

ASSEMBLY THIRD READING  
AB 2270 (Arambula)  
As Amended April 30, 2026  
2/3 vote. Tax Levy

## SUMMARY

Requires the California Tax Credit Allocation Committee (CTCAC) to consider amending the low-income housing tax credit (LIHTC) regulatory scoring system to treat farmworker housing as large family projects, and to consider using 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.

## Major Provisions

## COMMENTS

*The LIHTC:* State and federal law allow a LIHTC to qualified taxpayers for incurring certain costs related to the construction, rehabilitation, or acquisition of low-income rental housing. In practice, low-income rental housing developers design projects and apply to the CTCAC for credits. If the CTCAC authorizes credits, the CTCAC enters a regulatory agreement with the housing developer that stipulates income and rent restrictions. The CTCAC then reserves the credit amount for that application. Subsequently, the developer forms a partnership with investors that exchange equity financing for the credits, and the investors may then claim the credit over the authorized period. Rather than expecting the investment in a LIHTC project to produce income, investors rely on the credit to realize a return in the form of reducing their tax liabilities. The equity raised from this exchange lowers the financing costs for developers such that they can feasibly charge lower rents, thereby potentially expanding the supply of affordable rental housing.

There are two types of the LIHTC, the 9% credit and the 4% credit, which are awarded to projects that are non-federally subsidized or federally subsidized, respectively. The 9% credit is subject to a federally prescribed annual ceiling based on the population of a state; whereas, the 4% credit must have 50% of the project financed by federally tax-exempt bonds.

*Modification and augmentation to the state LIHTC:* The state LIHTC has been extensively modified and augmented over the course of its history. In 2008, SB 1247 (Lowenthal), Chapter 521, Statutes of 2008, eliminated the Farmworker Housing Assistance Tax Credit Program, which reserved \$500,000 from the LIHTC allocation for farmworker housing projects, and consolidated this set aside into the general LIHTC application process to streamline administration and make the LIHTC program easier to navigate. This set aside is commonly referred to as the "State Farmworker Credit." 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. The Legislature modified this reservation by enacting AB 571 (E. Garcia), Chapter 372, Statutes of 2017, which reduced the occupancy requirement threshold from 100% to 50% of units occupied by farmworker households and allowed farmworker housing projects to qualify for an increase in the credit amount if the project is built in certain development areas and census tracts.

In 2019, the state authorized a new augmentation to the existing LIHTC allocation by enacting AB 101 (Committee on Budget), Chapter 159, Statutes of 2019, which allocated \$500 million in state credits. Under this new augmentation, the CTCAC is required to issue regulations establishing a scoring system for the purposes of evaluating applications on the basis of certain factors, including the proximity of the project to amenities.

In 2022, the Legislature approved, and the Governor signed, AB 1654 (Rivas), Chapter 638, Statutes of 2022, which reserved the lesser of \$25 million or 5% of the allocated amount for farmworker housing projects each year, beginning in 2024 and lasting through 2034. AB 1654 also required the Department of Housing and Community Development to develop a comprehensive strategy to address farmworker housing production, and to submit that strategy to the Legislature by January 1, 2027.

In the following year, the Legislature again acted to augment the LIHTC to provide additional consideration to farmworker housing by passing AB 1439 (E. Garcia), Chapter 369, Statutes of 2023, which required the CTCAC to consider amending the regulatory scoring system to augment the points received by farmworker housing.

*LIHTC program requirements:* The State Treasurer's Office is required to adopt regulations to implement the statutory provisions of the LIHTC. These regulations stipulate application requirements, eligibility requirements, set-asides and apportionments that provide how much of the LIHTC is awarded to what type of housing, and a scoring system to weigh which applicants receive a LIHTC, among other considerations.

Some of these requirements must be fulfilled, regardless of applicant, while some help determine which projects receive awards within certain categories. These requirements ensure that the LIHTC complies with existing law that directs the CTCAC to award credits to promote the development and construction of sufficient, quality, affordable housing in California with the limited federal and state dollars available.

### **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.

### **Arguments in Support**

None on file

### **Arguments in Opposition**

None on file

## **FISCAL COMMENTS**

The Assembly Committee on Appropriations, in its analysis of this bill, estimates the following fiscal impact:

- 1) One-time costs of approximately \$750,000 to \$2.5 million to CTCAC to commission a study to produce recommendations for establishing a farmworker housing type and appropriate site amenities (General Fund (GF)). CTCAC notes that the study would analyze farmworker demographics, wages, and existing needs and identify barriers and opportunities for housing development in the LIHTC program and the magnitude of costs would depend on the study's scope, methodology, and depth of fieldwork. Additionally, ongoing costs of approximately \$150,000 annually to CTCAC for an additional staff position to oversee the consultants responsible for developing the study and incorporate the study's recommendations into LIHTC program regulations (GF).
- 2) GF cost pressures of an unknown amount, potentially in the tens of millions of dollars annually, to the extent these LIHTC scoring system changes result in more farmworker housing LIHTC projects approved at the expense of other projects, thus increasing demand for additional LIHTC funding in the annual Budget Act. The LIHTC program is currently oversubscribed.

The Legislative Analyst's Office recently warned of GF structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

## VOTES

### **ASM REVENUE AND TAXATION: 5-1-1**

**YES:** Gipson, Carrillo, McKinnor, Quirk-Silva, Michelle Rodriguez

**NO:** Sanchez

**ABS, ABST OR NV:** DeMaio

### **ASM HOUSING AND COMMUNITY DEVELOPMENT: 11-0-1**

**YES:** Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Tangipa, Wicks, Wilson

**ABS, ABST OR NV:** Ta

### **ASM APPROPRIATIONS: 12-1-2**

**YES:** Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Tangipa

**NO:** Dixon

**ABS, ABST OR NV:** Hoover, Ta

## UPDATED

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