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September 10, 2015

CYNTHIA BRIDGES
 Executive Director

No. 2015/044

TO COUNTY ASSESSORS:

2016-17 INCOME LEVELS FOR THE WELFARE EXEMPTION

Revenue and Taxation Code¹ section 214 provides that the welfare exemption is available for certain rental housing property owned by a qualifying organization; specifically for elderly or handicapped families, and lower income households. Under the statutory provisions of section 214(f) and section 214(g), property owned by a qualifying organization that is used exclusively for certain rental housing and occupied by qualified households is eligible for the welfare exemption. Exemption eligibility, in part, is based on the income levels of the occupants. Annually, the California Department of Housing and Community Development (HCD) publishes state income limits for various income categories and number of persons residing in the household. The income limits are provided for each county in the state; and are developed based on data released from the U.S. Department of Housing and Urban Development. These limits are used to determine eligibility for the welfare exemption. The Board of Equalization (Board) compiles the income limits published by HCD and provides it to county assessors to utilize in determining exemption eligibility.

Enclosed are the lists reflecting the various income levels of households by county to use in determining eligibility for the welfare exemption under section 214(f) and section 214(g), and to be used on certain claim forms for fiscal year 2016-17, which corresponds to the January 1, 2016 lien date. The income limits listed are from the "Moderate" and "Low Income" categories of the "State Income Limits for 2015," published by HCD on April 15, 2015. The moderate income limits are provided in Attachment A and the lower income limits are provided in Attachment B.

Welfare Exemption – Elderly or 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 a qualifying organization meeting all the requirements of section 214, under any of the following criteria:

1. Supplemental 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 sections 202, 231, 236, or 811 of the Federal Public Laws.²
3. The property is used for housing and related facilities for low- and moderate-income elderly or handicapped families.

If property used exclusively for housing and related facilities for elderly or handicapped families does not provide supplemental care or services that are designed to meet the special needs of the elderly or handicapped residents, or if it is not financed by the federal government pursuant to one of the sections previously described, said property is not entitled to exemption unless the property is used for housing and related facilities for low- and moderate-income elderly or handicapped families.³ Property that would otherwise be exempt pursuant to section 214(f), but includes some housing and related facilities for other than low- or moderate-income elderly or handicapped families, is entitled to a partial exemption. The partial exemption is equal to that percentage of the value of the property that is equal to the percentage that the number of low- and moderate-income elderly and handicapped families represents of the total number of families occupying the property.

Claimants requesting exemption under the third criteria must complete supplemental claim form BOE-267-H, *Welfare Exemption Supplemental Affidavit, Housing –Elderly Or Handicapped Families* (BOE-267-H). 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 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 a qualifying organization used exclusively for rental housing and related facilities⁴ serving 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 property 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 corporation or an eligible limited liability company that meets all the requirements for exemption under 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 either 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

² Section 202 of Public Law 86-372 (U.S.C. Sect. 1701q); section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v); section 236 of Public Law 90-448 (U.S.C. Sec. 1715z); section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013).

³ As used in Revenue and Taxation Code 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.

⁴ Effective January 1, 2015, section 214(g) was amended to include the definition of "related facilities" (section 214(g)(3)(B)) and "units serving lower income households" (section 214(g)(3)(C)).

households. Nonprofit organizations that own and operate low-income housing properties may be restricted with a regulatory agreement, deed restriction, or through the use of an "other legal document."⁵

Under section 214(g)(1)(C), low-income housing property owned by an eligible nonprofit corporation may qualify for exemption if 90 percent or more of the occupants of the property are low-income households within the prescribed rent levels of section 50053 of the Health and Safety Code. The total exemption amount may not exceed \$20,000 of tax for any fiscal year allowed for a single property or multiple properties owned by a nonprofit corporation that is not financed by government loans, as provided in section 214(g)(1)(A), or does not receive low-income housing tax credits, as provided in section 214(g)(1)(B). This limitation does not apply to properties owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation.

Properties used for rental housing and related facilities that are owned and operated by qualifying organizations are entitled to a partial exemption equal to that percentage of the value of the property that is equal to the percentage that the number of units serving lower income households represents of the total number of residential units. The percentage of exemption should be applied to the property's assessed value. Vacant units may also qualify for exemption if the unit is restricted by a regulatory agreement, recorded deed restriction, 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 prescribed limits of the statutes or regulatory agreements.⁶

Claimants requesting exemption for lower income housing must complete either supplemental claim form BOE-267-L, *Welfare Exemption Supplemental Affidavit, Housing—Lower Income Households* (BOE-267-L) or supplemental claim form BOE-267-L1, *Welfare Exemption Supplemental Affidavit, Low-Income Housing Property Of Limited Partnership* (BOE-267-L1). Claim form BOE-267-L should be filed by nonprofit corporations or eligible limited liability companies, while claim form BOE-267-L1 should be filed by limited partnerships with a qualifying managing general partner. The claim forms are to be filed annually to document the units eligible for the exemption. Eligible units are defined as those units rented within the prescribed rental levels to lower income family households whose annual income does not exceed the maximum levels allowed. These supplemental claim forms must also be filed annually to certify that the requirements of section 214(g) are satisfied.

Additionally, a qualifying organization claiming exemption under section 214(g)(1)(C) must complete Part E of claim form BOE-267-L to provide information concerning those properties subject to the \$20,000 tax exemption limitation. Claimants with properties qualifying for exemption under section 214(g)(1)(C) must list all counties in which such properties are

⁵ See Property Tax Rule 140, *Welfare Exemption Requirements for Low-Income Housing Properties*, for a definition of "other legal document."

⁶ See Revenue and Taxation Code section 214(g)(2)(A)(i).

located. The \$20,000 of tax exemption may be applied to one property or may be allocated among several properties, not to exceed the \$20,000 cap.⁷

All assessors' offices must then provide the State Board of Equalization (BOE) with 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 BOE will conduct a statewide match by corporate name and identification number to verify that the \$20,000 tax exemption limitation 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.

Summary

The enclosed income limits are to be used on claim forms for fiscal year 2016-17, which corresponds to the January 1, 2016 lien date. The moderate income limits, as shown in Attachment A, should be used to determine eligibility for elderly or handicapped rental housing for the welfare exemption under section 214(f) and these moderate income limits should be listed in Section 3A of claim form BOE-267-H, under the "Maximum Income" column. The lower income limits, as shown in Attachment B, should be used to determine eligibility for low-income rental housing for the welfare exemption under section 214(g) and these lower income limits should be listed in Section 4A of claim forms BOE-267-L and BOE-267-L1, under the "Maximum Income" column.

The tenant income amounts reported for each unit on claim forms BOE-267-H, BOE-267-L, and BOE-267-L1 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 tax is available only to the extent that the incomes of families or households do not exceed the specified limits.

If you have questions regarding the enclosed income levels or questions concerning the exemptions described in this letter, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ Dean R. Kinnee

Dean R. Kinnee
Deputy Director
Property Tax Department

DRK:pll
Enclosures

⁷ A limited partnership with an eligible managing general partner cannot claim the exemption through an "other legal document."

**MODERATE INCOME HOUSEHOLD INCOME LIMITS
WELFARE EXEMPTION--ELDERLY OR HANDICAPPED HOUSING**

(To be used with Affidavits filed for fiscal year 2016-17)

County	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Alameda	78,550	89,750	101,000	112,200	121,200	130,150	139,150	148,100
Alpine	79,750	91,100	102,500	113,900	123,000	132,100	141,250	150,350
Amador	60,700	69,400	78,100	86,750	93,700	100,650	107,550	114,500
Butte	49,300	56,350	63,400	70,450	76,100	81,700	87,350	93,000
Calaveras	58,950	67,400	75,850	84,250	91,000	97,750	104,450	111,200
Colusa	49,300	56,350	63,400	70,450	76,100	81,700	87,350	93,000
Contra Costa	78,550	89,750	101,000	112,200	121,200	130,150	139,150	148,100
Del Norte	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
El Dorado	63,900	73,050	82,150	91,300	98,600	105,900	113,200	120,500
Fresno	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Glenn	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Humboldt	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Imperial	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Inyo	60,050	68,650	77,200	85,800	92,650	99,550	106,400	113,250
Kern	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Kings	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Lake	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Lassen	58,300	66,650	74,950	83,300	89,950	96,650	103,300	109,950
Los Angeles	54,450	62,200	70,000	77,750	83,950	90,200	96,400	102,650
Madera	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Marin	86,500	98,900	111,250	123,600	133,500	143,400	153,250	163,150
Mariposa	52,000	59,450	66,850	74,300	80,250	86,200	92,150	98,100
Mendocino	49,500	56,550	63,650	70,700	76,350	82,000	87,650	93,300
Merced	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Modoc	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Mono	68,200	77,950	87,700	97,450	105,250	113,050	120,850	128,650
Monterey	57,700	65,950	74,200	82,450	89,050	95,650	102,250	108,850
Napa	72,300	82,650	92,950	103,300	111,550	119,850	128,100	136,350
Nevada	61,750	70,550	79,400	88,200	95,250	102,300	109,350	116,400
Orange	73,250	83,700	94,200	104,650	113,000	121,400	129,750	138,150
Placer	63,900	73,050	82,150	91,300	98,600	105,900	113,200	120,500
Plumas	52,100	59,500	66,950	74,400	80,350	86,300	92,250	98,200
Riverside	54,600	62,400	70,200	78,000	84,250	90,500	96,700	102,950
Sacramento	63,900	73,050	82,150	91,300	98,600	105,900	113,200	120,500
San Benito	68,100	77,850	87,550	97,300	105,100	112,850	120,650	128,450
San Bernardino	54,600	62,400	70,200	78,000	84,250	90,500	96,700	102,950
San Diego	63,750	72,900	82,000	91,100	98,400	105,700	112,950	120,250
San Francisco	86,500	98,900	111,250	123,600	133,500	143,400	153,250	163,150
San Joaquin	55,700	63,650	71,600	79,550	85,900	92,300	98,650	105,000
San Luis Obispo	64,750	74,000	83,250	92,500	99,900	107,300	114,700	122,100
San Mateo	86,500	98,900	111,250	123,600	133,500	143,400	153,250	163,150
Santa Barbara	63,350	72,400	81,450	90,500	97,750	105,000	112,200	119,450
Santa Clara	89,300	102,050	114,800	127,550	137,750	147,950	158,150	168,350
Santa Cruz	73,100	83,500	93,950	104,400	112,750	121,100	129,450	137,800
Shasta	49,550	56,650	63,700	70,800	76,450	82,150	87,800	93,450
Sierra	60,300	68,900	77,550	86,150	93,050	99,950	106,850	113,700
Siskiyou	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Solano	69,350	79,300	89,200	99,100	107,050	114,950	122,900	130,800
Sonoma	69,350	79,300	89,200	99,100	107,050	114,950	122,900	130,800
Stanislaus	52,100	59,500	66,950	74,400	80,350	86,300	92,250	98,200
Sutter	49,900	57,050	64,150	71,300	77,000	82,700	88,400	94,100
Tehama	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Trinity	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Tulare	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Tuolumne	56,050	64,050	72,050	80,050	86,450	92,850	99,250	105,650
Ventura	75,000	85,700	96,450	107,150	115,700	124,300	132,850	141,450
Yolo	64,600	73,850	83,050	92,300	99,700	107,050	114,450	121,850
Yuba	49,900	57,050	64,150	71,300	77,000	82,700	88,400	94,100

**LOWER INCOME HOUSEHOLD INCOME LIMITS
WELFARE EXEMPTION--LOW-INCOME HOUSING**

(To be used with Affidavits filed for fiscal year 2016-17)

County	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Alameda	50,150	57,300	64,450	71,600	77,350	83,100	88,800	94,550
Alpine	46,100	52,650	59,250	65,800	71,100	76,350	81,600	86,900
Amador	40,500	46,300	52,100	57,850	62,500	67,150	71,750	76,400
Butte	32,900	37,600	42,300	46,950	50,750	54,500	58,250	62,000
Calaveras	39,350	44,950	50,550	56,150	60,650	65,150	69,650	74,150
Colusa	32,900	37,600	42,300	46,950	50,750	54,500	58,250	62,000
Contra Costa	50,150	57,300	64,450	71,600	77,350	83,100	88,800	94,550
Del Norte	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
El Dorado	42,650	48,750	54,850	60,900	65,800	70,650	75,550	80,400
Fresno	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Glenn	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Humboldt	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Imperial	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Inyo	40,050	45,800	51,500	57,200	61,800	66,400	70,950	75,550
Kern	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Kings	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Lake	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Lassen	38,850	44,400	49,950	55,500	59,950	64,400	68,850	73,300
Los Angeles	47,850	54,650	61,500	68,300	73,800	79,250	84,700	90,200
Madera	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Marin	65,700	75,100	84,500	93,850	101,400	108,900	116,400	123,900
Mariposa	34,650	39,600	44,550	49,500	53,500	57,450	61,400	65,350
Mendocino	32,500	37,150	41,800	46,400	50,150	53,850	57,550	61,250
Merced	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Modoc	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Mono	44,750	51,150	57,550	63,900	69,050	74,150	79,250	84,350
Monterey	40,600	46,400	52,200	58,000	62,650	67,300	71,950	76,600
Napa	48,900	55,850	62,850	69,800	75,400	81,000	86,600	92,150
Nevada	42,950	49,050	55,200	61,300	66,250	71,150	76,050	80,950
Orange	53,950	61,650	69,350	77,050	83,250	89,400	95,550	101,750
Placer	42,650	48,750	54,850	60,900	65,800	70,650	75,550	80,400
Plumas	34,750	39,700	44,650	49,600	53,600	57,550	61,550	65,500
Riverside	37,550	42,900	48,250	53,600	57,900	62,200	66,500	70,800
Sacramento	42,650	48,750	54,850	60,900	65,800	70,650	75,550	80,400
San Benito	45,100	51,550	58,000	64,400	69,600	74,750	79,900	85,050
San Bernardino	37,550	42,900	48,250	53,600	57,900	62,200	66,500	70,800
San Diego	46,250	52,900	59,500	66,100	71,400	76,700	81,950	87,250
San Francisco	65,700	75,100	84,500	93,850	101,400	108,900	116,400	123,900
San Joaquin	37,150	42,450	47,750	53,050	57,300	61,550	65,800	70,050
San Luis Obispo	43,200	49,400	55,550	61,700	66,650	71,600	76,550	81,450
San Mateo	65,700	75,100	84,500	93,850	101,400	108,900	116,400	123,900
Santa Barbara	44,950	51,350	57,750	64,150	69,300	74,450	79,550	84,700
Santa Clara	59,400	67,900	76,400	84,900	91,650	98,450	105,250	112,050
Santa Cruz	56,500	64,550	72,600	80,650	87,150	93,600	100,050	106,500
Shasta	33,050	37,800	42,500	47,200	51,000	54,800	58,550	62,350
Sierra	39,400	45,000	50,650	56,250	60,750	65,250	69,750	74,250
Siskiyou	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Solano	45,500	52,000	58,500	65,000	70,200	75,400	80,600	85,800
Sonoma	45,500	52,000	58,500	65,000	70,200	75,400	80,600	85,800
Stanislaus	34,750	39,700	44,650	49,600	53,600	57,550	61,550	65,500
Sutter	33,250	38,000	42,750	47,500	51,300	55,100	58,900	62,700
Tehama	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Trinity	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Tulare	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
Tuolumne	37,200	42,500	47,800	53,100	57,350	61,600	65,850	70,100
Ventura	50,750	58,000	65,250	72,500	78,300	84,100	89,900	95,700
Yolo	43,050	49,200	55,350	61,500	66,450	71,350	76,300	81,200
Yuba	33,250	38,000	42,750	47,500	51,300	55,100	58,900	62,700