



ANTONIO VAZQUEZ  
BOARD MEMBER  
CALIFORNIA STATE BOARD OF EQUALIZATION

**MEMORANDUM**

**Date:** January 13, 2023

**To:** Mike Schaefer, Chair  
Ted Gaines, Board Member, First District  
Sally Lieber, Board Member, Second District  
Malia M. Cohen, State Controller

**From:** Antonio Vazquez, Board Member, Third District

**Re:** **January 24, 2023, Board Meeting Item L.2.b. – Proposal to Continue Property Tax Abatement Work Group on Affordable Housing.**

**Background.**

Honorable Members, we briefly discussed at the December Board meeting our intent to consider the continuation of the efforts of the Property Tax Abatement Work Group and to schedule future hearings in the coming months. The purpose would be to drill down with county assessors, city and county housing agencies, and stakeholders in our respective districts and to develop recommendations for practical ways to enhance, expand, and streamline property tax abatements and exemptions as a means of accelerating critically needed low and moderate income housing in 2023.

**Purpose/Issue.**

Pursuant to the Board's authority to administer and oversee the Welfare Exemption in Revenue & Taxation Code (RTC) Section 214 and to promulgate and enforce Property Tax Rules such as 137 and 140 et. seq., we are fully engaged in the interpretation, processing, and availability of property tax exemptions and abatements for the development of affordable housing. Thus, the Property Tax Abatement Work Group was formed to "consider property tax abatements from the lens of incentivizing development and expanding the resources available to government when addressing the unprecedented affordable housing crisis in California." To address the unprecedented housing crisis facing California, we held comprehensive public policy hearings on July 27, August 31, and September 28 of 2022, and invited government leaders throughout California and even other states to provide their input and expertise regarding possible options and solutions as to the feasibility of using targeted property tax abatements and exemptions to spur housing development for low-income and moderate-income persons.

The Work Group received critical testimony and data on:

- The Nature of the Current Housing Crisis & Development Challenges
- The “Color of Housing”: Systemic Racism, Equity, & Access to Capital and Financing
- Property Tax Abatement Strategies: “Highlighting Initiatives Across the Country – Exploring Their Successes, Challenges, & Lessons Learned”
- California’s Experience in Local Government’s Use of Joint Powers Authorities, the Welfare Exemption, and Other Strategies
- A Summary of Current Property Tax Incentives in California
- The Impact of Abatements to Incentivize the Development of Housing in California: “Why They Matter?”
- Exploring a Statewide Solution: “What Makes Sense for California?”
- The Financial Impact of Implementing Property Tax Abatements: “Exploring the Backfill Options for Local Government and Schools”
- Examining Constitutional, Statutory, and Regulatory Implications: “What’s Required?”
- The Future of Property Tax Abatements in California: “Where Do We Go from Here?”

At the conclusion of the hearings, Work Group Chair Cohen stated that a report would be prepared and issued to the Board and participants summarizing the testimony heard and highlighting policy recommendations. As Work Group Vice Chair, I emphasized the importance of continuing our efforts, especially for the purpose of developing practical solutions to key problems that many brought to our attention, such as streamlining the exemption process at the state and local levels, facilitating the use of vacant government owned land including addressing the possessory interest challenge, addressing specific challenges of housing agencies and authorities in our districts as new mandates for housing are issued or imposed.

#### Current Proposal and Next Steps.

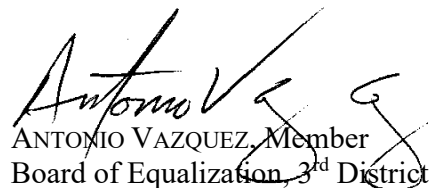
I recommend that the Members remain proactive and agree to continue the Property Tax Abatement Work Group hearings, tentatively starting on February 23, 2023, the second day of our Board meeting to invite speakers and receive testimony on the following issues, as well as any additional matters that Members or their respective assessors may wish to raise:

- Review and comment on the Work Group Report (when available);
- Drill down with local housing agencies and authorities on specific needs for the exemption or abatements, including immediate and long term cost/benefit issues;
- Explore and recommend ways to shorten/streamline the BOE and County Assessor processing times for the welfare exemption;
- Identify possible “gaps” in the law that may cause or contribute to delays in the application of the exemption to low-income housing projects;

- Explore and recommend opportunities for educating and assisting low-income housing developers, property owners, and nonprofit organizations on the documents needed to facilitate welfare exemption processing at the state and local levels;
- Request data and information from nonprofit organizations on the unique challenges facing them as owners of low income and affordable housing properties, and explore/recommend practical solutions;
- Discuss and consider currently proposed legislation and/or additional legislative changes that may facilitate the benefits of the welfare exemption, reduce the costs of administration, and further incentivize low income and affordable housing.

As an example of the need for the Work Group to continue to address exemptions and abatements, Los Angeles Mayor Karen Bass issued a directive on December 12, 2022, <https://mayor.lacity.gov/news/mayor-bass-signs-executive-directive-dramatically-accelerate-and-lower-cost-affordable-housing>, to accelerate and lower the cost of building affordable housing and temporary housing, by requiring city departments to cease procedures creating bottlenecks to affordable housing and shelters. The directive applies to all housing/development projects that are 100% dedicated to affordable housing and instructs the departments responsible for processing to complete all reviews within 60 days. City officials indicated that there are 31 projects currently in the review process that would receive relief under this directive. The Los Angeles County Board of Supervisors voted on Tuesday, December 20 to partner with the City, making this a joint effort.

The role of the BOE and the County Assessor, as the officials responsible for processing and determining the application of the property tax exemption to housing projects such as these is critical. As we have heard from testimony at every level, the welfare exemption is a key factor that makes these projects financially feasible is critical. I believe that it is incumbent on our Board to ensure that unnecessary processing hurdles are removed and that our state and local systems are able to function with maximum efficiencies, not only in this instance, but throughout the state.

  
ANTONIO VAZQUEZ, Member  
Board of Equalization, 3<sup>rd</sup> District

cc: Ms. Deborah Bautista-Zavala, Chief Deputy, Office of Member Antonio Vazquez  
Mr. Cody Petterson, Chief Deputy, Office of Chair Mike Schaefer  
Mr. Matt Cox, Chief Deputy, Office of Member Ted Gaines  
Mr. Gary Gartner, Chief Deputy, Office of Member Sally Lieber  
TBD, Deputy State Controller  
Ms. Yvette Stowers, Executive Director