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AB-2897 Property tax: welfare exemption: community land trusts. (2023-2024)

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Assembly Bill No. 2897

CHAPTER 580

An act to amend Section 2924p of the Civil Code, to amend Section 64702 of the Government Code, to amend Sections 50650.5, 50720.2, and 50720.4 of the Health and Safety Code, and to amend Sections 214 and 402.1 of the Revenue and Taxation Code, relating to housing.

[Approved by Governor September 25, 2024. Filed with Secretary of State September 25, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2897, Connolly. Property tax: welfare exemption: community land trusts.

(1) Existing property tax law, pursuant to constitutional authorization, provides for a "welfare exemption" for property used exclusively for religious, hospital, scientific, or charitable purposes and that is owned or operated by certain types of nonprofit entities, if certain qualifying criteria are met. Existing law, for the 2022–23 fiscal year through the 2027–28 fiscal year, in the case of an owner of property that is a community land trust, as defined, requires that a unit continue to be treated as occupied by a lower income household for purposes of the welfare exemption if the occupants were lower income households on the lien date in the fiscal year in which their occupancy of the unit commenced and the unit continues to be rent restricted, notwithstanding an increase in the income of the occupants of the unit to 140% of area median income, adjusted for family size. Existing law requires that a lease between a community land trust and a lower income household satisfy specified requirements in order for these provisions to apply, including being a renewable 99-year ground lease.

This bill would eliminate specified requirements of a lease agreement between a lower income household and a community land trust in order for the unit to continue to be treated as occupied by a lower income household, as described above.

(2) Existing property tax law requires the assessor to consider in the assessment of land the effect of any enforceable restrictions to which the use of the land may be subjected, including, among others, a renewable 99-year ground lease between a community land trust and the qualified owner, as defined, of an owner-occupied single-family dwelling or an owner-occupied unit in a multifamily dwelling that meets certain other conditions. Existing property tax law defines the term "community land trust" for these and other purposes to mean a nonprofit corporation that satisfies specified requirements, including a requirement that all dwellings and units located on property owned by the nonprofit are either sold to a qualified owner, as defined, or leased to low- or moderate-income persons or families, and the land owned by the nonprofit corporation on which a dwelling or unit sold to a qualified owner is situated is leased by the nonprofit corporation to the qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years.

This bill would amend the definition of community land trust to extend these requirements to a wholly owned subsidiary of the trust that is solely directed and managed by the trust. The bill would recast the requirement that specified land owned by the nonprofit corporation be leased to the qualified owner for a term of 99 years, to instead require the land either be leased to the qualified owner for a term of 99 years, or sold to qualified owners for the convenient occupation and use of that dwelling or unit

subject to affordability restrictions, as applicable. By expanding the duties of local tax officials, this bill would impose a state-mandated local program.

(3) This bill would make conforming changes relating to the definition of a "community land trust" for purposes of various housing-related programs.

(4) This bill would incorporate additional changes to Section 402.1 of the Revenue and Taxation Code proposed by AB 1868 to be operative only if this bill and AB 1868 are enacted and this bill is enacted last.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 2924p of the Civil Code is amended to read:

2924p. (a) For purposes of this section, it is the intent of the Legislature to do all of the following:

- (1) Allow for prospective owner-occupants and eligible bidders to have the first opportunity to purchase properties that have been acquired through the foreclosure process by an entity that annually forecloses on 175 or more residential real properties in California.
- (2) Promote owner occupancy by enacting legislation consistent with the provisions of the federal First Look program that provides owner-occupants and affordable housing providers an opportunity for their offers to be considered on foreclosed properties prior to other offers.
- (3) Ensure that the requirements of this section are consistent with the original stated goals of the federal First Look program, which were to expand home ownership opportunities, strengthen neighborhoods and communities, while also providing that sellers are required to respond to offers received during the first look period before accepting or considering investor offers to purchase single-family homes.

(b) For purpose of this section:

- (1) "Bundled sale" means the sale of two or more parcels of real property containing one to four residential dwelling units, inclusive, at least two of which have been acquired through foreclosure under a mortgage or deed of trust.
- (2) "Eligible bidder" means any of the following:
 - (A) A prospective owner-occupant.
 - (B) A nonprofit corporation that meets all of the following requirements:
 - (i) The nonprofit corporation has a determination letter from the Internal Revenue Service affirming its tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as that term is defined in Section 509 of the Internal Revenue Code.
 - (ii) The nonprofit corporation is based in California.
 - (iii) All of the board members of the nonprofit corporation have their primary residence in California.
 - (iv) The primary activity of the nonprofit corporation is the development and preservation of affordable rental or home ownership housing in California.
 - (C) A community land trust based in California, as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, as amended by the act amending this subparagraph.
 - (D) A limited-equity housing cooperative, as defined in Section 817, that is based in California.
 - (E) The state, the Regents of the University of California, a county, city, district, public authority, or public agency, and any other political subdivision or public corporation in the state.

(3) "Institution" means any of the following, if that person or entity, during its immediately preceding annual reporting period, as established with its primary regulator, foreclosed on 175 or more residential real properties, containing no more than 4 dwelling units:

(A) A depository institution chartered under state or federal law.

(B) A person licensed pursuant to Division 9 (commencing with Section 22000) or Division 20 (commencing with Section 50000) of the Financial Code.

(C) A person licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(4) "Prospective owner-occupant" means a natural person whose affidavit or declaration under paragraph (2) of subdivision (c) states all of the following:

(A) They will occupy the property as their primary residence within 60 days of the trustee's deed being recorded.

(B) They will maintain their occupancy for at least one year.

(C) They are not any of the following:

(i) The mortgagor or trustor.

(ii) The child, spouse, or parent of the mortgagor or trustor.

(iii) The grantor of a living trust that was named in the title to the property when the notice of default was recorded.

(iv) An employee, officer, or member of the mortgagor or trustor.

(v) A person with an ownership interest in the mortgagor, unless the mortgagor is a publicly traded company.

(D) They are not acting as the agent of any other person or entity in purchasing the real property.

(c) All of the following shall apply to sales of real property containing one to four residential dwelling units, inclusive, that is acquired through foreclosure under a mortgage or deed of trust by an institution or that is acquired at a foreclosure sale by an institution:

(1) During the first 30 days after the property is listed for sale, the institution shall only accept offers from eligible bidders.

(2) An eligible bidder shall submit with their offer to the institution an affidavit or declaration, pursuant to Section 2015.5 of the Code of Civil Procedure, that states they are either of the following:

(A) An eligible bidder pursuant to subparagraphs (B) through (E) of paragraph (2) of subdivision (b).

(B) A prospective owner-occupant purchasing the property as a primary residence pursuant to this subdivision.

(3) Any fraudulent statements may be subject to criminal or civil liability.

(4) The institution shall respond, in writing, to all offers received from eligible bidders during the first 30 days after the property is listed for sale before considering any other offers.

(5) Notwithstanding any other law, an institution shall not conduct a bundled sale.

(d) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 2. Section 64702 of the Government Code is amended to read:

64702. For purposes of this title:

(a) "Agency" means the Los Angeles County Affordable Housing Solutions Agency established pursuant to Section 64710.

(b) "Board" means the governing board of the Los Angeles County Affordable Housing Solutions Agency.

(c) "Community land trust" has the same meaning as that term is defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, as amended by the act adding this subdivision.

(d) "Los Angeles County" means the entire area within the territorial boundary of the County of Los Angeles.

SEC. 3. Section 50650.5 of the Health and Safety Code is amended to read:

50650.5. For the purposes of this chapter, all of the following shall apply:

(a) Mutual housing, community land trusts, and limited equity cooperative housing shall be deemed to be forms of home ownership and developments of those types of housing, as defined in subdivision (b), shall be eligible to receive assistance under the CalHome Program. The department may require that mutual housing, community land trust, or limited equity cooperative applicants not simultaneously apply for and receive funding through the department's rental housing programs for the same projects for which CalHome assistance is sought. For mutual housing, community land trust projects that do not convey an interest in real estate to the homebuyer, and limited equity cooperative projects, all of the following shall apply:

(1) Program funds shall be used for permanent financing only.

(2) The department shall enter into a regulatory agreement limiting occupant incomes, occupancy charges, and share purchase terms for 55 years.

(3) Notwithstanding Section 50650.3, program assistance shall be provided in the form of a deferred payment loan.

(b) As used in this section, "mutual housing development" means a housing development owned and sponsored by a nonprofit corporation or a limited partnership in which the nonprofit corporation is the sole general partner, and all of the following requirements are met:

(1) The nonprofit corporation is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code or subdivision (b) of Section 23701 of the Revenue and Taxation Code.

(2) The nonprofit corporation has as one of its principal purposes the advancement of mutual housing.

(3) A majority of the board of directors of the nonprofit corporation sponsor are residents or former residents of developments sponsored by the nonprofit corporation.

(4) The nonprofit corporation agrees to assist the residents of the development in setting up a resident council, and the operating budget for the development provides for ongoing financial support to allow the resident council to carry out its activities.

(c) Lower income participants in a qualified mutual housing development that is assisted pursuant to this chapter shall not be required to have a vested ownership interest in the property.

(d) (1) Funds provided under this chapter may be used to finance either of the following:

(A) The purchase of land beneath a manufactured home or mobilehome by the owner of the home.

(B) The purchase of both the land beneath a manufactured home or mobilehome and the home.

(2) (A) A loan to purchase a subdivided lot in a manufactured housing community or mobilehome park, or both a subdivided lot and the manufactured home or mobilehome that is located on the lot, may be secured either by the land alone or by both the land and the manufactured home or mobilehome.

(B) A loan to purchase an interest in an entity that owns a manufactured housing community or mobilehome park may be secured by an interest in the entity, a manufactured home, or a mobilehome, or both an interest in the entity and the home.

(3) A manufactured home or mobilehome shall not be required to be placed on a permanent foundation as a condition of receiving financing under this chapter.

(4) Funds provided under this chapter shall not be used for a loan to purchase the first lot or space in a manufactured housing community or mobilehome park at the time of the initial conversion of the park to resident ownership unless the conversion meets the two-thirds signature requirement in subdivision (a) of Section 66428.1 of the Government Code, or the transfer of the park to resident ownership has qualified for the change of ownership exclusion under Section 62.1 of the Revenue and Taxation Code.

(5) For purposes of this subdivision, "land beneath a manufactured home or mobilehome" means either a subdivided lot in a manufactured housing community or mobilehome park or a membership, share, certificate, or other interest in the entity that owns the manufactured housing community or mobilehome park, including, but not limited to, a limited equity cooperative, community land trust, or mutual housing association.

(e) Subdivision (a) shall not apply to the financing of an interest in a manufactured housing community or mobilehome park that is organized as mutual housing or a limited equity cooperative.

(f) For purposes of this section, "community land trust" has the same definition as that term is defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, as amended by the act adding this subdivision.

SEC. 4. Section 50720.2 of the Health and Safety Code is amended to read:

50720.2. (a) The Foreclosure Intervention Housing Preservation Program is hereby established. The department shall administer the program for the purpose of preserving affordable housing and promoting resident ownership or nonprofit organization ownership of residential real property.

(b) (1) Upon appropriation by the Legislature, the program shall be administered by the department to provide loans and grants to eligible borrowers to support the acquisition of 1 to 25 unit properties meeting any of the following criteria:

(A) Real property subject to a trustee's sale pursuant to Section 2924m of the Civil Code wherein an eligible bidder has made a bid or represents an intention to bid using funds from the program.

(B) Real property subject to a preforeclosure intervention sale.

(C) Real property subject to a foreclosure risk intervention sale.

(D) Real property subject to a recorded notice of default.

(2) Eligible borrowers shall be any one of the following:

(A) Eligible bidders in Section 2924m of the Civil Code other than "prospective owner-occupants" as defined in paragraph (1) of subdivision (a) of Section 2924m of the Civil Code.

(B) An organization whose primary activity is the development and preservation of affordable housing that is at least one of the following:

(i) An incorporated nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501(a) of that code (26 U.S.C. Sec. 501(a)).

(ii) A nonprofit corporation as that term is defined in Section 50091.

(C) A limited liability company that satisfies both of the following criteria:

(i) A community land trust holds a controlling interest in the company.

(ii) A community land trust is the managing member of the company.

(3) Up to 20 percent of the funds appropriated for this program may be expended for the costs to administer the program. Costs to administer the program include, but are not limited to, all of the following:

(A) Costs to develop the guidelines required by this chapter, which may include, but is not limited to, the following:

(i) Department staffing expenses incurred in developing the guidelines.

(ii) Contracting with one or more program fund managers to develop the guidelines.

(iii) Contracting with third-party consultants to develop guidelines.

(B) Costs to develop lending criteria.

(C) Costs to advertise the program.

(D) Costs to develop technical assistance tools to support qualified entities in navigating the requirements and processes to apply for funding including, but not limited to, the following:

(i) Training modules.

(ii) Acquisition-rehabilitation specific financing templates and guidance, such as pro formas and worksheets.

(iii) Best practice guides for engaging tenants before and after property acquisition, managing safe and accessible rehabilitation of occupied buildings, facilitating resident ownership, and any other topic deemed appropriate by the

department.

(iv) Technical assistance with resident engagement and education, property assessment and due diligence, affordable housing operations management, acquisition-rehabilitation project financial assistance, construction, and property management.

(E) Administrative costs of fund managers to implement the program pursuant to Section 50720.6.

(4) Funds not committed to fund managers pursuant to Section 50720.6 as of December 31, 2025, or any funds returned from fund managers, shall be deposited into the Housing Rehabilitation Loan Fund to be made available for loans authorized by Chapter 5.5 (commencing with Section 50606) or for loans authorized by Chapter 6.7 (commencing with Section 50675). Notwithstanding the requirements of Chapter 5.5, uncommitted or returned funds made available for purposes of Chapter 5.5 may be used to assist projects funded by the department or other public entities.

(5) Not later than May 15, 2023, the department shall report to the chairs of the Assembly Committee on Budget and the Senate Committee on Budget and Fiscal Review on the implementation of this program, including the amount of funding disbursed and number, location, and cost of acquired properties, as well as the number of units acquired.

(c) All repayments of program funds to fund managers, including loan principal and any interest collected on those loans, and any interest earned on the funds held by the fund managers shall be deposited into separately maintained reuse accounts held by fund managers for purposes of the program. Fund managers shall use funds held in those reuse accounts for purposes of the program, which may include, but not be limited to, loans and grants to pay for repairs, maintenance, or improvements on properties acquired pursuant to the program.

SEC. 5. Section 50720.4 of the Health and Safety Code is amended to read:

50720.4. As used in this chapter:

(a) "Capitalized operating subsidy reserve" means funds that are set aside before a property is acquired pursuant to this chapter to cover the property's operating expenses over time.

(b) "Community land trust" has the same definition as that term is defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, as amended by the act adding this subdivision.

(c) "Department" means the Department of Housing and Community Development.

(d) "Foreclosure risk intervention sale" means a sale of a 1 to 25 unit residential real property that is not owner occupied and that exhibits indicators of foreclosure risk at the time of sale including, but not limited to, the following:

(1) There is a mortgage delinquency of at least 90 days.

(2) There is a delinquency on two or more property tax payments.

(3) The owner of the property is a debtor in a bankruptcy proceeding.

(4) There is tenant-initiated litigation against the owner of the property on the basis of lack of habitability.

(5) A local government body responsible for enforcing building codes has deemed the property partially or fully uninhabitable.

(6) There are other indicators that the department may prescribe in the guidelines adopted pursuant to this chapter.

(e) "Preforeclosure intervention sale" means a sale of a 1 to 25 unit residential real property that is subject to a recorded notice of default by a trustee representing a beneficiary at the time of the sale.

(f) "Program" means the Foreclosure Intervention Housing Preservation Program.

(g) "Property acquisition costs" means direct real property acquisition costs such as payment of the purchase price and any liens on eligible properties in addition to repairs required to ensure a property and its structures are in compliance with all applicable habitability, health, and safety laws.

(h) "Transaction costs" means costs related to acquiring a property, which may include property appraisal, transfer taxes, financing costs, underwriting, project management, broker fees, and legal fees.

SEC. 6. Section 214 of the Revenue and Taxation Code is amended to read:

214. (a) Property used exclusively for religious, hospital, scientific, or charitable purposes owned and operated by community chests, funds, foundations, limited liability companies, or corporations organized and operated for religious, hospital, scientific, or charitable purposes is exempt from taxation, including ad valorem taxes to pay the interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978, or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, if:

(1) The owner is not organized or operated for profit. However, in the case of hospitals, the organization shall not be deemed to be organized or operated for profit if, during the immediately preceding fiscal year, operating revenues, exclusive of gifts, endowments, and grants-in-aid, did not exceed operating expenses by an amount equivalent to 10 percent of those operating expenses. As used herein, operating expenses include depreciation based on cost of replacement and amortization of, and interest on, indebtedness.

(2) No part of the net earnings of the owner inures to the benefit of any private shareholder or individual.

(3) The property is used for the actual operation of the exempt activity, and does not exceed an amount of property reasonably necessary to the accomplishment of the exempt purpose.

(A) For the purposes of determining whether the property is used for the actual operation of the exempt activity, consideration shall not be given to use of the property for either or both of the following described activities if that use is occasional:

(i) The owner conducts fundraising activities on the property and the proceeds derived from those activities are not unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, of the owner and are used to further the exempt activity of the owner.

(ii) The owner permits any other organization that meets all of the requirements of this subdivision, other than ownership of the property, to conduct fundraising activities on the property and the proceeds derived from those activities are not unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, of the organization, are not subject to the tax on unrelated business taxable income that is imposed by Section 511 of the Internal Revenue Code, and are used to further the exempt activity of the organization.

(B) For purposes of subparagraph (A):

(i) "Occasional use" means use of the property on an irregular or intermittent basis by the qualifying owner or any other qualifying organization described in clause (ii) of subparagraph (A) that is incidental to the primary activities of the owner or the other organization.

(ii) "Fundraising activities" means both activities involving the direct solicitation of money or other property and the anticipated exchange of goods or services for money between the soliciting organization and the organization or person solicited.

(C) Subparagraph (A) shall have no application in determining whether paragraph (3) has been satisfied unless the owner of the property and any other organization using the property as provided in subparagraph (A) have filed with the assessor a valid organizational clearance certificate issued pursuant to Section 254.6.

(D) For the purposes of determining whether the property is used for the actual operation of the exempt activity, consideration shall not be given to the use of the property for meetings conducted by any other organization if the meetings are incidental to the other organization's primary activities, are not fundraising meetings or activities as defined in subparagraph (B), are held no more than once per week, and the other organization and its use of the property meet all other requirements of paragraphs (1) to (5), inclusive, of this subdivision. The owner or the other organization also shall file with the assessor a copy of a valid, unrevoked letter or ruling from the Internal Revenue Service or the Franchise Tax Board stating that the other organization, or the national organization of which it is a local chapter or affiliate, qualifies as an exempt organization under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code or Section 23701d, 23701f, or 23701w.

(E) Subparagraph (A), (B), (C), or (D) shall not be construed to either enlarge or restrict the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

(4) The property is not used or operated by the owner or by any other person so as to benefit any officer, trustee, director, shareholder, member, employee, contributor, or bondholder of the owner or operator, or any other person, through the distribution of profits, payment of excessive charges or compensations, or the more advantageous pursuit of their business or profession.

(5) The property is not used by the owner or members thereof for fraternal or lodge purposes, or for social club purposes except where that use is clearly incidental to a primary religious, hospital, scientific, or charitable purpose.

(6) The property is irrevocably dedicated to religious, charitable, scientific, or hospital purposes and, upon the liquidation, dissolution, or abandonment of the owner, will not inure to the benefit of any private person except a fund, foundation, or corporation organized and operated for religious, hospital, scientific, or charitable purposes.

(7) The property, if used exclusively for scientific purposes, is used by a foundation or institution that, in addition to complying with the foregoing requirements for the exemption of charitable organizations in general, has been chartered by the Congress of the United States (except that this requirement shall not apply when the scientific purposes are medical research), and whose objects are the encouragement or conduct of scientific investigation, research, and discovery for the benefit of the community at large.

The exemption provided for herein shall be known as the "welfare exemption." This exemption is in addition to any other exemption now provided by law, and the existence of the exemption provision in paragraph (2) of subdivision (a) of Section 202 does not preclude the exemption under this section for museum or library property. Except as provided in subdivision (e), this section shall not be construed to enlarge the college exemption.

(b) Property used exclusively for school purposes of less than collegiate grade and owned and operated by religious, hospital, or charitable funds, foundations, limited liability companies, or corporations, which property and funds, foundations, limited liability companies, or corporations meet all of the requirements of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

(c) Property used exclusively for nursery school purposes and owned and operated by religious, hospital, or charitable funds, foundations, limited liability companies, or corporations, which property and funds, foundations, limited liability companies, or corporations meet all the requirements of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

(d) Property used exclusively for a noncommercial educational FM broadcast station or an educational television station, and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations meeting all of the requirements of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

(e) Property used exclusively for religious, charitable, scientific, or hospital purposes and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations or educational institutions of collegiate grade, as defined in Section 203, which property and funds, foundations, limited liability companies, corporations, or educational institutions meet all of the requirements of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section. As to educational institutions of collegiate grade, as defined in Section 203, the requirements of paragraph (6) of subdivision (a) shall be deemed to be met if both of the following are met:

(1) The property of the educational institution is irrevocably dedicated in its articles of incorporation to charitable and educational purposes, to religious and educational purposes, or to educational purposes.

(2) The articles of incorporation of the educational institution provide for distribution of its property upon its liquidation, dissolution, or abandonment to a fund, foundation, or corporation organized and operated for religious, hospital, scientific, charitable, or educational purposes meeting the requirements for exemption provided by Section 203 or this section.

(f) Property used exclusively for housing and related facilities for elderly or handicapped families and financed by, including, but not limited to, the federal government pursuant to Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013), and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations meeting all of the requirements of this section shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

The amendment of this paragraph made by Chapter 1102 of the Statutes of 1984 does not constitute a change in, but is declaratory of, existing law. However, no refund of property taxes shall be required as a result of this amendment for any fiscal year prior to the fiscal year in which the amendment takes effect.

Property used exclusively for housing and related facilities for elderly or handicapped families at which supplemental care or services designed to meet the special needs of elderly or handicapped residents are not provided, or that is not financed by the federal government pursuant to Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public

Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013), shall not be entitled to exemption pursuant to this subdivision unless the property is used for housing and related facilities for low- and moderate-income elderly or handicapped families. Property that would otherwise be exempt pursuant to this subdivision, except that it includes some housing and related facilities for other than low- or moderate-income elderly or handicapped families, shall be entitled to a partial exemption. The partial exemption shall be equal to that percentage of the value of the property that is equal to the percentage that the number of low- and moderate-income elderly and handicapped families represents of the total number of families occupying the property.

As used in this subdivision, "low and moderate income" has the same meaning as the term "persons and families of low or moderate income" as defined by Section 50093 of the Health and Safety Code.

(g) (1) Property used exclusively for rental housing and related facilities and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations, including limited partnerships in which the managing general partner is an eligible nonprofit corporation or eligible limited liability company, meeting all of the requirements of this section, or by veterans' organizations, as described in Section 215.1, meeting all the requirements of paragraphs (1) to (7), inclusive, of subdivision (a), shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section and shall be entitled to a partial exemption equal to that percentage of the value of the property that is equal to the percentage that the number of units serving lower income households represents of the total number of residential units in any year in which any of the following criteria applies:

(A) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax-exempt mortgage revenue bonds, qualified 501(c)(3) bonds, as that term is defined in Section 145 of Title 26 of the United States Code, or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

(B) The owner of the property is eligible for and receives low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514.

(C) In the case of a claim, other than a claim with respect to property owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation, that is filed for the 2000–01 fiscal year or any fiscal year thereafter, 90 percent or more of the occupants of the property are lower income households whose rent does not exceed the rent prescribed by Section 50053 of the Health and Safety Code. The total exemption amount allowed under this subdivision to a taxpayer, with respect to a single property or multiple properties for any fiscal year on the sole basis of the application of this subparagraph, may not exceed twenty million dollars (\$20,000,000) in assessed value.

(D) (i) The property was previously purchased and owned by the Department of Transportation pursuant to a consent decree requiring housing mitigation measures relating to the construction of a freeway and is now solely owned by an organization that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

(ii) This subparagraph does not apply to property owned by a limited partnership in which the managing partner is an eligible nonprofit corporation.

(2) In order to be eligible for the exemption provided by this subdivision, the owner of the property shall do both of the following:

(A) (i) For any claim filed for the 2000–01 fiscal year or any fiscal year thereafter, certify and ensure, subject to the limitation in clause (ii), that there is an enforceable and verifiable agreement with a public agency, a recorded deed restriction, or other legal document that restricts the project's usage and that provides that the units designated for use by lower income households are continuously available to or occupied by lower income households, subject to the exception in clause (iii), at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053 of the Health and Safety Code, rents that do not exceed those prescribed by the terms of the financing or financial assistance.

(ii) In the case of a limited partnership in which the managing general partner is an eligible nonprofit corporation, the restriction and provision specified in clause (i) shall be contained in an enforceable and verifiable agreement with a public agency, or in a recorded deed restriction to which the limited partnership certifies.

(iii) (I) (ia) In the case of an owner of property that is eligible for and receives a low-income housing tax credit pursuant to Section 42 of the Internal Revenue Code, relating to low-income housing credit, a unit shall continue to be treated as occupied by a lower income household if the occupants were lower income households on the lien date in the fiscal year in which their occupancy of the unit commenced and the unit continues to be rent restricted, notwithstanding an increase in the income of the occupants of the unit to 140 percent of area median income, adjusted for family size. However, the

unit shall cease to be treated as a lower income unit if the income of the occupants of the unit increases above 140 percent of area median income, adjusted for family size.

(ib) This subclause shall only be operative from the 2018–19 fiscal year through the 2027–28 fiscal year.

(II) (ia) In the case of an owner of property, other than a property described in subclause (I), that is subject to an enforceable and verifiable agreement with a public agency, a unit shall continue to be treated as occupied by a lower income household if the occupants were lower income households on the lien date in the fiscal year in which their occupancy of the unit commenced and the unit continues to be rent restricted, notwithstanding an increase in the income of the occupants of the unit to 100 percent of area median income, adjusted for family size. However, the unit shall cease to be treated as a lower income unit if the income of the occupants of the unit increases above 100 percent of area median income, adjusted for family size.

(ib) This subclause shall only be operative from the 2024–25 fiscal year through the 2028–29 fiscal year.

(iv) (I) In the case of an owner of property that is a community land trust and whose property is leased to a lower income household, a unit shall continue to be treated as occupied by a lower income household if the occupants were lower income households on the lien date in the fiscal year in which their occupancy of the unit commenced and the unit continues to be rent restricted, notwithstanding an increase in the income of the occupants of the unit to 140 percent of area median income, adjusted for family size. However, the unit shall cease to be treated as a lower income unit if the income of the occupants of the unit increases above 140 percent of area median income, adjusted for family size.

(II) This clause shall only be operative from the 2022–23 fiscal year through the 2027–28 fiscal year.

(B) Certify that the funds that would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households.

(3) As used in this subdivision:

(A) “Community land trust” has the same meaning as defined in Section 402.1.

(B) “Lower income households” has the same meaning as the term “lower income households” as defined by Section 50079.5 of the Health and Safety Code.

(C) “Related facilities” means any manager’s units and any and all common area spaces that are included within the physical boundaries of the rental housing development, including, but not limited to, common area space, walkways, balconies, patios, clubhouse space, meeting rooms, laundry facilities, and parking areas, except any portions of the overall development that are nonexempt commercial space.

(D) (i) “Units serving lower income households” shall mean units that are occupied by lower income households at an affordable rent, as defined in Section 50053 of the Health and Safety Code or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053 of the Health and Safety Code, rents that do not exceed those prescribed by the terms of the financing or financial assistance. Units reserved for lower income households at an affordable rent that are temporarily vacant due to tenant turnover or repairs shall be counted as occupied.

(ii) (I) “Units serving lower income households” shall also mean units specified in clause (iii) or (iv) of subparagraph (A) of paragraph (2).

(II) This clause shall only be operative from the 2018–19 fiscal year through the 2027–28 fiscal year.

(iii) (I) “Units serving lower income households” shall also mean units specified in clause (iv) of subparagraph (A) of paragraph (2).

(II) This clause shall only be operative from the 2022–23 fiscal year through the 2027–28 fiscal year.

(h) Property used exclusively for an emergency or temporary shelter and related facilities for homeless persons and families and owned and operated by religious, hospital, scientific, or charitable funds, foundations, limited liability companies, or corporations meeting all of the requirements of this section shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section. Property that otherwise would be exempt pursuant to this subdivision, except that it includes housing and related facilities for other than an emergency or temporary shelter, shall be entitled to a partial exemption.

As used in this subdivision, “emergency or temporary shelter” means a facility that would be eligible for funding pursuant to Chapter 11 (commencing with Section 50800) of Part 2 of Division 31 of the Health and Safety Code.

(i) Property used exclusively for housing and related facilities for employees of religious, charitable, scientific, or hospital organizations that meet all the requirements of subdivision (a) and owned and operated by funds, foundations, limited liability companies, or corporations that meet all the requirements of subdivision (a) shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section to the extent the residential use of the property is institutionally necessary for the operation of the organization.

(j) For purposes of this section, charitable purposes include educational purposes. For purposes of this subdivision, "educational purposes" means those educational purposes and activities for the benefit of the community as a whole or an unascertainable and indefinite portion thereof, and do not include those educational purposes and activities that are primarily for the benefit of an organization's shareholders. Educational activities include the study of relevant information, the dissemination of that information to interested members of the general public, and the participation of interested members of the general public.

(k) In the case of property used exclusively for the exempt purposes specified in this section, owned and operated by limited liability companies that are organized and operated for those purposes, the State Board of Equalization shall adopt regulations to specify the ownership, organizational, and operational requirements for those companies to qualify for the exemption provided by this section.

(l) The amendments made by Chapter 354 of the Statutes of 2004 apply with respect to lien dates occurring on and after January 1, 2005.

(m) The amendments made by Chapter 836 of the Statutes of 2016 apply with respect to lien dates occurring on and after January 1, 2017.

(n) The amendments made by Chapter 694 of the Statutes of 2018 apply with respect to lien dates occurring on and after January 1, 2019.

(o) Notwithstanding Section 20 or any other law, the State Board of Equalization is responsible for administering the welfare exemption provided by this section, except where the law places responsibility for administering that exemption with the county assessor.

SEC. 7. Section 402.1 of the Revenue and Taxation Code is amended to read:

402.1. (a) In the assessment of land, the assessor shall consider the effect upon value of any enforceable restrictions to which the use of the land may be subjected. These restrictions shall include, but are not limited to, all of the following:

(1) Zoning.

(2) Recorded contracts with governmental agencies other than those provided in Sections 422, 422.5, and 422.7.

(3) Permit authority of, and permits issued by, governmental agencies exercising land use powers concurrently with local governments, including the California Coastal Commission and regional coastal commissions, the San Francisco Bay Conservation and Development Commission, and the Tahoe Regional Planning Agency.

(4) Development controls of a local government in accordance with any local coastal program certified pursuant to Division 20 (commencing with Section 30000) of the Public Resources Code.

(5) Development controls of a local government in accordance with a local protection program, or any component thereof, certified pursuant to Division 19 (commencing with Section 29000) of the Public Resources Code.

(6) Environmental constraints applied to the use of land pursuant to provisions of statutes.

(7) Hazardous waste land use restriction pursuant to Section 25226 of the Health and Safety Code.

(8) (A) A recorded conservation, trail, or scenic easement, as described in Section 815.1 of the Civil Code, that is granted in favor of a public agency, or in favor of a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code that has as its primary purpose the preservation, protection, or enhancement of land in its natural, scenic, historical, agricultural, forested, or open-space condition or use.

(B) A recorded greenway easement, as described in Section 816.52 of the Civil Code, that is granted in favor of a public agency, or in favor of a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code that has as its primary purpose the developing and preserving of greenways.

(9) A solar-use easement pursuant to Chapter 6.9 (commencing with Section 51190) of Part 1 of Division 1 of Title 5 of the Government Code.

(10) A contract where the following apply:

(A) The contract is with a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code that has received a welfare exemption under Section 214.15 for properties intended to be sold to low-income families who participate in a special no-interest loan program.

(B) The contract restricts the use of the land for at least 30 years to owner-occupied housing available at affordable housing cost in accordance with Section 50052.5 of the Health and Safety Code.

(C) The contract includes a deed of trust on the property in favor of the nonprofit corporation to ensure compliance with the terms of the program, which has no value unless the owner fails to comply with the covenants and restrictions of the terms of the home sale.

(D) The local housing authority or an equivalent agency, or, if none exists, the city attorney or county counsel, has made a finding that the long-term deed restrictions in the contract serve a public purpose.

(E) The contract is recorded and provided to the assessor.

(11) (A) A contract where the following apply:

(i) The contract is a renewable 99-year ground lease between a community land trust, or a wholly owned subsidiary of a community land trust that is solely directed and managed by the community land trust, and the qualified owner of an owner-occupied single-family dwelling or an owner-occupied unit in a multifamily dwelling.

(ii) The contract subjects a single-family dwelling or unit in a multifamily dwelling, and the land on which the dwelling or unit is situated that is leased to the qualified owner by a community land trust for the convenient occupation and use of that dwelling or unit, to affordability restrictions.

(iii) One of the following public agencies or officials has made a finding that the affordability restrictions in the contract serve the public interest to create and preserve the affordability of residential housing for persons and families of low or moderate income:

(I) The director of the local housing authority or equivalent agency.

(II) The county counsel.

(III) The director of a county housing department.

(IV) The city attorney.

(V) The director of a city housing department.

(iv) The contract is recorded and is provided to the assessor.

(B) (i) For purposes of this paragraph, the sale or resale price of the dwelling or unit is rebuttably presumed to include both the dwelling or unit and the leased land on which the dwelling or unit is situated. This presumption may be overcome if the assessor establishes by a preponderance of the evidence that all or a portion of the value of the leased land is not reflected in the sale or resale price of the dwelling or unit.

(ii) Notwithstanding any other law, corrections of base year values and declines in value owing to the restrictions on properties assessed under this subparagraph shall apply to all lien dates occurring after September 27, 2016.

(C) For purposes of this paragraph, all of the following definitions shall apply:

(i) "Affordability restrictions" mean that all of the following conditions are met:

(I) The dwelling or unit can only be sold or resold to a qualified owner to be occupied as a principal place of residence.

(II) The sale or resale price of the dwelling or unit is determined by a formula that ensures the dwelling or unit has a purchase price that is affordable to qualified owners.

(III) There is a purchase option for the dwelling or unit in favor of a community land trust intended to preserve the dwelling or unit as affordable to qualified owners.

(IV) The dwelling or unit is to remain affordable to qualified owners by a renewable 99-year ground lease.

(ii) "Community land trust" means a nonprofit corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following:

(I) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences.

(II) (ia) All dwellings and units located on the land owned by the nonprofit corporation or its wholly owned subsidiary are either sold to a qualified owner to be occupied as the qualified owner's primary residence or rented to persons and families of low or moderate income.

(ib) In the case of dwellings or units sold to qualified owners, if the community land trust, directly or through its wholly owned subsidiary, owns the land underneath the dwellings or units, then the land underneath the dwellings or units shall be leased to the qualified owner of a dwelling or unit on the land for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years. In the case of dwellings or units that are part of a condominium, cooperative, or other common interest development under which the land is owned by a homeowners' association or person other than the community land trust, then the condominium unit or interest owned by the community land trust shall be sold to qualified owners for the convenient occupation and use of that dwelling or unit subject to affordability restrictions as that term is defined in this subdivision, except that in lieu of a ground lease there shall be an affordability covenant, of a duration of at least 99 years, recorded against the unit or interest.

(iii) "Limited equity housing cooperative" has the same meaning as that term is defined in Section 817 of the Civil Code.

(iv) "Persons and families of low or moderate income" has the same meaning as that term is defined in Section 50093 of the Health and Safety Code.

(v) "Qualified owner" means persons and families of low or moderate income, including persons and families of low or moderate income that own a dwelling or unit collectively as member occupants or resident shareholders of a limited equity housing cooperative.

(b) There is a rebuttable presumption that restrictions will not be removed or substantially modified in the predictable future and that they will substantially equate the value of the land to the value attributable to the legally permissible use or uses.

(c) Grounds for rebutting the presumption may include, but are not necessarily limited to, the past history of like use restrictions in the jurisdiction in question and the similarity of sales prices for restricted and unrestricted land. The possible expiration of a restriction at a time certain shall not be conclusive evidence of the future removal or modification of the restriction unless there is no opportunity or likelihood of the continuation or renewal of the restriction, or unless a necessary party to the restriction has indicated an intent to permit its expiration at that time.

(d) In assessing land with respect to which the presumption is unrebutted, the assessor shall not consider sales of otherwise comparable land not similarly restricted as to use as indicative of value of land under restriction, unless the restrictions have a demonstrably minimal effect upon value.

(e) In assessing land under an enforceable use restriction wherein the presumption of no predictable removal or substantial modification of the restriction has been rebutted, but where the restriction nevertheless retains some future life and has some effect on present value, the assessor may consider, in addition to all other legally permissible information, representative sales of comparable lands that are not under restriction but upon which natural limitations have substantially the same effect as restrictions.

(f) For the purposes of this section the following definitions apply:

(1) "Comparable lands" are lands that are similar to the land being valued in respect to legally permissible uses and physical attributes.

(2) "Representative sales information" is information from sales of a sufficient number of comparable lands to give an accurate indication of the full cash value of the land being valued.

(g) It is hereby declared that the purpose and intent of the Legislature in enacting this section is to provide for a method of determining whether a sufficient amount of representative sales information is available for land under use restriction to ensure the accurate assessment of that land. It is also hereby declared that the further purpose and intent of the Legislature in enacting this section and Section 1630 is to avoid an assessment policy which, in the absence of special circumstances, considers uses for land that legally are not available to the owner and not contemplated by government, and that these sections are necessary to implement the public policy of encouraging and maintaining effective land use planning. This statute shall not be construed as requiring the assessment of any land at a value less than as required by Section 401 or as prohibiting the use of representative comparable sales information on land under similar restrictions when this information is available.

SEC. 7.5. Section 402.1 of the Revenue and Taxation Code is amended to read:

402.1. (a) In the assessment of land, the assessor shall consider the effect upon value of any enforceable restrictions to which the use of the land may be subjected. These restrictions shall include, but are not limited to, all of the following:

(1) Zoning.

(2) Recorded contracts with governmental agencies other than those provided in Sections 422, 422.5, and 422.7.

(3) Permit authority of, and permits issued by, governmental agencies exercising land use powers concurrently with local governments, including the California Coastal Commission and regional coastal commissions, the San Francisco Bay Conservation and Development Commission, and the California Tahoe Regional Planning Agency.

(4) Development controls of a local government in accordance with any local coastal program certified pursuant to Division 20 (commencing with Section 30000) of the Public Resources Code.

(5) Development controls of a local government in accordance with a local protection program, or any component thereof, certified pursuant to Division 19 (commencing with Section 29000) of the Public Resources Code.

(6) Environmental constraints applied to the use of land pursuant to provisions of statutes.

(7) Hazardous waste land use restriction pursuant to Section 25226 of the Health and Safety Code.

(8) (A) A recorded conservation, trail, or scenic easement, as described in Section 815.1 of the Civil Code, that is granted in favor of a public agency, or in favor of a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code that has as its primary purpose the preservation, protection, or enhancement of land in its natural, scenic, historical, agricultural, forested, or open-space condition or use.

(B) A recorded greenway easement, as described in Section 816.52 of the Civil Code, that is granted in favor of a public agency, or in favor of a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code that has as its primary purpose the developing and preserving of greenways.

(9) A solar-use easement pursuant to Chapter 6.9 (commencing with Section 51190) of Part 1 of Division 1 of Title 5 of the Government Code.

(10) (A) A contract where the following apply:

(i) The contract is with a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code that has received a welfare exemption under Section 214.15 for properties intended to be sold to low-income families who participate in a special no-interest loan program.

(ii) The contract restricts the use of the land for at least 30 years to owner-occupied housing available at affordable housing cost in accordance with Section 50052.5 of the Health and Safety Code.

(iii) The contract includes a deed of trust on the property in favor of the nonprofit corporation to ensure compliance with the terms of the program, which has no value unless the owner fails to comply with the covenants and restrictions of the terms of the home sale.

(iv) The local housing authority or an equivalent agency, or, if none exists, the city attorney or county counsel, has made a finding that the long-term deed restrictions in the contract serve a public purpose.

(v) The contract is recorded and provided to the assessor.

(B) For real property subject to a contract that satisfies all the requirements of subparagraph (A), there shall be a rebuttable presumption that, at the time of purchase, an assessor shall not include the value of the deed of trust referenced in clause (iii) of subparagraph (A) of this paragraph.

(11) (A) A contract where the following apply:

(i) The contract is a renewable 99-year ground lease between a community land trust, or a wholly owned subsidiary of a community land trust that is solely directed and managed by the community land trust, and the qualified owner of an owner-occupied single-family dwelling or an owner-occupied unit in a multifamily dwelling.

(ii) The contract subjects a single-family dwelling or unit in a multifamily dwelling, and the land on which the dwelling or unit is situated that is leased to the qualified owner by a community land trust for the convenient occupation and use of that dwelling or unit, to affordability restrictions.

(iii) One of the following public agencies or officials has made a finding that the affordability restrictions in the contract serve the public interest to create and preserve the affordability of residential housing for persons and families of low or moderate income:

(I) The director of the local housing authority or equivalent agency.

(II) The county counsel.

(III) The director of a county housing department.

(IV) The city attorney.

(V) The director of a city housing department.

(iv) The contract is recorded and is provided to the assessor.

(B) (i) For purposes of this paragraph, the sale or resale price of the dwelling or unit is rebuttably presumed to include both the dwelling or unit and the leased land on which the dwelling or unit is situated. This presumption may be overcome if the assessor establishes by a preponderance of the evidence that all or a portion of the value of the leased land is not reflected in the sale or resale price of the dwelling or unit.

(ii) Notwithstanding any other law, corrections of base year values and declines in value owing to the restrictions on properties assessed under this subparagraph shall apply to all lien dates occurring after September 27, 2016.

(C) For purposes of this paragraph, all of the following definitions shall apply:

(i) "Affordability restrictions" mean that all of the following conditions are met:

(I) The dwelling or unit can only be sold or resold to a qualified owner to be occupied as a principal place of residence.

(II) The sale or resale price of the dwelling or unit is determined by a formula that ensures the dwelling or unit has a purchase price that is affordable to qualified owners.

(III) There is a purchase option for the dwelling or unit in favor of a community land trust intended to preserve the dwelling or unit as affordable to qualified owners.

(IV) The dwelling or unit is to remain affordable to qualified owners by a renewable 99-year ground lease.

(ii) "Community land trust" means a nonprofit corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following:

(I) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences.

(II) (ia) All dwellings and units located on the land owned by the nonprofit corporation or its wholly owned subsidiary are either sold to a qualified owner to be occupied as the qualified owner's primary residence or rented to persons and families of low or moderate income.

(ib) In the case of dwellings or units sold to qualified owners, if the community land trust, directly or through its wholly owned subsidiary, owns the land underneath the dwellings or units, then the land underneath the dwellings or units shall be leased to the qualified owner of a dwelling or unit on the land for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years. In the case of dwellings or units that are part of a condominium, cooperative, or other common interest development under which the land is owned by a homeowners' association or person other than the community land trust, then the condominium unit or interest owned by the community land trust shall be sold to qualified owners for the convenient occupation and use of that dwelling or unit subject to affordability restrictions as that term is defined in this subdivision, except that in lieu of a ground lease there shall be an affordability covenant, of a duration of at least 99 years, recorded against the unit or interest.

(iii) "Limited equity housing cooperative" has the same meaning as that term is defined in Section 817 of the Civil Code.

(iv) "Persons and families of low or moderate income" has the same meaning as that term is defined in Section 50093 of the Health and Safety Code.

(v) "Qualified owner" means persons and families of low or moderate income, including persons and families of low or moderate income that own a dwelling or unit collectively as member occupants or resident shareholders of a limited equity housing cooperative.

(b) There is a rebuttable presumption that restrictions will not be removed or substantially modified in the predictable future and that they will substantially equate the value of the land to the value attributable to the legally permissible use or uses.

(c) Grounds for rebutting the presumption may include, but are not necessarily limited to, the past history of like use restrictions in the jurisdiction in question and the similarity of sales prices for restricted and unrestricted land. The possible expiration of a restriction at a time certain shall not be conclusive evidence of the future removal or modification of the restriction unless there is no opportunity or likelihood of the continuation or renewal of the restriction, or unless a necessary party to the restriction has indicated an intent to permit its expiration at that time.

(d) In assessing land with respect to which the presumption is un rebutted, the assessor shall not consider sales of otherwise comparable land not similarly restricted as to use as indicative of value of land under restriction, unless the restrictions have a demonstrably minimal effect upon value.

(e) In assessing land under an enforceable use restriction wherein the presumption of no predictable removal or substantial modification of the restriction has been rebutted, but where the restriction nevertheless retains some future life and has some effect on present value, the assessor may consider, in addition to all other legally permissible information, representative sales of comparable lands that are not under restriction but upon which natural limitations have substantially the same effect as restrictions.

(f) For the purposes of this section the following definitions apply:

(1) "Comparable lands" are lands that are similar to the land being valued in respect to legally permissible uses and physical attributes.

(2) "Representative sales information" is information from sales of a sufficient number of comparable lands to give an accurate indication of the full cash value of the land being valued.

(g) It is hereby declared that the purpose and intent of the Legislature in enacting this section is to provide for a method of determining whether a sufficient amount of representative sales information is available for land under use restriction to ensure the accurate assessment of that land. It is also hereby declared that the further purpose and intent of the Legislature in enacting this section and Section 1630 is to avoid an assessment policy which, in the absence of special circumstances, considers uses for land that legally are not available to the owner and not contemplated by government, and that these sections are necessary to implement the public policy of encouraging and maintaining effective land use planning. This statute shall not be construed as requiring the assessment of any land at a value less than as required by Section 401 or as prohibiting the use of representative comparable sales information on land under similar restrictions when this information is available.

SEC. 8. Section 7.5 of this bill incorporates amendments to Section 402.1 of the Revenue and Taxation Code proposed by both this bill and Assembly Bill 1868. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2025, (2) each bill amends Section 402.1 of the Revenue and Taxation Code, and (3) this bill is enacted after Assembly Bill 1868, in which case Section 7 of this bill shall not become operative.

SEC. 9. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.