S OF CALIFORNIA

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June 9, 1993

No. 93/29

TO COUNTY ASSESSORS:

WELFARE EXEMPTION -- LOWER-INCOME HOUSING INCOME STATEMENT

Section 214(g) of the Revenue and Taxation Code provides that the Welfare Exemption is available for rental housing and related facilities serving lower-income households provided specified criteria are met. A partial exemption, equal to that percentage of the value of the property which the portion of the property serving lower-income households is of the total property, is also available.

To qualify for the Welfare Exemption, the property, or portion thereof, must be used exclusively for rental housing and related facilities serving "lower-income households" and must be owned and operated by a religious, hospital, scientific, or charitable fund, foundation, or corporation, including a limited partnership in which the managing general partner is an eligible nonprofit corporation, meeting all the requirements of Section 214, or by veterans' organizations, as described in Section 215.1, meeting all the requirements of paragraphs (1) to (7), inclusive, of subdivision (a).

The term "lower-income households" is defined by Section 50079.5 of the Health and Safety Code. A list of the income limits, based on the number of persons in the household, for each of the 58 counties is attached.

The law also requires that at least one of the following criteria is complied with:

> "(1) Twenty percent or more of the occupants of the property are lower-income households whose rent does not exceed that prescribed by Section 50053 of the Health and Safety Code.
>
> "(2) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower-income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

"(3) The owner of the property is eligible for and receives low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514."

Finally, in order to be eligible for the exemption provided by this subdivision, the owner of the property shall do both of the following:

"(A) Certify and ensure that there is a deed restriction, agreement, or other legal document that restricts the project's usage and that provides that the units designated for use by lower income households are continuously available to or occupied by lower-income households at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053, rents do not exceed those prescribed by the terms of the financing or financial assistance.

"(B) Certify that the funds that would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower-income households."

Enclosed are the following forms and procedures to be used in the administration of the income requirements for rental housing for lower-income households:

1. The Supplemental Affidavit, Housing - Lower-Income Households, SBE-ASD AH 267L, Income.

Part C on the back of the form has been rearranged and reworded. Also, the instructions to Parts C and D have been revised.

This affidavit must be filed by the claimant, in duplicate, at the same time that its duplicate claims for the welfare exemption are filed with the county assessor. The affidavit must include the lower-income household income limits based upon number of persons in the household, to be specifically used for households occupying properties owned by claimants in your county. The set of eight income limits is different for each county. Your affidavit must not be used for filing in another county.

You must provide a copy of the affidavit to each facility for lower-income households, or other facility occupied by such households where the organization files for the welfare exemption. The organization will not be allowed the exemption unless the proper information in a completed affidavit, in duplicate, is provided to the assessor, who will forward a copy of the affidavit, along with a copy of the welfare exemption claim, to the Assessment Standards Division, State Board of Equalization, for review under the provisions of Section 254.5, Revenue and Taxation Code.

NOTE: The low-income exemption calculation under 214(g) is the value of low-income households to the total area of the property, unlike 214(f) which is the number of low- and moderate-income elderly and handicapped families occupying the property to the total number of families occupying the property.

2. A copy of the Lower-Income Household Income Limits showing the limits based upon number of persons in the household for each of the 58 counties.

3. A suggested form that you should provide to organizations so that the organization can provide the forms to each household occupying a portion of its property in order to determine if the household income exceeds the specified limit for the household. The suggested form is titled, "Statement of Family Household Income." The eight income limits, based upon number of persons in families, for your county must be included on each form.

Please note that the form does not ask for the amount of household income, only that the form be signed if the household income does not exceed a stated amount.

The assessor should determine that an officer or manager of the organization verified that:

1. The income limits used on each statement provided to each occupant were correct.

2. The correct number of names of household members is entered on each statement completed by an occupant, and that the same number of persons and corresponding income limit is entered on the claimant's affidavit.

These forms are now perennial and do not require annual updating. Therefore, unless revision is necessary due to legislation, etc., only the list of income limits will be sent to you annually.

If you have any questions concerning these procedures, please contact our Exemption Unit at (916) 445-4982.

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

VW:csj
Enclosures
AL-24A-0877G

WELFARE EXEMPTION

Supplemental Affidavit

HOUSING-LOWER-INCOME HOUSEHOLDS

ELIGIBILITY BASED ON FAMILY HOUSEHOLD INCOME (Yearly Filing)

(Read instructions carefully before preparing claim.)

This affidavit is required under the provisions of Sections 251 and 254.5 of the Revenue and Taxation Code for those organizations where the income of the occupants must not exceed certain limits.

This affidavit supplements the claim for welfare exemption and must be filed with the assessor, in duplicate, by _____. Failure to complete and file this form is grounds for denial of the exemption.

A. _____ states:
(Name of Person Making Affidavit

1. (S)he is _____
(Title, such as President, etc.)

2. of the _____
(Corporate or Organization Name)

3. the address of which is _____
(Complete Mailing Address)

4. for the property located at _____
(Address of Property)

5. That (s)he makes this affidavit in behalf of said organization in support of a claim for exemption for the 19___ - 19___ fiscal year and certifies that:

A. There is a deed restriction, agreement, or other legal document which restricts the project's usage and which provides that the units designated for use by lower income households are continuously available to or occupied by lower-income households at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053, rents do not exceed those prescribed by the terms of the financing or financial assistance, and

B. The funds which would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower-income households, and

C. At least one of the following criteria is applicable (check one):

/__/ (1) Twenty percent or more of the occupants of the property are lower-income households whose rent does not exceed that prescribed by Section 50053 of the Health and Safety Code.

/__/ (2) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower-income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

/__/ (3) The owner of the property is eligible for and receives low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

_____
Signature of Person making Affidavit Date

THIS AFFIDAVIT IS A PUBLIC RECORD AND IS SUBJECT TO PUBLIC INSPECTION

HOUSING - LOWER-INCOME HOUSEHOLDS

ELIGIBILITY BASED ON FAMILY HOUSEHOLD INCOME

Section 214 of the California Revenue and Taxation Code provides that property owned by nonprofit organizations providing housing for lower income households can qualify for the welfare exemption from property taxes to the extent that incomes of households residing therein do not exceed amounts listed below:

No. of Persons in Household	Maximum Income	No. of Persons in Household	Maximum Income	No. of Persons in Household	Maximum Income
1		4		7	
2		5		8	
3		6			

NOTE: If a dollar amount is not entered for each number of persons, contact the county assessor for the figures. The amounts are different for each county and they change annually.

In order to qualify all or a portion of the total property for the exemption, you must have: (1) a signed statement for each household that qualifies (you keep the statement in case of further audit) and (2) you must complete the report below:

B. LIST OF QUALIFIED HOUSEHOLDS

(Complete or attach list showing desired information, use additional sheets if necessary)

Unit Number (Use two lines if there are two households in a unit)	No. of Persons in Household (May be more than one household in unit)	Maximum Income for Household Does Not Exceed
1.		$
2.		$
3.		$
4.		$
5.		$

C. RECAP FOR ALL HOUSEHOLDS, ELIGIBLE AND INELIGIBLE

NOTE: The low-income exemption calculation under Section 214(g) is the value of low-income households to the total area of the property.

	Example	Actual
1. Total number of residential units	100	___
2. Number of residential units designated for use by or serving lower-income households	40	___
3. Area of qualified low-income households (square feet).	75,000	___
4. Total area of building(s) (square feet)	150,000	___

D. Exemption Calculation

Percentage of the area of lower - income households occupying the property to the total area of the property.	75,000/150,000	/
Percentage of Value of Property Eligible for Exemption	50%	___

SBE-ASD AH 267L INCOME BACK 1-1-88 (Revised 3-93)

WELFARE EXEMPTION

Instructions for Completion of Supplemental Affidavit

Housing - Lower-Income Households
Eligibility Based on Family Household Income
SBE-ASD AH 267L, Income.

Section 214 of the California Revenue and Taxation Code provides that property owned by nonprofit organizations providing housing for lower-income households can qualify for the welfare exemption from property taxes to the extent that household incomes of families residing therein do not exceed certain specified limits.

INSTRUCTIONS

The claimant (organization) must follow the instructions listed below. The claimant should provide each household living on the property with a copy of the attached form titled "Lower-Income Households - Statement of Family Household Income". The organization's property will not be allowed the exemption unless the proper information in a completed affidavit, in duplicate, is provided to the assessor, who will forward a copy of the affidavit, along with a copy of the welfare exemption claim, to the Assessment Standards Division, State Board of Equalization, for review under the provisions of Section 254.5, Revenue and Taxation Code.

Processing of the Affidavit by the Claimant

A. The claimant (organization) should complete the front of the affidavit; it must be filed, in duplicate, along with the copies of the claim for welfare exemption by the date requested.

B. The claimant must list on the affidavit the following information for only those lower-income households that qualify:

1) Home address, apartment number, room number, etc. Use two lines if there are two households at the same location, etc.

2) The number of persons claimed to be in the household (one household for each line item).

3) The maximum income limit reported by each household (this figure should agree with the income limit based upon number of persons in the household that is printed on the affidavit).

Note: No reporting by line item is necessary for vacant room (areas), households that did not report, households that may not be lower-income, or for households whose incomes exceed the applicable income limits.