PROPOSED WELFARE EXEMPTION RULES
LIST OF INTERESTED PARTIES THAT PROVIDED COMMENTS
MARCH 8, 2005

Angelus Plaza, February 22, 2005

California Association of Homes and Services for the Aging, March 2, 2005

California Housing Partnership Corporation, March 4, 2005

California Legislature, February 28, 2005

Cambrian Center, Received March 4, 2005 (Letter from Ronald L. Anderson, Executive Director)

Cambrian Center, February 25, 2005 (Letter from Dale J. Harrington, President)

Cambrian Center, February 25, 2005 (Letter from residents)

Canterbury Village, March 1, 2005

Cascade Housing Association, February 28, 2005

City of West Hollywood, February 8, 2005

Coachella Valley Housing Coalition, March 2, 2005

Community Housing Works, March 4, 2005

Core Companies, The, March 4, 2005 (Letter from Martha Putnam)

Core Companies, The, March 4, 2005 (Letter from David Neale)

Corinthian House, February 23, 2005

County of Santa Clara, February 24, 2005

County of Santa Clara, October 21, 2004

Cox Castle, March 4, 2005

Foundation for Social Resources, March 4, 2005

GMAC Commercial Mortgage, March 4, 2005 (Letter from William Valentine, Vice President)

GMAC Commercial Mortgage, March 4, 2005 (Letter from Steven N. Fayne, Managing Director)

Goldfarb Lipman Attorneys, March 4, 2005

Goldfarb & Lipman, October 14, 2004

Housing Authority of The County of Merced, February 28, 2005

Michael Stein, October 26, 2004

Mid-Peninsula Housing Coalition, October 15, 2004

Mountain Vistas, February 28, 2005

Non-Profit Housing Association of Northern California, The, October 15, 2004

Park Paseo, February 28, 2005

Patrick R. Sabelhaus, Law Offices of, February 15, 2005

Pillsbury Winthrop, (Received as attachment to letter from Foundation for Social Resources)

Retirement Housing Foundation, February 28, 2005

Rosewood Court, February 28, 2005

Santa Clara Methodist Retirement Foundation, Inc., February 22, 2005

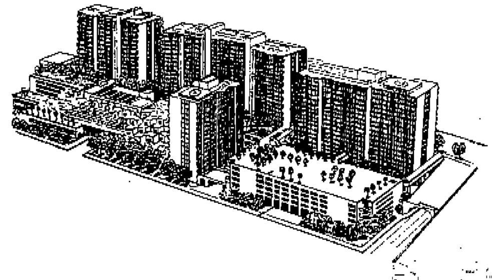
Southern California Association of Non-Profit Housing, March 4, 2005

Southern California Presbyterian Homes, February 28, 2005 (Please note that duplicate letters submitted under the following signatures: Gerald W. Dingivan, President & Chief Executive Officer, Marc Herrera, Skilled Nursing Administration and Risk Management, Benjamin Beckler, Vice President, Project Development, Sally Little, Vice President, Affordable Housing, Carl W. Raggio, Jr., Board of Directors, DeWayne McMullin, Vice President and Chief Financial Officer, Ollie Blanning, Chair, Board of Directors, Gregory D. Bearce, Executive Vice President & Chief Operating Officer, Senator Newton R. Russell, Board of Directors)

Sycamore Terrace, March 4, 2005

Urban Housing Communities, February 1, 2005

Angelus Plaza



255 South Hill Street, Los Angeles, California 90012
Telephone: 213-623-4352 Fax: 213-626-7352
TDD: 800-545-1833 Ext. 253

2005 MAR -1 AM 10:09

February 22, 2005

Mrs. Ladeena Ford
State Board of Equalization
Property and Special Taxes Department
P.O. Box 942879
Sacramento, CA 94279-0064

RE: March 16th Meeting on Welfare Exemption Rules

Dear Mrs. Ford:

My name is Joan Marker and I am the Administrator of The Angelus Plaza, a 1093 unit non-profit owned building in downtown Los Angeles, Los Angeles County. Built in 1981, The Angelus Plaza provides affordable housing for approximately 1,300 low-income seniors, whose average age is 78 years. The waiting list to become a resident at The Angelus Plaza is 5 ½ years.

The Angelus Plaza was developed using federally insured loans and state housing subsidies. The Board of Equalization's proposal to disqualify affordable housing communities financed with federally insured loans from eligibility for property tax exemptions will have a devastating impact on this property. Under our regulatory agreement, we cannot charge monthly rents greater than 30 percent of the resident's monthly income. Operating under a tight budget, there is little room to shift obligations around in the budget and begin paying property taxes. To do so, we would have to take money away from repairs and upkeep to the property, as well as services we have been able to offer residents to help keep them independent and in the community. If we were unable to absorb the additional costs, we would be in danger of violating our regulatory agreements and loan commitments.

If the Board of Equalization's proposal to disqualify communities financed by federally insured loans were the law in the late 70's and early 80's, I don't think The Angelus Plaza would ever have been developed. Affordable housing communities are fragile and risky under takings because the financing is so difficult to secure. Requiring such communities to pay property taxes would most likely render the deal financially untenable.

I believe that the type of subsidy used to finance affordable housing should not be the focus of whether an exemption applies or not. The test should be whether a property is required by contracts or regulatory agreements to keep rents restricted to an affordable level. I respectfully urge the Board of Equalization to maintain the current interpretations of who qualifies for exemption from property taxes.

Thank you for this opportunity to share my views.

Sincerely,

Joan Houser Marker

Joan Houser Marker
Angelus Plaza Administrator

California Association of Homes and Services for the Aging

1315 I Street, Suite 100 • Sacramento, CA 95814
916-392-5111 • Fax 916-428-4250 • www.aging.org

Representing senior services since 1961

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Assessment Policy & Standards Division
State Board of Equalization

March 2, 2005

Ms. Ladeena Ford
State Board of Equalization
Property and Special Taxes Department
450 N Street
Post Office Box 942879
Sacramento, CA 94279-0064

Re: ***Proposed Welfare Exemption Rules to be discussed on March 16, 2005***

Dear Ms. Ford:

The following comments are being submitted on behalf of the California Association of Homes and Services for the Aging (CAHSA), an association of not-for-profit providers of housing and services to the elderly. CAHSA members provide housing and services on a tax-exempt charitable basis in facilities that are financed with federal loans, grants and mortgage insurance, low-income housing tax credits, and/or tax-exempt bonds. Most CAHSA members serve low and moderate- income residents and others serve residents on a market rate basis.

Initially, it is important to recognize that the provision of housing and services to the elderly is a charitable activity independently eligible for property tax exemption under both Section 214(a) and Section 214(f) of the Revenue and Taxation Code. It is not necessary that providers of housing and services to the elderly meet any of the requirements of Section 214(g), which is available to housing projects that serve non-elderly households.

California courts have recognized that the elderly are a distinct class warranting a property tax exemption for charities that provide them with housing and services, even when such services are provided at market rates and not solely to low or moderate income residents. See *Fredericka Home for the Aged v. San Diego County* (1950) 35 Cal.2d 789; *John Tennant Memorial Homes* (1972) 27 Cal.App.3d 378. In those cases, it was established that a facility, which provides care or special services to the elderly need not cater to the indigent in order to be charitable, because the elderly have additional significant physical, social and mental problems. Therefore, the property tax exemption is applicable without regard to the financial status of the residents. CAHSA member facilities that care for lower income residents usually provide services to their residents, such as meal programs, activities programs and coordination of community services needed by elderly residents. Such facilities are therefore eligible for the property tax exemption under Section 214(a) as interpreted by the California courts.

In addition, Section 214(f) specifies that property used for housing and related facilities for the elderly at which supplemental care or services are provided which are designed to meet the special needs of elderly residents, is eligible for the *ad valorem* property tax exemption. See State Board of Equalization (BOE) Notice to Assessors, dated October 10, 1985.

Section 214(g) presents a third independent basis for exemption. It should not need to be invoked unless the property owner fails to provide any services designed to meet the needs of its elderly residents. In such a case, the property owner would need to meet the federal financing or low income housing tax credit criteria of Section 214(g)(1)(A) or (B).

The BOE is questioning whether federally-insured or federally-guaranteed mortgage loans on lower income housing properties constitute government financing under Section 214(g)(1)(A). It is clear that the Legislature intended that federal financing include not only direct grants or loans, but also mortgage insurance programs. In Section 214(f), the Legislature described housing "financed by the federal government" to include programs funded pursuant to the Section 202, 231, 236 and 811 programs. Given that both the Section 231 and 236 programs are mortgage insurance programs, and not direct grants or loans, it is apparent that the Legislature intended its references to federal financing in Section 214 to include all forms of financing, including mortgage insurance.

The BOE also asks whether the tax exemption available under Section 214(g)(1)(A) applies after a federal loan has been repaid, provided that low-income eligibility criteria for residents continue to be met. Section 214(g)(1)(A) clearly states that the "acquisition, rehabilitation, development, or operation of the property, or any combination of these factors" must be federally financed. Therefore, any project that has been acquired using federal financing should remain eligible for the exemption so long as the low-income criteria are met, regardless of whether there is a current operating agreement with the federal government.

Finally, the BOE also questions whether HUD Section 8 payments constitute federal financing under Section 214(g)(1)(A). Clearly, Section 8 constitutes a federal grant that finances the "operation of the property" and is therefore explicitly eligible for tax exemption under Section 214(g)(1)(A).

Thank you for taking these comments into consideration during your deliberations.

Very truly yours,

Jack E. Christy

Jack E. Christy
Director of Public Policy

cc: Public Policy Committee.
Housing Subcommittee

CALIFORNIA
HOUSING
PARTNERSHIP
CORPORATION

VIA FACSIMILE
916-323-8765

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Assessment Policy & Standards Division
State Board of Equalization

March 4, 2005

Mr. Dean Kinnee, Chief
State Board of Equalization
Property and Special Taxes Department
Assessment Policy and Standards Division
450 N Street
Sacramento, CA 94279-0064

Re: Comments on Proposed Changes to Welfare Exemption Rules140-143

Dear Mr. Kinnee,

I am writing on behalf of the California Housing Partnership Corporation (CHPC) in support of the proposed changes BOE is considering making to the Welfare Exemption Rules 140-143.

The California Housing Partnership Corporation was created by the state in 1988 to assist nonprofit and government organizations create and preserve affordable housing while providing leadership on housing policy. CHPC is unique in combining transaction-based technical expertise with deep experience in affordable housing policy work. To date, CHPC has helped preserve and create more than 7,000 units of affordable rental housing.

The welfare exemption plays a critical role in the financial feasibility all of the housing developments we have worked on. There is no question that without the exemption there would be significantly fewer units of affordable housing and those that remained would not be able to serve people who need the assistance most. We are aware, however, of a number of cases in which we believe the exemption is being used in ways that are not consistent with the intent of Revenue and Taxation Code Section 214(g) governing the use of the exemption by limited partnerships with a nonprofit managing general partner. For this reason, we are particularly interested in commenting on Issue 7 relating to the proposed changes to Rule 140.

Our intent in commenting on this is not to point fingers at particular organizations or to urge BOE to take away exemptions that have already been granted, but rather to urge you to strengthen and clarify the requirements with respect to the management authority and duties of a nonprofit managing general partner so that a bright line is established that the

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SACRAMENTO
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Sacramento, CA 95842
Ph: (916) 683-1180
Fax: (916) 683-1194

INLAND EMPIRE
28545 Old Town Front Street
Suite 205
Temecula, CA 92590
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Fax: (909) 506-3997

tire industry can clearly see and that county assessors can monitor and enforce with BOE assistance.

CHPC has been part of an informal working group of affordable housing professionals attempting to develop criteria that would meet this standard. We have concluded, however, that this can best be done by convening a working group composed of BOE staff, interested county assessors, experienced nonprofit and for-profit housing developers, tax attorneys, lenders and investors. We recommend that the Board postpone action on this portion of the rule-making process with a direction to BOE staff to convene such a group with the intent of returning to the Board with recommendations within 180 days. We would like to play a role in assisting BOE in convening such a group and facilitating discussions if BOE is interested in pursuing this process as a means of arriving at a solution to the complex issues involved in revising the rules for interpreting and implementing 214(g).

The following are our comments on the specific staff positions outlined in the Febraury 24 memorandum to interested parties:

1. **Exemption qualification of tax credit properties.** We agree with the staff position that properties receiving tax credits should be eligible for the exemption for the duration of the longest regulatory agreement that meets BOE criteria. It is the regulatory agreement limiting the benefit of the exemption to low income households that should be considered for determining eligibility, not any financing mechanisms.

2. **Exemption qualification of properties that have refinanced government loans.** Properties should remain eligible for exemption as long as there is a recorded regulatory agreement in place restricting income and rents in accordance with BOE regulations.

3. **Exemption qualification of properties with federally insured loans.** We support the staff position that only those federally insured loans with recorded regulatory agreements should satisfy the "government financing" criteria under section 214(g)(1)(A). Financing should not determine whether an exemption is allowed; the regulatory agreement should.

4. **Amount of exemption allowed per property.** We agree with the staff position that the exemption should be limited to the percentage of low income units specified in the regulatory agreement(s).

5. **Exemption qualification of property with multiple agreements**. We agree with the staff position that where there are multiple regulatory agreements governing a

single project, the agreements should be combined to determine the percentage of units eligible for exemption.

6. **Exemption qualification of projects with section 8 tenant vouchers.** We agree with the staff position that units occupied by individuals with section 8 vouchers but not otherwise governed by a regulatory agreement should <u>not</u> be qualified for the exemption. Similarly, we believe that units governed by project-based HAP contracts should be eligible *as long as they are also governed by recorded regulatory agreements* that maintain affordability to low-income households in the event that the Section 8 subsidy is terminated.

7. **Requirements for the nonprofit managing general partner.** We agree with the staff position that non-profit managing general partners must have management authority that it actually exercises, rather than merely functioning as a "shell" for the purpose of obtaining the exemption. The intent of the underlying law is clear that (1) the benefit of the exemption should be used to keep rents low, not to enrich any of the parties to the transaction; and (2) that the Legislature wanted only nonprofits with the staff and capacity to actually manage the partnership to trigger eligibility, not nonprofits set up primarily to obtain the exemption or social service nonprofits without the capacity to actually manage the partnership.

8. **Qualifying rent levels.** We support the staff position that projects which operate consistent with the regulatory agreement governing maximum rent and income levels should be eligible for exemption and that lower rents are not needed.

Thank you for considering our positions. Feel free to call me with any questions.

Sincerely,

Matt Schwartz
Executive Director

CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

February 28, 2005

Mrs. Ladeena Ford
State Board of Equalization
Property and Special Taxes Department
P.O. Box 942879
Sacramento, CA 94279-0064

We understand that the BOE is undertaking a welfare exemption rule project for the purpose of adopting four new Property Tax Rules to implement statutory law pertaining to the welfare exemption. As part of its process, the Board has scheduled a meeting to discuss a number of issues prior to the drafting of the new rules. We would like to share our views on a number of the issues raised.

The welfare exemption is a critical piece of the financing mechanisms that help California meet its overwhelming affordable housing needs. It reduces operating costs for projects that provide a needed social benefit, in turn reducing the subsidy required of public entities. Without the welfare exemption, state and local governments would simply have to increase financial support for projects or fund fewer projects.

It is our strong belief that properties that initially qualify for a welfare exemption should continue to receive the welfare exemption through the life of the regulatory agreements. While the tax credit period may expire after ten years and mortgage revenue bonds are repaid after 30 years, affordability is nevertheless restricted on these projects for a period of 55 years and the public is benefiting from 55 years of affordability. The projects should receive the welfare exemption for the same amount of time.

Ultimately, it is our belief that an eligible owner should receive the welfare exemption for any project with qualifying affordability covenants imposed by a public entity regardless of the source of subsidy.

To the extent new rules are needed at all, we strongly urge the Board to adopt rules that are consistent with these views.

California has a great need for affordable housing. Ensuring that all eligible affordable housing developments are receiving the welfare exemption will significantly help us to meet that need.

Sincerely,

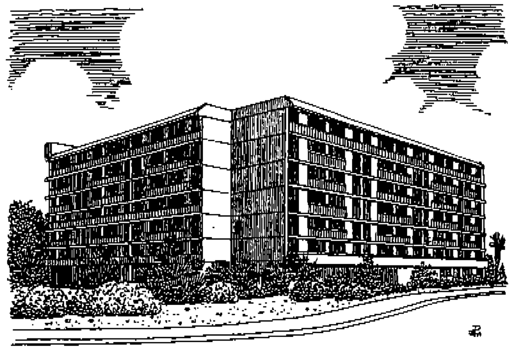
Senator Tom Torlakson, Chair
Senate Transportation and Housing Committee

Assemblyman Gene Mullin, Chair
Assembly Housing and Community Development Committee

Senator Christine Kehoe
Chair, Senate Local Government Committee

Assemblyman Simón Salinas
Chair, Assembly Local Government Committee

Senator Sheila Kuehl
23rd Senate District



Cambrian Center

2360 Samaritan Place
San Jose, California 95124-3900
(408) 559-0330
Fax: (408) 377-0478
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Mrs. Ladeena Ford
State Board of Equalization
Property and Special Taxes Department
PO Box 942879
Sacramento, CA 94279-0064

Re: March 16th Meeting Regarding Welfare Exemption Rules

Dear Mrs. Ford,

Cambrian Center is a nonprofit community for low-income seniors and disabled adults, which is located in West San Jose, in the County of Santa Clara. I am Ronald Anderson, Executive Director of this property, which opened its doors in 1981 and can assist residents in 150 apartments. We are a HUD Section 8, 202, community that houses very low and extremely low income residents with an average income of just over $12,500 a year or $1,050 a month. This figure needs to cover their part of the rent, the food program at the community, as well as their transportation, medication, and insurance. As of today Cambrian Center has a 2 ½ to 3 year waiting of applicants wanting to reside here.

If we lose the property tax exemption, Cambrian Center would have to look at either cutting services, reducing capital improvement to maintain the property or increase rents to the residents that reside here. Since we receive government subsidy, will HUD or the State of California provide for this increase? I do not think so! By living in one of the most expensive areas of the nation, these residents are already dealing with inflated prices for basic items.

If the property tax exemption were eliminated, the County of Santa Clara and the City of San Jose would not have any backers come forward to sponsor and build new communities, which are sorely needed in this area. We need to be able to provide these needed services to the population that worked hard for us to be where we are now. Looking to the future, what does it hold for all the people working at minimum wage or just a little over it? We need to act now to maintain what we have and how we can provide more units for those in need.

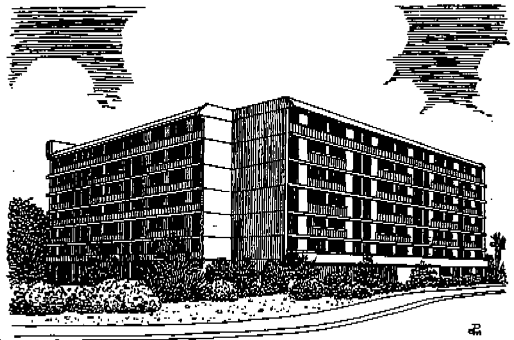
Cambrian Center has been able to provide affordable housing to thousands of seniors/disabled adults of all ethnic backgrounds. Our residents' rent is subsidized by HUD and constitutes government financing of this program and act. It should not matter what source the subsidy is, only that it make rent levels affordable to lower-income individuals and families. I urge the Board of Equalization to maintain the existing property tax exemptions for affordable housing properties.

Thanking you in advance for giving us the time to provide our opinions on the Welfare Exemption Rules.

Sincerely,

Ronald L. Anderson
Executive Director of Cambrian Center, Inc.
2360 Samaritan Place
San Jose, California 95124

cc: Betty T. Yee
450 N Street, MIC: 71
Sacramento, CA 95814



Cambrian Center

2360 Samaritan Place
San Jose, California 95124-3917
(408) 559-0330

February 25, 2005

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State Board of Equalization

Mrs. Ladeena Ford
State Board of Equalization
Property and Special Taxes Department
P.O. Box 942879
Sacramento, CA 94279-0064

RE: March 16th Meeting on Welfare Exemption Rules

Dear Mrs. Ford:

I am writing to urge that 501 (c) (3) organizations which provide affordable housing to low income elderly and disabled individuals not have the Welfare Exemption changed. Our corporation was formed in 1978 for the purpose of providing affordable housing to low income elderly and disabled individuals. We would not have been able to establish our service to this population and certainly not have been able to provide those services for all of these years if we had not had the exemption.

We have been able to provide decent and affordable housing to hundreds of persons by virtue of the 202/8 programs through the United States Department of Housing and Urban Development. Our residents require rental subsidy as it is, let alone impose higher costs on our operation by removing our Welfare Exemption.

Please maintain the status of the Welfare Exemption for corporations such as us.

Sincerely,

Dale J Harrington

Dale J. Harrington, President
Cambrian Center Board of Directors
Cambrian Center, Inc.
2360 Samaritan Place
San Jose, CA 95124

cc: Ms. Betty T. Yee
450 N Street, MIC:71
Sacramento, CA 95814

February 25, 2005

Mrs. Ladeena Ford
State Board of Equalization
Property and Special Taxes Department
PO Box 942879
Sacramento, CA 94279-0064

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Assessment Policy & Standards Division
State Board of Equalization

Re: March 16th Meeting Regarding Welfare Exemption Rules

Dear Mrs. Ford:

We are writing to you as residents of Cambrian Center in San Jose, California. Our building is a HUD community, Section 8, 202, that houses both seniors and disabled adults. We have 150 units of which 139 are one bedroom and 11 are studios. Cambrian Center has been in operation for 23 years providing housing for low-income residents in West San Jose.

We would like you to see the breakdown in households and who resides in these communities. Here is our statistical data:

As of today there are 147 heads of households.

Their breakdown according to age is as follows:

Age	# of Residents	% of Community
Under 21	0	0
21-29	3	2.04
30-39	1	0.68
40-49	4	2.72
50-61	8	5.44
62-69	22	14.97
70-79	50	34.01
80-99	59	40.14
100+	0	0

Average Age:	74.8	Sex:		
For Males:	71.3	Males	53	36.05%
For Females:	76.7	Females	94	63.95%

Head's Special Status:	Total	Percent
62 and over:	131	89.1%
Frail Elderly:	2	1.4%
Disabled:	27	18.4%

Race/Ethnicity:	Total	Percent
White	105	71.4%
Black	3	2.0%
Indian(American)/Alaskan	0	0.0%
Asian	39	26.5%
Hawaiian/Paacific Islander	0	0.0%
Hispanic	8	5.4%
Non-Hispanic	139	94.6%

Characteristics of All Members in All Households (Total members 163)

Age	# of Residents	% of Residents
23-29	3	1.8%
30-39	1	0.6%
40-49	5	3.1%
50-54	3	1.8%
55-61	6	3.7%
62-69	28	17.2%
70-79	54	33.1%
80-89	50	30.7%
90-99	13	8.0%
100+	0	0.0%

Average Age:	74.4	Sex		
For Males:	71.0	Males	56	34.4%
For Females:	76.2	Females	107	65.6%

Special Status All Members (Note: Individuals may be in more than one category)

	Total	Percent
62 and over:	145	89.0
Frail Elderly:	2	1.2
Disabled:	28	17.2

Race/Ethnicity:	Total	Percent
White	114	69.9
Black	3	1.8
Asian	46	28.2
Hispanic	9	5.5
Non-Hispanic	154	94.5

Income Sources

	Wages	Public Assistance	Pensions	Tax Credit	Other
Households with:	8	2	140	0	8
Percent:	5.4	1.4	95.2	0	5.4
Average Amount:	$13925	$5688	$12078	$0	$4790

Gross Income Breakdown:

	2000-3999	4000-5999	6000-7999	8000-9999	10000-11999	12000-13999	14000-15999
Total	2	0	3	70	21	12	8
Percent	1.4	0	2.0	47.6	14.3	8.2	5.4

	16000-17999	18000-19999	20000-21999	22000-23999	24000-25999	26000-27999	28000-30000	Over 30000
Total	14	4	4	1	2	2	1	3
Percent	9.5	2.7	2.7	0.7	1.4	1.4	0.7	2.0

Average Income: $12599

Income Categories at Move-in

Very Low Income:	146	99.3%
Low Income:	1	0.7%

Households with Expenses:

Medical	69	46.9%	Average $2741

Living in Santa Clara County is one of the most expensive areas in the United States. We have lived, worked and want to stay in an area that has our family and friends. The cost of living has gone up on amenities like public transportation, medication, food, gas, insurance of all kinds including Medicare and clothing and is more than the 2.7% we received from Social Security. We live on fixed incomes and we need to decide what amenity is the most important to us and what can we do without!

We would like to recommend that some sources like churches have greater wealth and land that could also be taxed. Industry also needs to pay their fair share and not receive the write-offs that government gives them. We do not have options open to us if we are forced to pay more because of these new Welfare Exemption Rules. It is important that the Board of Equalization maintain the existing property tax exemptions for affordable housing properties. The source of our subsidy should not matter, as it should make rent levels affordable to lower-income individuals and families.

Please consider our request and Thank you for giving us the opportunity to provide you with our comments.

Sincerely,
Residents of Cambrian Center
2360 Samaritan Place
San Jose, CA 95124

Signatures and apartment numbers of residents residing at Cambrian Center on the following pages.

CC: Betty T. Yee, California State Board of Equalization Member, First District

Resident Signatures	Apartment Number
KAMEL TARW	3 [illegible]
Maureen Willard	420
~~AKBAR POURMIRZAIE~~	~~209~~
~~AKRAM SHAHBAZI~~	~~209~~
Vafa A Rabbani	722
Anna M. Barclay	215
David Barclay	215
Nayer N Fali	303
Katherine E. Huckaby	217
Margery Phillips	509
Angela Panossian	206
[illegible]	207
Gerda Martin	619
Elena Sfrizan	515
John Hadley	721
MAGDAlena Gago	205
Marguerite Morimar	203
Margaret Taylor	622
Barbara Flaurie	522

Resident Signatures	Apartment Number
Elsie A. Freeman	#309
[illegible]	602
Vincent Carnesecca	702
Robert Brzezinski	413
Jack Lichtental	109
Ralph Borrego	308
Helen M King	B4
Lunah Johnson	418
Betty Babb	705
Jessie Scott	719
Erik Songeb	B-2
Lucille M. Sala	204
Betty McCalhun	608
David Cardarelli	806
Elizabeth Joussef	708
Jamileh A. ASBAGH	311
Esfandiar A. ASBAGHI	108
Frank Costa	317
Jane Ellison	715

Resident Signatures	Apartment Number
Lucille C. Frees	#615
Aleine R. Schank	#315
Barbara Wilsimpel	#711
Beverly Warren	709
M.E. [illegible]	709
Ping chan	208
Azimi	605
Muriel H Olsen	319
Shirley Lynch	105
Patricia Kiger	408
Jack Kiger	408
Josephine King	218
Jack Simpson	207
Ethel Gettys Daren	508
[illegible]	506
Mai Hoang	517
Yvonne Erickson	717
Barbara Goold	321
Donna Bennett	620

RESIDENTS' SIGNATURES	ROOM-NUMBER
1 Young il Kim	410
2 C [illegible]	310
3 [illegible]	613
4 Bok Sun Kim	609
5 Duk Chang	716
6 Kye S. Nichol	415
7 [illegible] Choi	511
8 Chang Hee Choi	511
9 Byong K - Choi	306
10 Sun ok Choi	304
11 Dong [illegible] Lee	714
12 SANG KEUM Lee	221
13 Jong DAE Lee	11
14 Tae Sook Cho	306
15 Soon RYE OK	713
16 Young Sook Kang	307
17 Hie Sook Lee	216
18 Myung Soon Hyun	318
19 Sun Chae Hatch	411
20 K H O E	409

	RESIDENTS' SIGNATURES	ROOM-NUMBER
21	Sang Tai Choe	406
22	Myung Hee Lee	519
23	young Sook Han	604
24	Keum OK Boe	612
25	BOK NAM KIM	611
26	KIM, MYONG HWAN	201
27	[illegible]	718
28	Kim Chae Bong	201
29	Chang hyon soon	213
30		

Resident Signatures	Apartment Number
Minh Vo	# 316
Elizabeth R. Rodriguez	# 614
Betty David	# 610
Dirk Chang	# 716
Frances Schanzenbacher	# 503
Luella Peterson	# 712
Betty Cozzi	# 618

Canterbury Village

23420 AVENIDA ROTELLA
SANTA CLARITA, CALIFORNIA 91355
(661) 255-9797 / FAX (661) 255-9795

March 1, 2005

Mrs. Ladeena Ford
State Board of Equalization
Property and Special Taxes Department
P.O. Box 942879
Sacramento, CA 94279-0064

RE: March 16th Meeting on Welfare Exemption Rules

Dear Mrs. Ford:

My name is Sue Hernandez and I am the administrator of Canterbury Village, a 64 unit affordable housing community located in Santa Clarita, California. Canterbury Village is owned and operated by Southern California Presbyterian Homes (SCPH), a not-for-profit corporation that has been in business for fifty years. Canterbury Village has been open since 1996 and our resident population consists of seniors, whose primary source of income is social security or supplemental security income. The need for senior housing far out weighs the supply of available units; there is currently over 75 names on the Canterbury Village waiting list, which is approximately 2-3 years long.

Canterbury Village was developed using federally insured loans and state housing subsidies. The BOE's proposal to disqualify affordable housing projects financed with federally insured loans from eligibility for property tax exemptions will have a devastating impact on this property. Under our regulatory agreement, we cannot charge monthly rents greater than 30 percent of the resident's monthly income. Operating under a tight budget, there is little room to shift obligations around in the budget and begin paying property taxes. To do so, we would have to take money away from repairs and upkeep to the property, as well as services we have been able to offer residents to help keep them independent and in the community. If we were unable to absorb the additional costs, we would be in danger of violating our regulatory agreements and loan commitments.

If the BOE's proposal to disqualify projects financed by federally insured loans were the law in 1996, I don't think Canterbury Village would ever have been developed. Affordable housing projects are fragile, risky deals because the financing is so difficult to secure. Requiring such projects to pay property taxes would most likely render the deal financially untenable.

I believe that the type of subsidy used to finance affordable housing should not be the focus of whether an exemption applies or not. The test should be whether a property is required by contracts or regulatory agreements to keep rents restricted to an affordable level. I respectfully urge the BOE to maintain the current interpretations of who qualifies for exemption from property taxes.

Thank you for this opportunity to state my views.

Sincerely,

Sue Hernandez

Sue Hernandez
Housing Administrator

cc: John Chiang, Fourth District County of Los Angeles
Claude Parrish, Vice –Chairman, Third District Counties of Imperial, orange, Riverside, San Diego, a portion of Los Angeles, and a portion of San Bernardino

CASCADE HOUSING
ASSOCIATION

February 28, 2005

Mr. Dean R. Kinnee, Chief
Assessment Policy and Standards Division
State Board of Equalization
450 N. Street,
P.O. Box 942879
Sacramento, California 94279

Ms. Mary Ann Alonso, Esq.
State Board of Equalization
450 N. Street, MIC 82
Sacramento, California 95814

Ms. Ladeena Ford
State Board of Equalization
450 N. Street,
P.O. Box 942879
Sacramento, California 94279

Re: March 16, 2005 Meeting Proposed Rules
Welfare Exemption, Low Income Housing

Dear Ladies and Gentleman:

We are writing to express our opposition to the proposed rule changes pertaining to the Low Income Housing Welfare Exemption.

Cascade Housing Association ("Cascade") is a 501 (C) (3) not for profit, public benefit corporation whose primary purpose is to develop,

Voice: 541 726-6181 Fax: 541 747-1535 P.O. Box 115 Walterville, Oregon 97489

construct, and, thereafter, operate low income affordable apartment projects in California and other western states. Currently, Cascade has five low income affordable projects in operation at various locations in rural sections of northern California. Although most of its developments are owned by investment limited partnerships, Cascade generally serves as the sole general partner, and is not normally involved in any way with "for profit" co-general partners.

In virtually all of Cascade's projects, the Low Income Housing Property Tax Welfare Exemption has played a vital and fundamental role in making both the initial financing and the subsequent operation of each of the projects feasible. Without the continuing availability of the exemption as it is presently formulated, Cascade would not financially be able to develop new projects or, in some cases, continue to operate existing projects without a significant annual cash deficit.

By way of example, Cascade's Boulder Creek project (156 units), developed in Oroville, California in 1996 pursuant to the California tax credit program, would, without the benefit provided by the exemption, currently be operating at an annual cash deficit of approximately $20,000. To cover this shortfall out of other funds, would be an extreme financial hardship on a non-profit affordable housing sponsor, such as Cascade.

Moreover, even though Boulder Creek is, under CTCAC requirements and recorded deed restrictions, "locked-in" to its low income rent affordability for another 46 years, its permanent financing will be due for repayment in 6 years. Under Oroville's current market rent conditions, without the continuing availability of the existing property tax exemption, it is extremely doubtful that the project could be refinanced at an amount sufficient to repay when due the balance of the project's existing mortgage. The mortgage foreclosure that would result from such an outcome would be harmful for both Cascade and for the on-going existence of low income affordable housing in California.

For the above reasons, we would urge you to continue with the Welfare Property Tax exemption for Low Income Housing as it is presently constituted.

Sincerely,

Kelly R. Williams,
Secretary-Treasurer

City of West Hollywood
California 1984

CITY OF WEST HOLLYWOOD

CITY HALL
8300 SANTA MONICA BLVD.
WEST HOLLYWOOD, CA
90069-6216
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FAX: (323) 848-6562

February 8, 2005

Ladeena Ford
State Board of Equalization
Property and Special Taxes Department
P.O. Box 942879
Sacramento, CA 94279-0064

Dear Ms. Ford:

We understand that the Board of Equalization is exploring changes to the Property Tax Rules that will affect tax exemptions for non-profit organizations. The current welfare exemption for affordable housing has been essential to our success in providing critically needed affordable housing in West Hollywood and communities throughout the State. We would like to share our views on a number of the issues raised.

The welfare exemption is a fundamental piece of the financing mechanisms that help California meet its overwhelming affordable housing needs. It reduces operating costs for projects that provide a needed social benefit, in turn reducing the subsidy required of public entities. Without the welfare exemption, state and local governments would simply have to increase financial support for projects or fund fewer projects. Failure to provide this support will surely result in a reduction in affordable housing, further exacerbating an acute crisis for those in need.

It is our strong belief that properties that initially qualify for a welfare exemption should continue to receive the welfare exemption through the life of the regulatory agreements. While the tax credit period may expire after ten years and mortgage revenue bonds are repaid after 30 years, affordability is nevertheless restricted on these projects for a period of 55 years and the public is benefiting from 55 years of affordability. The projects should receive the welfare exemption for the same amount of time.

Ultimately, it is our belief that an eligible owner should receive the welfare exemption for any project with qualifying affordability covenants imposed by a public entity regardless of the source of subsidy.

We believe that these positions are consistent with current law and strongly urge the Board, to the extent that new rules are even required, to adopt rules that are consistent with these views. If the Board has a different interpretation of current law, we would be happy to entertain clarifying amendments to the statute.

California has a great need for affordable housing. Restricting access to the welfare exemption will significantly hurt our ability to meet these needs.

Sincerely,

John J. Duran
Mayor