March 22, 2023

The Honorable Chris Ward
1021 O Street, Suite 8320
Sacramento, CA. 95814

RE: AB 84 (Ward) - Property tax: welfare exemption: affordable housing. - SUPPORT

Dear Assemblymember Ward,

On behalf of All Home, I am writing in support of AB 84, your bill to improve implementation of the welfare property tax exemption for affordable housing. All Home is a Bay Area organization that advances regional solutions to disrupt the cycles of poverty and homelessness and create more economic mobility for people with extremely low incomes.

California currently has a shortage of 1.2 million homes affordable to people with extremely low incomes. Reducing the cost of development is critical to stretching scarce state housing resources further and maximizing production of deeply affordable homes. The California Constitution’s welfare exemption exempts non-profit owned affordable rental housing from paying property taxes. However, inefficiencies in accessing the exemption result in owners making costly and unnecessary tax payments.

Most county assessors will only approve the welfare exemption once construction begins, rather than the date the property is deed restricted for affordable housing. Owners who apply for the exemption must also pay the taxes up front and seek reimbursement after approval, requiring them to borrow and float hundreds of thousands of dollars in tax payments for up to three years. These expenses impact both developers as well as the state, which currently funds the added costs.

AB 84 would allow non-profit affordable rental housing developers to access the existing welfare property tax exemption from the date the property is restricted for affordable housing, without floating unnecessary tax payments while the application is under review, AB 84 reduces the cost of constructing the affordable housing California needs.
Thank you for your leadership in authoring this important legislation to address the affordable housing crisis.

Sincerely,

Tomiquia Moss
Founder and CEO
All Home