

Date of Hearing: May 18, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 1654 (Robert Rivas) – As Amended May 2, 2022

Policy Committee: Housing and Community Development Vote: 8 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill sets aside a portion of low income housing tax credits (LIHTC), authorized in the state budget each year, for farmworker housing projects and requires the Department of Housing and Community Development (HCD) to create a comprehensive strategy to address farmworker housing needs in the state. Specifically, this bill:

- 1) Requires, beginning in 2024 through 2034, the lesser of \$25 million or 5% of the amount available in the state budget each year for LIHTC be set aside for projects that provide farmworker housing.
- 2) Requires LIHTC from the farmworker housing set-aside that are unallocated after three years revert into the larger pool and be allocated pursuant to existing law.
- 3) Provides, beginning in 2035 and every year thereafter, the amount of LIHTC set aside for farmworker housing will be determined by the Legislature upon consideration of a comprehensive strategy developed by HCD.
- 4) Requires HCD, on or before July 1, 2023, to commission a statewide study of farmworker housing conditions, needs and solutions to inform a comprehensive strategy for meeting the housing needs of the state's farmworkers.
- 5) Requires the study to include an analysis and recommendations on specified factors related to the supply of housing that is affordable and accessible to farmworkers and their families.
- 6) Allows the author of the study to subcontract with other qualified entities as necessary to obtain data described to complete the report.
- 7) Requires HCD, no later than January 1, 2026, to develop a comprehensive strategy to substantially improve policy, funding and implementation of farmworker housing production in California to adequately address the size and scope of the problems identified in the study, including amendments to the California Statewide Housing Plan.
- 8) Requires HCD to update and revise the comprehensive strategy developed pursuant to this bill every five years and submit it to the Legislature.

FISCAL EFFECT:

- 1) Estimated ongoing costs of \$338,000 (General Fund (GF)) annually, to HCD for two staff positions to hire and oversee the consultants responsible for developing the comprehensive statewide study and strategy report, update the report every five years, incorporate any strategy findings into the Statewide Housing Plan, and ensure recommendations from the strategy report are implemented across various department programs.
- 2) Estimated one-time costs of \$400,000 (GF), to HCD to contract for the initial study and comprehensive strategy, and \$250,000 (GF) every five years thereafter, to update the study and strategy.

COMMENTS:

- 1) **Purpose.** According to the author:

A recent study demonstrated a tremendous lack of housing, overcrowding, and homelessness among farmworkers in the region. It showed that farmworkers and their families often live in vehicles, illegally converted garages, the outdoors or severely overcrowded conditions. A comprehensive statewide study is needed to further illuminate the housing needs of farmworkers and help drive additional policy solutions.

- 2) **Background.** In 1987, the legislature authorized a state LIHTC program to augment the federal tax credit program. State tax credits can only be awarded to projects that also receive federal LIHTC, except for farmworker housing projects, which can receive state credits without federal credits. Investors can claim the state credit over four years, and projects that receive either state or federal tax credits are required to maintain the housing at affordable levels for 55 years. The state tax credit program has an ongoing statutory authorization of \$70 million. The 2019-20, 2020-21 and 2021-22 budget acts each authorized an additional \$500 million for state tax credits. This year's Governor's budget proposes to continue this allocation for the 2022-23 budget year.

In 1996, the Legislature created the Farmworker Housing Assistance Tax Credit Program and set aside \$500,000 a year from the LIHTC allocation for farmworker housing projects. Unused set-aside rolls over to the next year. In an effort to improve the program, SB 1247 (Lowenthal), Chapter 521, Statutes of 2008, eliminated the Farmworker Housing Assistance Tax Credit Program as a separate program and consolidated it into the state LIHTC program as a farmworker set-aside.

Historically, the number of farmworker housing projects accessing the LIHTC program has been low. In 2017, AB 571 (Garcia), Chapter 372, made several changes designed to make farmworker housing projects more competitive, including allowing projects to offer 50% of the units to non-farmworker households if they meet the income requirements. In addition, AB 571 increased the amount of credits farmworker tax credit projects can receive by allowing these projects to qualify for a 30% boost in federal credits. In 2017, two farmworker housing projects received LIHTC awards and in 2018, one project received credits, but never used them. The amount of LIHTC currently available in the farmworker set-aside is \$4.6 million.

HCD recently published the Statewide Housing Plan laying out a 10-year plan for addressing the state's housing affordability crisis. The plan does not include strategies for addressing the need for farmworker housing. This bill requires HCD to commission a study by July 1, 2023, to determine barriers for increasing the supply of farmworker housing and, by January 1, 2026, to develop a comprehensive strategy for improving farmworker housing production in California. This bill requires HCD to amend the Statewide Housing Plan to implement the recommendations from the strategy.

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