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May 11, 2026

The Honorable Chris Ward
California State Assembly
1021 O Street, Suite 6350
Sacramento, CA 95814

**RE: Assembly Bill 2089 (Ward): Property taxation: welfare tax exemption:
delinquent payments: interest and penalties – SUPPORT**

Dear Assemblymember Ward:

Larry Klein
Mayor

Richard Mehlinger
Vice Mayor

Alysa Cisneros
Councilmember

Murali Srinivasan
Councilmember

Linda Sell
Councilmember

Charlsie Chang
Councilmember

Eileen Le
Councilmember

On behalf of the City of Sunnyvale, we want to express our support of AB 2089, which would extend the provisions established under AB 2353, which allow an affordable housing developer to withhold property taxes otherwise due to a county tax collector once a welfare exemption application has been submitted and specific conditions have been met. While current law limits this relief to projects under construction, this bill would expand eligibility to include changes in ownership, control, or managing general partner. This extension would eliminate unnecessary cost burdens on affordable housing providers during ownership restructurings, which are often required to ensure long-term project viability.

Affordable housing providers play a critical role in addressing California's housing crisis, yet they often face unnecessary financial burdens due to administrative inefficiencies in the welfare exemption process. Although nonprofit-owned affordable housing is constitutionally recognized as a charitable use and therefore exempt from property taxes, providers are currently required to pay those taxes up front and wait, sometimes for years, for reimbursement after their exemption applications are approved.

This process places a significant and avoidable strain on affordable housing developers and operators. Many are forced to borrow funds to cover these upfront tax payments, incurring interest costs that are not reimbursed and diverting scarce resources away from housing production, preservation, and resident services. These ownership restructurings are often necessary to ensure long-term financial stability and preservation of affordable housing developments. By allowing qualified providers to withhold property tax



payments during these transitions, AB 2089 eliminates unnecessary costs and administrative burdens, while preserving vital funding for affordable housing.

As identified in General Plan Goal H-4, Sunnyvale is committed to minimizing the impact of governmental constraints on the development of housing. Nowhere is this more critical than affordable housing where total development costs for recent projects in Sunnyvale have approached \$1 million per unit. Some of these increased costs are due to inefficiencies in affordable housing financing and administration. AB 2353 will help reduce the cost of affordable housing by eliminating administrative inefficiencies and reducing governmental constraints.

In Sunnyvale, where the need for affordable housing remains pressing, ensuring that every available dollar is used efficiently is essential. Since 2016, the City of Sunnyvale has been awarded over \$85 million to support the development and rehabilitation of over 700 units of affordable housing. AB 2089 will help maximize the impact of our limited housing resources, reduce financing costs, and support the long-term viability of affordable housing developments serving our communities. Every dollar saved by AB 2089 can be used to create new affordable housing opportunities that will ensure more of our residents have a safe and dignified place to call home.

For these reasons, the City of Sunnyvale strongly supports AB 2089. Thank you for your continued leadership in advancing practical, solutions-oriented policies to support affordable housing across California. Please do not hesitate to contact me or Trudi Ryan, Community Development Director at tryan@sunnyvale.ca.gov if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Larry Klein".

Larry Klein
Mayor

cc: Senator Dr. Aisha Wahab
Assembly Member Patrick Ahrens
City Council

Tim Kirby, City Manager
Sarah Johnson-Rios, Assistant City Manager
Connie Verceles, Assistant City Manager
Trudi Ryan, Director of Community Development