

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2270 (Arambula) – As Introduced February 19, 2026

SUBJECT: Low-income housing tax credit: farmworker housing

SUMMARY: Requires the California Tax Credit Allocation Committee (TCAC) to amend the low-income housing tax credit (LIHTC) regulatory scoring system to treat farmworker housing as large family projects, and to use the same point allocation as rural set-aside projects when assigning points to farmworker housing based on proximity of amenities to an eligible farmworker housing project.

EXISTING LAW:

- 1) Authorizes, under the tax on the gross premiums of insurers, the personal income tax (PIT) Law, and the corporate tax (CT) Law, a state LIHTC that is calculated in partial conformity with the federal LIHTC and may only be claimed over a period of four years. (Revenue and Taxation Code (R&TC) Sections 12206, 17058, and 23610.5.)
- 2) Allocates \$70 million on an ongoing basis to the TCAC for the purposes of administering the LIHTC and adjusts this amount for inflation beginning in the 2002 calendar year, plus any unused amounts for the preceding calendar year and any amount returned in the calendar year. (R&TC Sections 12206, 17058, and 23620.5.)
- 3) Allocates an augmentation to the LIHTC of \$500 million, as specified, beginning in the 2020 calendar year, and annually thereafter only if an appropriation is made in the Budget Act. Among other provisions, TCAC is required to develop a scoring system that maximizes the efficient use of public subsidy and benefit created through private activity bonds and LIHTC programs as part of an allocation methodology that emphasizes increased production and cost containment. The factors to consider in making this determination of efficient use include, but are not limited to, the following:
 - a) The number and size of units developed including local incentives provided to increase density;
 - b) The proximity to amenities, jobs, and public transportation;
 - c) The location of the development; and,
 - d) The delivery of housing affordable to very low- and extremely low-income households by the development. (R&TC Sections 12206, 17058, and 23610.5)
- 4) For the 2024 through 2034 calendar years, the lesser of 5% of the \$500 million augmentation or \$25 million must be set aside for allocation to "farmworker housing" projects, as defined. (R&TC Sections 12206, 17058, and 23620.5.)

- 5) Requires that at least 20% of the LIHTC subject to the federal ceiling be allocated to rural areas, as defined. (Health and Safety Code (H&SC) Section 50199.20.)
- 6) Defines "farmworker housing" as housing in which at least 50% of the units are occupied by farmworkers and their households. (H&SC Section 50199.7.)
- 7) Requires TCAC to consider amending the LIHTC regulations establishing a scoring system, grant, for farmworker housing maximum points to farmworker housing projects under the housing needs category, and an initial five points in the category for site amenities beyond those required as additional thresholds. (R&TC 12206, 17058, and 23610.5)
- 8) Requires the Department of Housing and Community Development to commission a statewide study of farmworker conditions, needs, and solutions to inform a comprehensive strategy for meeting the housing needs of the state's farmworkers by December 1, 2023 and to develop the comprehensive strategy for implementation no later than January 1, 2026. The comprehensive strategy must be submitted to the Legislature no later than January 1, 2027. (H&SC Section 50408.5.)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "Farmworkers are an essential part our state's economy helping the state's agricultural sector generate more than \$100 billion in economic activity every year. With their hard work they help feed, not only our state and our nation, but the world. Yet, they are often forced to live in aging or substandard housing. The state must do something to provide them with the dignity and respect that they earn through their work. AB 2270 is a modest proposal to further this purpose by ensuring a source of funding that can be used to incentivize the construction of adequate farmworker housing."

LIHTC: In 1986, the federal government authorized the LIHTC program to enable affordable housing developers to raise private capital through the sale of tax credits to investors. Two types of federal tax credits are available and are generally referred to as 9% and 4% credits. TCAC administers the program and awards credits to qualified developers who can then sell those credits to private investors who use the credits to reduce their federal tax liability. The developer, in turn, invests the capital into the affordable housing project.

Each state receives an annual ceiling of 9% federal tax credits. Federal LIHTCs are oversubscribed by a 3:1 ratio. Unlike 9% LIHTC, federal 4% tax credits are not capped; however, they must be used in conjunction with tax-exempt private activity bonds which are capped and are administered by the California Debt Limit Allocation Committee (CDLAC).

In 1987, the Legislature authorized a state LIHTC program to augment the federal tax credit program. Projects that receive either state or federal tax credits are required to maintain the housing at affordable levels for 55 years. Statute authorizes \$70 million in state tax credits each year, which has been annually adjusted for inflation and now hovers around \$100 million each year.

In 2019, AB 101 (Committee on Budget), Chapter 159, provided an additional \$500 million in state LIHTCs. When the additional \$500 million was first made available, the federal tax-exempt bond ceiling of approximately \$4 billion had not yet been reached. The additional \$500 million was coupled with tax-exempt private activity bonds (PABs) and the 4% credit, in part, to encourage developers to fully utilize any remaining federal tax-exempt bonds that were not used. After the \$500 million was made available, 4% credit applications increased significantly and the bonds became oversubscribed. As a result, CDLAC instituted a competitive process for awarding tax-exempt bonds.

In 2025, H.R.1 lowered the PAB financing threshold from 50% to 25% of land and building costs. Due to this change, affordable housing developments financed with PABs issued after Dec. 31, 2025, qualify for 4% LIHTCs with much fewer bonds than before. As a result, the PABs and 4% LIHTC will be able to stretch much further than in the past. To fully leverage this change, the state will need additional gap financing to pair with these PABS and credits. Estimates suggest that the state may be able to double our affordable housing production, from 20,000 to 40,000 units, with the additional bond cap.

Farmworker Tax Credit Set-Aside: 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. If the set-aside is unused, it rolls over to the next year. In an effort to streamline administration and make the farmworker program more user-friendly, 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 set-aside. SB 1247 also allowed the CTCAC to allocate state credits for projects that did not receive a federal credit if the project was occupied only by farmworkers and their households.

In 2017, AB 571 (Garcia), Chapter 372, made several changes to the farmworker housing tax credit set-aside to make projects more competitive. Changes included allowing projects to offer 50% of the units to non-farmworker households if they meet the income requirements. In addition, AB 571 (Garcia) increased the amount of credits that farmworker tax credit projects can receive by allowing farmworker housing projects to qualify for a 30% boost in federal credits.

In 2022, AB 1654 (R. Rivas), Chapter 638, required that \$25 million or 5% of the amount available in the state budget each year for the LIHTC, whichever is less, be set aside for projects that provide farmworker housing, for the next ten years. Any LIHTC that are unallocated from the farmworker housing set-aside after three years revert into the larger pool and are allocated through the LIHTC program.

In the following year, the Legislature again acted to augment the LIHTC to provide additional consideration to farmworker housing. AB 1439 (E. Garcia), Chapter 369, Statutes of 2023, required TCAC to consider granting farmworker housing maximum points under the housing needs category and an initial five points for site amenities beyond those required as additional thresholds.

In response to AB 1439, TCAC amended its regulations in December of 2025, to give farmworker housing projects an automatic five points for site amenities. LIHTC regulations allow a project applicant to receive up to 15 points for site amenities. Farmworker developments would need to score an additional 10 points to be competitive for tax credits. Developments can get additional points through a combination of the following: providing high speed internet,

providing transit passes, being within ½ mile of a bus stop, within ¾ mile of a public park or community center, one mile of a public library, 1½ miles of a grocery store, ½ mile of a public school, 1 mile of a school, or 1 mile of a pharmacy. TCAC has not yet had a round of funding to see what impact this change will have on farmworker housing project applicants.

Rural Set-Aside: TCAC's regulations stipulate that 20% of the LIHTC be set-aside for certain rural projects. Within that set aside, certain scoring criteria must be considered when awarding credits. Among these criteria are the proximity to certain amenities. While all projects applying for LIHTC are subject to the scoring criteria for being proximate to certain amenities, rural projects are awarded the same consideration as non-rural projects if they are located further away from those amenities. This consideration accounts for the often greater distances between locations in rural settings.

By requiring that farmworker housing receive the same point allocation as rural set-aside projects, this bill provides consideration to a project that may not qualify for that consideration. TCAC determines whether any housing meets the definition of a rural set-aside based on location, and independent of the type of housing. This determination is based on a list of eligible census tracts published by the US Department of Agriculture. Thus, as currently drafted, this bill would provide additional consideration to farmworker housing that would not be of sufficient quality to receive a credit, absent this bill.

Large-Family Projects: The LIHTC regulations require that a project meet certain thresholds to qualify as a large-family project, including that the project be comprised of certain percentages of units with specified bedroom sizes and corresponding square footages, provide certain amenities for tenants, and construct appropriate common areas. These requirements ensure that subsidized large-family projects are, in fact, providing quality housing to tenant families.

As currently drafted, this bill would require the CTCAC to define “farmworker housing” as a large-family project. As a result, farmworker housing developments could qualify for tax credits without meeting the bedroom size requirements required by TCAC regulations. Farmworker housing projects can already qualify as large family projects if they meet the requirements of TCAC regulations.

TCAC Regulations: TCAC and the State Treasurer’s Office (STO) update the LIHTC program regulations generally every fall. This annual update to the regulations provides the opportunity for stakeholders to share feedback with the Committee and recommend changes to the program. This bill circumvents the regulatory process by directing TCAC to amend the LIHTC regulatory scoring system to treat farmworker housing as large family projects, and to use the same point allocation as rural set-aside projects when assigning points to farmworker housing based on proximity of amenities to an eligible farmworker housing project. The Committee may wish to amend the bill to direct TCAC to consider establishing a farmworker housing project type. This will allow the Committee to consider all scoring options when and how to best evaluate farmworker projects and would not dictate in statute how the regulations should be amended, circumventing the existing public stakeholder process.

Arguments in Support: According to La Cooperativa Campesina de California, “For decades, the LIHTC scoring system has unintentionally disadvantaged farmworker housing by prioritizing proximity to urban amenities such as transit, libraries, and pharmacies; criteria that do not reflect the geographic realities of agricultural communities. Because farmworker housing must be located near agricultural land and employment, these developments are often situated miles from

such amenities and are routinely penalized in the competitive scoring process. This misalignment has created a structural barrier to housing production. Farmworker housing developments typically serve families with children, yet they have not consistently benefited from classification as “Large Family” housing within the scoring system. At the same time, amenity proximity standards assume dense, urban service patterns that are simply not present in rural and agricultural regions. As a result, projects that are appropriately located to serve farmworkers are made less competitive for funding – efficiency or poor design, but because the scoring framework does not reflect agricultural land-use realities.”

Arguments in Opposition: None on file.

Committee Amendment: The Committee may wish to consider the following amendment, which requires TCAC to consider making amendments to its regulations to create a housing type specifically for farmworker housing. This will allow the Committee to take all scoring options into consideration without directing a specific change. In addition, the Committee could consider whether to use the same point allocation for rural set-asides projects for farmworker projects.

(V) The California Tax Credit Allocation Committee shall consider amending the regulations establishing a scoring system, as required by this clause, to establish a housing type for define farmworker housing as large family projects. For the purpose of assigning points based on the proximity of amenities to an eligible farmworker housing project, the committee shall consider using the same point allocations as provided for rural set-aside projects.

Double-Referred: This bill is double-referred. It was heard in the Assembly Committee on Revenue and Taxation and passed on a vote of 5-1 on April 13, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

LA Cooperativa Campesina De California (Sponsor)
 California Human Development
 Center for Employment and Training
 Central Valley Opportunity Center
 Clergy and Laity United for Economic Justice - Ventura County
 Comité De Acción Del Valle
 First Day Foundation
 Friends of Fieldworkers
 House Farm Workers!
 Housing Opportunities Made Easier
 Laborers International Union of North America Local 585
 Los Amigos De LA Comunidad, INC.
 Mixteco/Indígena Community Organizing Project
 Proteus
 UnidosUS
 Ventura County YIMBY
 West Ventura County Business Alliance

Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085