



STATE BOARD OF EQUALIZATION
 PROPERTY AND SPECIAL TAXES DEPARTMENT
 450 N STREET, SACRAMENTO, CALIFORNIA
 PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
 916 445-4982 • FAX 916 323-8765
 www.boe.ca.gov

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No. 2009/034

August 21, 2009

TO COUNTY ASSESSORS:

2010-2011 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. Recent legislation made various changes that did not substantially affect California's process; however, the *effective date* of household income level data provided by HUD will be *subsequent* to the lien date in the year that the information is made available.

Therefore, the Board will now provide the income levels for qualifying organizations for the welfare exemption in the fall each year to be used for the following lien date. Having the information prior to the lien date will enable counties to provide the information to possible claimants at the time the claim forms are distributed, and should reduce the number of corrections that were previously necessary. Because of the changes pertaining to the effective date of the data, the income levels for the 2010-2011 lien date will be the same as those for the 2009-2010 lien date.

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 2010-2011 claim year. The moderate income limits should be used for elderly or handicapped rental housing eligible for the welfare exemption under Revenue and Taxation Code¹ section 214(f). The low-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.

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

2. The housing project is financed by the federal government pursuant to one of the following sections:
 - Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q)
 - Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v)
 - Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z)
 - Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013)
3. The property is used for housing and related facilities for low- and moderate-income elderly or handicapped families.

If the claimant does not provide supplemental care or services and the property is not financed by the federal government, the property may qualify for the welfare exemption under section 214(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*.²

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-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 are to list all the counties in which such properties are located and the dollar amount of tax exemption, up to the \$20,000 cap, to be applied for each property.

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 of Limited Partnership*, is also 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 2010-2011 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

² See Property Tax Rule 140 for a definition of *other legal documents*.

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 916-445-4982.

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 2009
WELFARE EXEMPTION--HOMES FOR THE ELDERLY/HANDICAPPED
 (To be used for Affidavits to filed in 2010-2011)

Number of Persons in Family

County	1	2	3	4	5	6	7	8
Alameda	75000	85700	96450	107150	115700	124300	132850	141450
Alpine	58300	66650	74950	83300	89950	96650	103300	109950
Amador	57100	65300	73450	81600	88150	94650	101200	107700
Butte	46850	53550	60250	66950	72300	77650	83000	88350
Calaveras	53000	60550	68150	75700	81750	87800	93850	99900
Colusa	46850	53550	60250	66950	72300	77650	83000	88350
Contra Costa	75000	85700	96450	107150	115700	124300	132850	141450
Del Norte	46850	53550	60250	66950	72300	77650	83000	88350
El Dorado	61150	69900	78600	87350	94350	101350	108300	115300
Fresno	46850	53550	60250	66950	72300	77650	83000	88350
Glenn	46850	53550	60250	66950	72300	77650	83000	88350
Humboldt	46850	53550	60250	66950	72300	77650	83000	88350
Imperial	46850	53550	60250	66950	72300	77650	83000	88350
Inyo	50150	57300	64500	71650	77400	83100	88850	94600
Kern	46850	53550	60250	66950	72300	77650	83000	88350
Kings	46850	53550	60250	66950	72300	77650	83000	88350
Lake	46850	53550	60250	66950	72300	77650	83000	88350
Lassen	48350	55300	62200	69100	74650	80150	85700	91200
Los Angeles	52150	59600	67050	74500	80450	86400	92400	98350
Madera	46850	53550	60250	66950	72300	77650	83000	88350
Marin	81300	92900	104550	116150	125450	134750	144050	153300
Mariposa	47550	54300	61100	67900	73350	78750	84200	89650
Mendocino	46850	53550	60250	66950	72300	77650	83000	88350
Merced	46850	53550	60250	66950	72300	77650	83000	88350
Modoc	46850	53550	60250	66950	72300	77650	83000	88350
Mono	56300	64300	72350	80400	86850	93250	99700	106150
Monterey	56550	64600	72700	80750	87200	93650	100150	106600
Napa	68700	78500	88350	98150	106000	113850	121700	129550
Nevada	58050	66300	74600	82900	89550	96150	102800	109450
Orange	72300	82650	92950	103300	111550	119850	128100	136350
Placer	61150	69900	78600	87350	94350	101350	108300	115300
Plumas	51400	58750	66100	73450	79350	85200	91100	96950
Riverside	54200	61900	69650	77400	83600	89800	96000	102150
Sacramento	61150	69900	78600	87350	94350	101350	108300	115300
San Benito	67550	77200	86850	96500	104200	111950	119650	127400
San Bernardino	54200	61900	69650	77400	83600	89800	96000	102150
San Diego	62950	71900	80900	89900	97100	104300	111500	118650
San Francisco	81300	92900	104550	116150	125450	134750	144050	153300
San Joaquin	53400	61050	68650	76300	82400	88500	94600	100700
San Luis Obispo	59450	67950	76450	84950	91750	98550	105350	112150
San Mateo	81300	92900	104550	116150	125450	134750	144050	153300
Santa Barbara	59150	67600	76050	84500	91250	98000	104800	111550
Santa Clara	88600	101300	113950	126600	136750	146850	157000	167100
Santa Cruz	70400	80450	90500	100550	108600	116650	124700	132750
Shasta	46850	53550	60250	66950	72300	77650	83000	88350
Sierra	47800	54650	61450	68300	73750	79250	84700	90150
Siskiyou	46850	53550	60250	66950	72300	77650	83000	88350
Solano	66700	76250	85750	95300	102900	110550	118150	125800
Sonoma	67400	77000	86650	96250	103950	111650	119350	127050
Stanislaus	50050	57200	64350	71500	77200	82950	88650	94400
Sutter	46850	53550	60250	66950	72300	77650	83000	88350
Tehama	46850	53550	60250	66950	72300	77650	83000	88350
Trinity	46850	53550	60250	66950	72300	77650	83000	88350
Tulare	31250	35700	40200	44650	48200	51800	55350	58950
Tuolumne	48950	55950	62950	69950	75550	81150	86750	92350
Ventura	72300	82650	92950	103300	111550	119850	128100	136350
Yolo	60950	69700	78400	87100	94050	101050	108000	114950
Yuba	46850	53550	60250	66950	72300	77650	83000	88350

**LOWER INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2009
WELFARE EXEMPTION LOW-INCOME HOUSING**
(To be used with Affidavits filed in 2010-2011)

Number of Persons in Family

County	1	2	3	4	5	6	7	8
Alameda	46350	53000	59600	66250	71550	76850	82150	87450
Alpine	38850	44400	49950	55500	59950	64400	68800	73250
Amador	38100	43500	48950	54400	58750	63100	67450	71800
Butte	31250	35700	40200	44650	48200	51800	55350	58950
Calaveras	35350	40400	45450	50500	54550	58600	62600	66650
Colusa	31250	35700	40200	44650	48200	51800	55350	58950
Contra Costa	46350	53000	59600	66250	71550	76850	82150	87450
Del Norte	31250	35700	40200	44650	48200	51800	55350	58950
El Dorado	40800	46600	52450	58250	62900	67550	72250	76900
Fresno	31250	35700	40200	44650	48200	51800	55350	58950
Glenn	31250	35700	40200	44650	48200	51800	55350	58950
Humboldt	31250	35700	40200	44650	48200	51800	55350	58950
Imperial	31250	35700	40200	44650	48200	51800	55350	58950
Inyo	33450	38200	43000	47750	51550	55400	59200	63050
Kern	31250	35700	40200	44650	48200	51800	55350	58950
Kings	31250	35700	40200	44650	48200	51800	55350	58950
Lake	31250	35700	40200	44650	48200	51800	55350	58950
Lassen	32250	36900	41500	46100	49800	53500	57150	60850
Los Angeles	44400	50750	57100	63450	68550	73600	78700	83750
Madera	31250	35700	40200	44650	48200	51800	55350	58950
Marin	63350	72400	81450	90500	97700	104950	112200	119450
Mariposa	31700	36250	40750	45300	48900	52550	56150	59800
Mendocino	31250	35700	40200	44650	48200	51800	55350	58950
Merced	31250	35700	40200	44650	48200	51800	55350	58950
Modoc	31250	35700	40200	44650	48200	51800	55350	58950
Mono	37500	42900	48250	53600	57900	62200	66450	70750
Monterey	37700	43100	48450	53850	58150	62450	66750	71100
Napa	44800	51200	57600	64000	69100	74250	79350	84500
Nevada	38700	44250	49750	55300	59700	64150	68550	73000
Orange	52100	59500	66950	74400	80350	86300	92250	98200
Placer	40800	46600	52450	58250	62900	67550	72250	76900
Plumas	34250	39150	44050	48950	52850	56800	60700	64600
Riverside	37300	42650	47950	53300	57550	61850	66100	70350
Sacramento	40800	46600	52450	58250	62900	67550	72250	76900
San Benito	44800	51200	57600	64000	69100	74250	79350	84500
San Bernardino	37300	42650	47950	53300	57550	61850	66100	70350
San Diego	46250	52900	59500	66100	71400	76700	81950	87250
San Francisco	63350	72400	81450	90500	97700	104950	112200	119450
San Joaquin	35650	40700	45800	50900	54950	59050	63100	67200
San Luis Obispo	39650	45300	51000	56650	61200	65700	70250	74800
San Mateo	63350	72400	81450	90500	97700	104950	112200	119450
Santa Barbara	43600	49800	56050	62250	67250	72200	77200	82150
Santa Clara	59400	67900	76400	84900	91650	98450	105250	112050
Santa Cruz	51900	59300	66750	74150	80100	86000	91950	97900
Shasta	31250	35700	40200	44650	48200	51800	55350	58950
Sierra	33050	37750	42500	47200	51000	54750	58550	62300
Siskiyou	31250	35700	40200	44650	48200	51800	55350	58950
Solano	44450	50800	57150	63500	68600	73650	78750	83800
Sonoma	44800	51200	57600	64000	69100	74250	79350	84500
Stanislaus	33400	38150	42950	47700	51500	55350	59150	62950
Sutter	31250	35700	40200	44650	48200	51800	55350	58950
Tehama	31250	35700	40200	44650	48200	51800	55350	58950
Trinity	31250	35700	40200	44650	48200	51800	55350	58950
Tulare	31250	35700	40200	44650	48200	51800	55350	58950
Tuolumne	32650	37300	42000	46650	50400	54100	57850	61600
Ventura	49000	56000	63000	70000	75600	81200	86800	92400
Yolo	40650	46500	52300	58100	62750	67400	72050	76700
Yuba	31250	35700	40200	44650	48200	51800	55350	58950