

March 15, 2023

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

Re: Support for AB 578 – Housing and Community Development: Grant Contracts and Agreements

Dear Assemblyman Ward:

MidPen Housing Corporation is pleased to support AB 84, your bill to improve implementation of the welfare property tax exemption for affordable housing.

MidPen Housing is one of the nation's leading nonprofit developers, owners, and managers of high-quality, affordable housing and onsite resident services. Since MidPen was founded in 1970, we have developed over 125 communities and 8,500 homes for low-income families, seniors and those with supportive housing needs throughout Northern California.

Reducing the cost of developing affordable homes is critical to stretching scarce state housing resources further and maximizing production. While the California Constitution exempts non-profit owned affordable rental housing from paying property taxes (known as the welfare exemption), inefficiencies in accessing the exemption result in owners making unnecessary but costly tax payments.

For example, most county assessors will not approve the welfare exemption back to the date the property is deed restricted for affordable housing, only to the start of construction. In addition, owners who apply for the exemption must 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 as much as three years.

AB 84 reduces the cost of constructing affordable homes by ensuring that non-profit affordable rental housing can access the existing welfare property tax exemption from the date the property is restricted for affordable housing and without floating unnecessary tax payments while the application is under review. The bill benefits not just the developments but also the state, which currently funds the added costs. Ultimately, AB 84 will allow the state to finance additional affordable homes to meet its dire housing and homelessness needs.

Thank you for your leadership in authoring this important legislation.

Sincerely,



Matthew O. Franklin
President and CEO
MidPen Housing Corporation



Building Communities. Changing Lives.

cc:

Nevada V. Merriman, Director of Policy, MidPen Housing
Senator Mike McGuire
Senator Bill Dodd
Senator Susan Eggman
Senator Steve Glazer
Senator Nancy Skinner
Senator Aisha Wahab
Senator Josh Becker
Senator Dave Cortese
Senator John Laird
Senator Alex Padilla
Senator Diane Feinstein
Assemblymember Jim Wood
Assemblymember Cecilia Aguiar-Curry
Assemblymember Lori Wilson
Assemblymember Damon Connolly
Assemblymember Phil Ting
Assemblymember Matt Haney
Assemblymember Mia Bonta
Assemblymember Rebecca Bauer-Kahan
Assemblymember Liz Ortega
Assemblymember Diane Papan
Assemblymember Marc Berman
Assemblymember Alex Lee
Assemblymember Evan Low
Assemblymember Ash Kalra
Assemblymember Gail Pellerin
Assemblymember Robert Rivas
Assemblymember Dawn Addis