Date

The Honorable Chris Ward

1021 O Street, Suite 6350

Sacramento, CA 95814

**RE: AB 2353 - SUPPORT**

Dear Assemblymember Ward:

[**Name of Your Organization**] is pleased to support AB 2353, your bill to improve the implementation of the welfare property tax exemption to reduce the cost of developing affordable housing.

Pursuant to the state constitution, affordable rental housing owned-by a non-profit entity is considered a “charitable” use and exempt from basic property taxes. This is known as the “welfare exemption.”

Even though most affordable housing developers have been approved for exemptions numerous times and the use of a particular site as affordable housing and the percentage of affordable units on that site are set in recorded affordability restrictions, developers must pay the taxes up front and seek reimbursement after both the Board of Equalization (BOE) and the county assessor approve a development’s exemption. As a result, developers float hundreds of thousands of dollars in tax payments for as much as three years, only to get the money back (albeit without interest) once their application is approved. The developers pay interest to borrow this money, which further increases development costs.

AB 2353 reduces the cost of developing affordable housing by allowing non-profit affordable housing developers to withhold relevant tax payments without penalty while their welfare exemption applications are under review. Specifically, for a property subject to a recorded affordability covenant and for which the developer already has received a clearance certificate from the BOE, the bill provides that:

* A tax collector shall not take or continue any collection action with respect to any delinquent installments of property taxes while the welfare exemption application is under review.
* The developer is not liable for interest or penalties associated with these delinquent installments.

Thank you for authoring this important legislation.

Sincerely,

Your name and title