

Assemblymember Steve Bennett

37th Assembly District



AB 1206: Low-Income Housing Welfare Exemption

SUMMARY

Assembly Bill (AB) 1206 would allow community land trusts to maintain their welfare exemption if the income of a resident rises to 140% of the area median income.

BACKGROUND

Recognizing the public benefit of non-profit organizations owning and operating land for charitable purposes the California Constitution allows the Legislature to exempt these properties from property taxes. This is known as a property tax welfare exemption. The ability for non-profits operating rental housing to receive the welfare exemption has long been recognized as especially important.

In a [2020 report, the California Housing Partnership](#) found that California is in need of 1.3 million more affordable rental homes, and that 54% of very low-income households spent more than half of their income on rent (which is classified as extremely rent burdened). To meet their affordable housing needs, many communities have established community land trusts (CLTs) and limited equity housing cooperatives (LEHCs).

CLTs are non-profit organizations that buy land and establish a 99-year renewable ground lease, and must ensure that any property improvement on that land is kept affordable. CLTs use many models. For example, the Oakland CLT purchases existing improved properties and makes them available to residents at an affordable price. While in Ventura, the Housing Trust Fund is acquiring land to build new affordable housing units.

Although CLTs are able to make use of the welfare exemption, unlike other affordable housing providers, they can lose their exemption if a resident's income rises to up to 140% of the median area income.

THIS BILL

AB 1206 simply provides parity between CLTs and affordable housing that benefits from Low Income Housing Tax Credits. Ensuring that CLTs do not lose their welfare exemption because a tenant's income has risen allows certainty for all residents and confidence that their housing will remain affordable.

California's affordable housing crisis requires creative solutions. Providing parity for CLTs would further encourage the use of models that keep housing affordable for all members of a community. CLTs offer individuals an opportunity to afford a home and build financial equity and stability for their families.

SUPPORT

Community Land Trust Network (sponsor)
East Bay Community Law Center
Urban Habitat
Sustainable Economies Law Center
Policy Link

OPPOSITION

None.

CONTACT

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