



ANTONIO VAZQUEZ
MEMBER, THIRD DISTRICT
CALIFORNIA STATE BOARD OF EQUALIZATION

MEMORANDUM

Date: May 14, 2025

To: Ted Gaines, Chairman
Sally J. Lieber, Vice Chair
Mike Schaefer, Board Member, Fourth District
Malia M. Cohen, State Controller

From: Antonio Vazquez, Board Member, Third District

Re: May 28, 2025, Board Meeting Item. Update on Incentivizing Affordable Housing Development through Property Tax Exemptions.

Honorable Members,

The purpose of this agenda item is to update the Board Members and the public regarding the significant role that property taxation plays in addressing California's affordable housing crisis.

On May 8, 2025, the UC Berkeley Turner Center for Housing Innovation published a detailed brief entitled "[Property Tax Exemptions to Facilitate Affordable Housing: Lessons from California](#)," which examines the importance of the property tax exemption and the potential for the expansion of property tax exemptions to increase the feasibility of affordable housing developments, "without relying on oversubscribed existing subsidies such as Low-Income Housing Tax Credits (LIHTC) and the HOME program."¹

This Board has been very actively engaged over the past five years in studying, evaluating and recommending ways in which the property tax system can further incentivize affordable housing. Most recently we issued our *Blueprint of Property Tax Incentives for Affordable Housing*, that resulted from our 2023 Statewide Informational Hearing on Modernizing California's Property Tax System on Affordable Housing, which included proposals to address some of the current challenges.

As the costs of development have since continued to increase, and as the state is pursuing new avenues of increasing housing availability and funding, the Turner Center brief is a valuable update and re-visitation of the positive impact of property tax exemptions on the construction of affordable housing statewide.

The Turner Center brief cites examples of some effective and more streamlined affordable housing programs, particularly for those at very low income levels, that provide developers with assurance that they can qualify for the welfare exemption with only a minimal amount of government funding. The programs described include the California Municipal Financing Authority (CMFA), the Bay Area Housing Finance Authority (BAHFA), and the Housing Authority of the City of Los Angeles (HACLA).²

¹ Turner Center for Housing Innovation, Property Tax Exemptions to Facilitate Affordable Housing: Lessons from California, p. 1.

² *Id.*, at pp. 4-6.

The brief also makes several recommendations that would be of great interest to this Board, including

1. Procedural changes to the welfare exemption application,
2. Developing guardrails to ensure that the exemption is utilized to achieve public benefit goals,
3. Expanding the use of the exemption to support multifamily infill projects with affordability requirements,
4. Expanding the regional government's role in providing nominal government financial and regulatory agreements,
5. Providing flexibility on the income levels served by the program and streamlining the verification process, and
6. Pursuing opportunities to incentivize catalytic capital to increase the number of welfare exemption projects.³

Taken together with the new housing policy initiatives currently developing in California, including the Governor's proposed agency reorganization which would establish the California Housing and Homelessness Agency⁴ that is currently being studied and considered by the Little Hoover Commission and the Legislature, I believe it is incumbent on the Members of our Board to consider how the welfare exemption, as currently constituted, can incentivize the development of much-needed affordable housing and assist in the efforts being made by the Governor and the Legislature.

No specific Board action is requested at this time, but this topic may become the basis of a request for additional Board discussion or action in the future, depending on the development and progress of the current initiatives, both state and local, in addressing our affordable housing shortage.

Sincerely,



ANTONIO VAZQUEZ, Member
Board of Equalization, 3rd District

Mr. Alexander Fay, Staff Counsel, Office of Member Antonio Vazquez
Mr. Matt Cox, Chief Deputy, Office of Chairman Ted Gaines
Mr. Douglas Winslow, Chief Deputy, Office of Vice Chair Sally J. Lieber
Mr. Cody Petterson, Chief Deputy, Office of Member Mike Schaefer
Mr. Hasib Emran, Deputy State Controller
Ms. Yvette Stowers, Executive Director

³ *Id.*, at pp. 9-12.

⁴ More information on the proposed agency reorganization can be found in the [Governor's Narrative for the Little Hoover Commission](#).