

880.0350 (b) WELFARE EXEMPTION – CHARITABLE PURPOSES

880.0360 **Charitable.** C 2/25/92. (Deleted 2004)

[880.0361](#) **Charitable.** Under Revenue and Taxation Code section 214(a), the exemption is available for property used exclusively for charitable purposes, owned and operated by foundations organized and operated for such purposes if all the requirements for exemption are satisfied. The primary test of the charitable purposes aspect is whether the activity provides a general community benefit whose "ultimate recipients are either the community as a whole or an unascertainable and indefinite portion thereof." (*Stockton Civic Theatre v. Board of Supervisors*, 66 Cal.2d 13.) This means that the class benefited must be sufficiently large that a gift to it may be considered to benefit an indefinite portion of the community.

A foundation's purpose may be to provide grants to qualified, nonprofit, tax-exempt organizations which provide a broad range of cultural, educational, health, and human services. The grants fund community activities including, but not limited to, homeless programs, scholarships for financially disadvantaged students, and cultural activities, as well as construction and/or renovation of community facilities such as hospitals, schools, day-care centers, theatres, and art museums. Such a foundation's purpose of philanthropy is a charitable purpose within the meaning of section 214(a). C 10/18/2001.

880.0363 **Charitable.** C 5/25/78. (Deleted 2004)

[880.0370](#) **Charitable.** In view of Revenue and Taxation Code section 214.10, activities such as persuading a county health department to institute a plan of rodent eradication and a plan of building inspection to board up vacant houses, improving garbage collection efforts in vacant lots, and obtaining improved lighting in high-crime areas qualify as charitable for purposes of the exemption. C 6/15/88.

880.0375 **Charitable.** C 12/7/87. (Deleted 2004)

[880.0390](#) **Fundraising.** A property that is used primarily for fundraising is not a qualifying use of property for purposes of the welfare exemption, even if the proceeds are used for charitable donations or purposes. C 12/27/2002.

[880.0400](#) **Housing.** Property used exclusively for housing and related facilities for elderly and/or handicapped families and financed by the federal government pursuant to section 8 of the Housing and Community Development Act of 1974 (section 201 of Public Law 93-383/42 U.S.C. 1437(f)) may be eligible for the exemption. C 6/11/81.

880.0401 **Housing.** LTA 3/5/85 (No. 85/28); LTA 10/10/85 (No. 85/108). (Deleted 2004)

[880.0402](#) **Housing.** Assuming the owner/operator of a housing facility for elderly or handicapped families satisfies the organizational requirements, its property may qualify for the exemption even if it is not financed by a federal grant or loan and it is not devoted to accommodating only low- or moderate- income tenants, provided the owner/operator furnishes services designed to meet the special needs of its tenants.

Among recognized services are:

1. The preparation or instruction in preparation of meals.
2. Assistance in shopping for food, clothing and household furnishings on an "as needed" basis.
3. Social programs, and assistance such as temporary housekeeping for the sick.

4. Emergency transportation (other than ambulance service), and referral assistance when professional services are needed. C 12/30/87.

880.0403 Housing. A public benefit corporation that is organized for the specific purpose to preserve affordable housing, including the development and preservation of affordable mobilehome park/manufactured housing community living, is eligible for exemption within the charitable purposes aspect of Revenue and Taxation Code section 214(a). The corporation's function of assisting mobilehome park residents to purchase their park does not cause disqualification of the organization from the exemption. C 5/12/2005.

880.0405 **Housing.** LTA 7/7/88 (No. 88/51). (Deleted 2004)

880.0406 Housing. To obtain the exemption provided for in Revenue and Taxation Code section 214(g), the claimant must satisfy the requirements of that subdivision and the other applicable organization and operational requirements of section 214. The exemption applies only to rental housing, and the tenants may not be members of the organization that owns the property. C 1/6/88.

880.0407 Housing. Neither Revenue and Taxation Code section 214 nor subdivision (g) thereof consider limited partnerships to be organizations qualified for the exemption. Section 214(g) merely recognizes certain properties as properties being within the exemption. C 3/1/94.

880.0408 Housing. Lower income housing owned by a limited partnership and operated by another limited partnership may qualify for the welfare exemption under subdivision (g) of Revenue and Taxation Code section 214, but both limited partnerships must meet all the requirements for exemption. Section 214(g) requires the property to be both owned and operated by a qualifying entity.

A qualifying limited partnership for purposes of section 214(g) must have (1) an eligible nonprofit corporation as the managing general partner; (2) a limited partnership agreement that designates such nonprofit corporation as the managing general partner, and (3) an agreement that provides the nonprofit managing general partner with management authority over the partnership operations and specific management duties. In addition, the nonprofit managing general partner of each limited partnership must file claims for the exemption. C 3/4/2003.

880.0410 Housing. For 1988 and thereafter, property used exclusively for an emergency or temporary shelter and related facilities for homeless persons and families will be eligible for the exemption if the requirements of Revenue and Taxation Code section 214, including section 214(h), are met. Section 214(h) pertains only to emergency or temporary shelters and related facilities for persons and families which are eligible for funding pursuant to Health and Safety Code sections 50800 et seq. Rescue missions, halfway houses, shelters for abused women and/or children, etc., may be eligible for exemption under existing provisions of section 214. LTA 7/13/88 (No. 88/54).

880.0415 **Housing.** C 1/17/84. (Deleted 2004)

880.0420 Housing. Housing provided by a limited equity cooperative housing corporation to its members is owned by the individual corporate members who are eligible to claim and receive homeowners' exemptions. Such property is not eligible for the welfare exemption as rental housing under Revenue and Taxation Code section 214(g). C 3/7/90.

880.0421 Housing. When a housing complex contains units eligible for the welfare exemption and other units eligible for the homeowners' exemption, property tax imposed on the units receiving the latter partial exemption may not be apportioned among all the units. It is

contrary to case law and against public policy to deny exemption to exempt property by shifting taxes from taxable property to it. C 7/27/87.

[880.0425](#) **Housing.** For 1985 and thereafter, property used exclusively for housing and related facilities for elderly or handicapped families and financed by the federal government is eligible for exemption without regard to which Public Law section authorizes the financing, provided the charitable requirements of Revenue and Taxation Code section 214 are satisfied. C 12/11/90.

880.0426 **Housing.** C 8/2/95. (Deleted 2004)

[880.0429](#) **Housing.** Property Tax Rule 137 establishes a single uniform statewide standard for determining the exemption qualification of housing properties of nonprofit organizations. Rule 137 is consistent with both long-standing judicial precedent and Revenue and Taxation Code section 214(i). While Rule 137 is consistent with existing law, it is a departure from the Board's past practice and application of the law to property used for housing. Prior to the rule's adoption, the Board's and the assessors' application of a strict standard, rather than a strict but reasonable standard in their interpretation of existing law, had resulted in the exemption of few housing properties. Additionally, Rule 137 did not constitute a change in, but rather is declaratory of existing law; it is to be given retroactive effect. C 3/28/2003.

880.0430 **Housing.** C 3/13/87. (Deleted 2004)

880.0431 **Housing—Vacancies on Lien Date.** C 11/13/92. (Deleted 2004)

[880.0432](#) **Housing.** Properties of nonprofit organizations which purchase single family residences from the Veterans Administration to shelter primarily homeless veterans do not qualify for the exemption unless there is an enforceable and verifiable agreement with a public agency or a recorded deed restriction that restricts the property's usage to rental to low income households, and that provides that designated units are continuously available to or occupied by lower income households at the rent levels prescribed in accordance with (Revenue and Taxation Code section 214(g)(2)(A)). C 3/2/2000.

Note: Chapter 601 of the Statutes of 2000 amended section 214(g) to require a minimum of 90 percent of the occupants be lower income households in order for the property to qualify for exemption.

880.0440 **Low-Cost Housing.** C 6/7/84. (Deleted 2004)

[880.0445](#) **Low-Cost Student Housing.** A possessory interest held by a qualified claimant in property owned by a governmental entity is eligible for the exemption. C 9/29/77.

Note: Chapter 678 of the Statutes of 1994 (in effect January 1, 1985) amended section 261(c) to allow filing with the assessor in lieu of recordation.

880.0460 **Museum.** C 1/7/83. (Deleted 2004)

[880.0480](#) **Orphanages.** An orphanage is eligible for the exemption if it meets the requirements therefor. C 12/7/79.

880.0485 **Paid for Services.** C 7/17/78. (Deleted 2004)

880.0486 **Paid for Services.** C 5/25/78. (Deleted 2004)

880.0487 **Paid for Services.** C 5/23/78. (Deleted 2004)

[880.0500](#) **Project Headstart Program.** A church which uses part of its building for housing a Project Headstart program may qualify that part of the building for the exemption as long as the requirements therefor are met. OAG 3/6/74 (No. CV 74-16, Vol. 57, p. 119).

880.0505 Property Leased to Government. Upon completion of construction, streets, sidewalks, curbs, gutters, water systems, and waste water facilities may be eligible for the exemption provided by Revenue and Taxation Code section 231 if leased to a governmental agency by a nonprofit corporation satisfying the organizational requirements of the section. During construction, these improvements would not be exempt since section 231 relates only to buildings in the course of construction. Land or land and improvements leased to a governmental agency which are vacant or unused are ineligible for exemption. When improvements are exempt, then the land reasonably necessary to their use is also exempt. C 8/19/86.

880.0515 Public School Buildings Under Construction. Public school buildings under construction on the lien date are eligible for the exemption under Revenue and Taxation Code section 231, if the qualifying owner meets all the provisions of Revenue and Taxation Code section 214. C 1/26/78.

880.0525 Schools of Less Than Collegiate Grade. A nonprofit organization working directly with students in grades kindergarten to 12 in addition to working with teachers and other adults is a qualifying organization, assuming all requirements for exemption are met. C 3/3/78.

880.0528 **Schools of Less Than Collegiate Grade.** C 11/5/85. (Deleted 2004)

880.0540 **Thrift Store.** C 3/1/79; C 5/1/80. (Deleted 2004)

880.0541 **Thrift Store.** C 11/14/79. (Deleted 2004)

880.0560 Trade School. A trade school owned and operated by a local trade union for its members and/or potential members does not use its property exclusively for charitable purposes and activities. Further, the school does not qualify for the public schools exemption. It is a private institution, not a public school or public school district. C 12/8/87.

880.0565 Transportation Service. By contract to the local government, a claimant operates a discounted fare transportation program for senior citizens and disabled persons of the community. The operation of a fee-paid transportation service is a governmental, not charitable, activity. Even if the service was not provided solely by the government, the claimant is not entitled to an exemption because there is no charitable aspect to the claimant's role in providing the service as it is reimbursed for its costs, and the service is a commercial activity or equivalent thereof. C 3/6/2006.

880.0570 Unrelated Income. Pursuant to Revenue and Taxation Code section 214.05, if an organization *whose property is otherwise eligible for exemption* receives taxable unrelated business income, i.e., income after expenses, from the use of a portion of that property, it will receive only a partial exemption for the property. Once it is determined that unrelated business taxable income is produced, exemption is limited to the proportion of the value of the property producing the unrelated business taxable income that the total gross income exempt from taxation produced by that portion of the property bears to the total gross income attributable to that portion of the property. C 6/20/89.

880.0580 Use of Property. Property owned and used by an owner or members for fraternal or lodge purposes is not used for exempt purposes and does not qualify for the exemption. C 9/18/78; C 10/16/78.

880.0581 Use of Property. The use by a qualifying organization of its generator to produce power for its own use is incidental and reasonably necessary for the accomplishment of its exempt purposes, and the sale of power to a public utility at times when the generator

creates excess power for later repurchase at times the generator's production is insufficient does not result in loss of exemption. C 4/3/84.

[880.0582](#) **Use of Property.** The use of property by a membership organization may qualify for the exemption if the organization drafts its articles of incorporation and organizational documents to demonstrate that its primary purpose is charitable and that its activities will benefit the community at large rather than only its own membership, and if the organization applies for and receives charitable status with the Internal Revenue Service under Internal Revenue Code section 501(c)(3) and/or with the Franchise Tax Board under Revenue and Taxation Code section 23701d. However, if the membership organization's primary purpose is to raise funds and its meetings could be characterized as "fundraising meetings," an organization receiving the exemption for its property could jeopardize its exemption by permitting such meetings to take place on its property. C 10/2/2000.