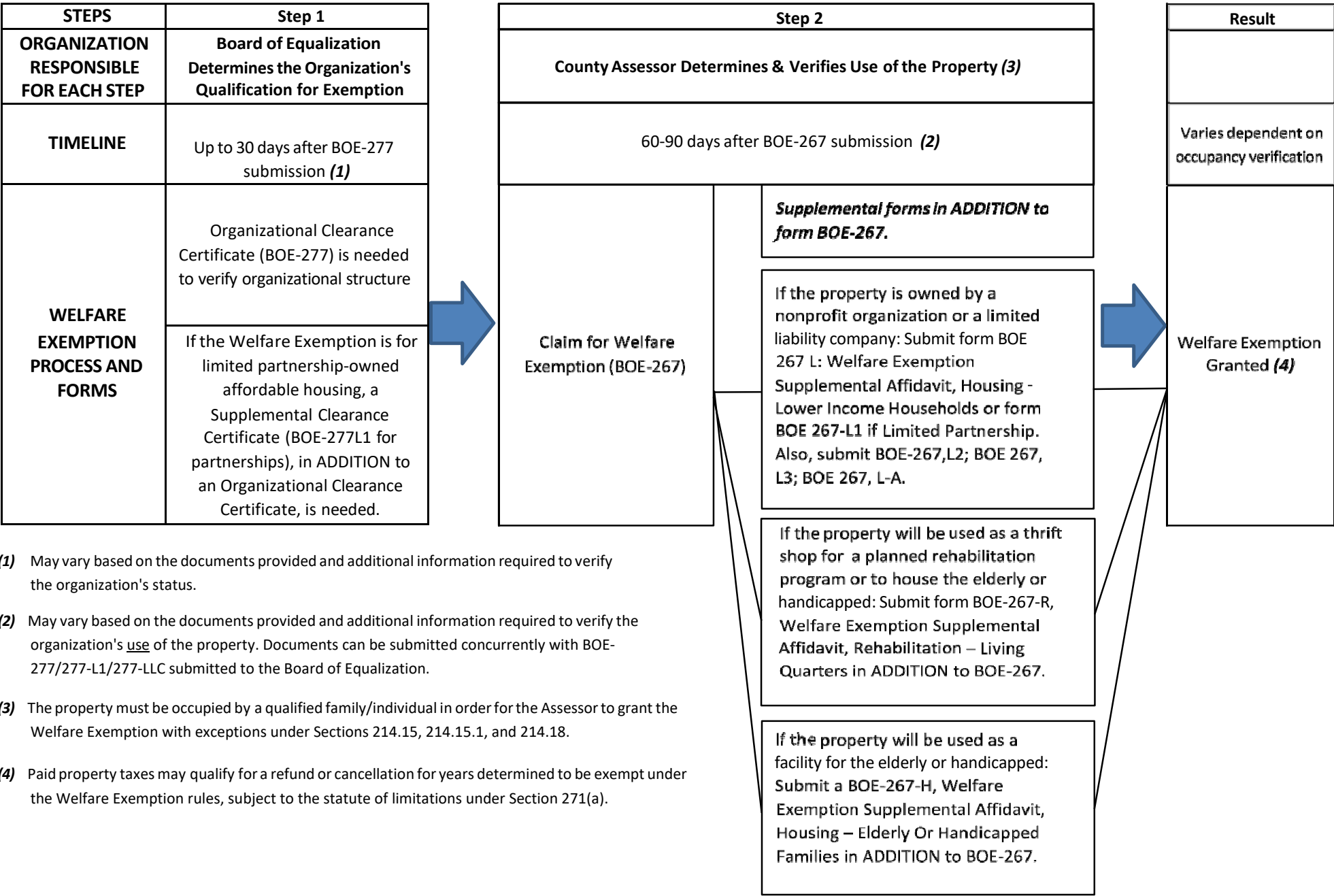
For example, in order to benefit from the welfare exemption during the construction process, before breaking ground a developer would be able to submit a signed prospectus or other legal document to BOE and the respective county assessor certifying that the project is and will continue to be deed-restricted for a lengthy term for affordable housing purposes for low-income persons at qualified levels, and the project will comply with all other exemption requirements and applicable zoning and land-use restrictions, and other criteria as deemed necessary.

This certification would be deemed sufficient to satisfy an assessor's determination as to the use of the property for affordable housing purposes. As stated in the BOE analysis of SB 84 (Ward), having an exemption before construction can create difficulties in establishing base year value. This could possibly cause a delay in assessing property that is ultimately deemed ineligible for exemption. Due to the four-year statute of limitations in issuing supplemental and escape assessments, the county may lose out on tax dollars.

#### **Potential Policy Idea 6: Policy Considerations for Addressing How Current Incentives are Administered on a Case-by-Case Basis**

Suggestions and recommendations were received by the Board for streamlining and simplifying the current exemption process and the uncertainty or extent of its application to their respective affordable housing projects. A few proposed a "blanket" exemption or partial exemptions for any and all low-income housing that met certain criteria. Others suggested a "start-up exemption" to incentivize construction the first 10 years of operation for all low-income housing but allow longer terms (15-20 years) for all housing for the homeless. Most practical and immediate was a potential policy idea/action item for the Board to engage with the Legislature and fully explore this issue, and work together to develop policies and solutions in collaboration with stakeholders.

# APPENDIX A: WELFARE EXEMPTION PROCESS MAP



- (1)** May vary based on the documents provided and additional information required to verify the organization's status.
- (2)** May vary based on the documents provided and additional information required to verify the organization's use of the property. Documents can be submitted concurrently with BOE-277/277-L1/277-LLC submitted to the Board of Equalization.
- (3)** The property must be occupied by a qualified family/individual in order for the Assessor to grant the Welfare Exemption with exceptions under Sections 214.15, 214.15.1, and 214.18.
- (4)** Paid property taxes may qualify for a refund or cancellation for years determined to be exempt under the Welfare Exemption rules, subject to the statute of limitations under Section 271(a).