SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2270 (Arambula) - Low-income housing tax credit: farmworker housing

Version: June 18, 2026
Urgency: No
Hearing Date: June 29, 2026

Policy Vote: HOUSING 9 - 1
Mandate: No
Consultant: Mark McKenzie

Bill Summary: AB 2270 would require the California Tax Credit Allocation Committee (TCAC) to consider amending the regulatory scoring system for the allocation of Low-Income Housing Tax Credits (LIHTCs) to establish a housing type for farmworker housing projects. The bill would also require TCAC to consider using the same point allocations for rural set-aside projects for the purpose of assigning points based on the proximity of amenities to an eligible farmworker housing project.

Fiscal Impact:

- TCAC estimates that it would incur one-time costs in the range of $750,000 to $2.5 million (General Fund) to commission a study to analyze farmworker demographics, wages, and existing housing needs, identify barriers and opportunities for housing development in the LIHTC program, and produce recommendations for a farmworker housing type and appropriate site amenities. Actual costs would depend upon the scope, methodology, and depth of fieldwork related to the study.

- TCAC estimates ongoing costs of approximately $150,000 annually for 1.0 PY of staff to oversee consultants responsible for developing the study, and to incorporate recommendations into LIHTC program regulations. Staff notes that these staffing resources should not be required beyond the timeframe to complete the study and make necessary regulatory changes. (Tax Credit Allocation Fee Account)

- Unknown, significant annual General Fund cost pressures, potentially in the tens of millions annually, to provide additional LIHTC funding in the annual Budget Act, to the extent that granting additional scoring benefits to farmworker housing projects results in the allocation of additional LIHTCs to those projects and displaces allocations to other eligible affordable housing projects. Staff notes that the demand for LIHTCs has consistently exceeded the availability of credits for years.

Background: Existing federal law provides for a federal LIHTC to incentivize private development of affordable rental housing. The tax credit enables low-income housing sponsors and developers to raise project equity through the allocation of tax benefits to investors. In 1987, the Legislature authorized the creation of a state LIHTC program to augment the federal tax credit program, and existing law authorizes TCAC to allocate $70 million in state LIHTCs each year, adjusted for inflation. The state program is generally patterned after the federal program, but project developers or housing sponsors that receive a state credit allocation must agree to specified terms, including a minimum of 55 years of rent and tenant income restrictions. Existing law designates TCAC as the entity responsible for administering both the federal and state LIHTC programs, including the allocation of tax credits to housing sponsors through a competitive application process. TCAC must submit an annual report to the Legislature on its activities related to the allocation of tax credits and the projects and units that benefit from those credits.

According to TCAC's most recent annual report, the state tax credit cap was approximately $126 million in 2025. To augment the state LIHTC cap, AB 101 (Budget Committee), Chap. 159/2019, authorized an additional $500 million in state LIHTCs annually, subject to an appropriation in the Budget Act, and the maximum amount has been appropriated each year since then.

Existing law authorizes TCAC to adopt, amend, or repeal rules and regulations for the allocation of LIHTCs. TCAC and the State Treasurer's Office generally update LIHTC program regulations every fall, providing an opportunity for stakeholder input for recommended program changes. Current regulations specify goals for allocating LIHTCs for certain housing types, including large households, special needs, single room occupancy, at-risk, and seniors. Existing law also requires specified amounts of LIHTCs to be set aside for allocation to rural areas (20%), small developments, and farmworker housing. Relative to the set-aside for rural areas, certain scoring criteria must be considered when awarding credits, including providing the same consideration as a non-rural project for rural projects that are located further away from certain amenities.

Relative to farmworker housing, existing law requires that, for the 2024 through 2034 calendar years, the lesser of 5% of the $500 million augmentation provided in the Budget Act, or $25 million in LIHTCs must be set aside for farmworker housing projects, as specified. In addition, existing law, as enacted by AB 1439 (E.Garcia), Chap. 369/2023, requires 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.

Existing law requires the Department of Housing and Community Development (HCD) 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 by January 1, 2026. The final report on this study has not yet been published.

Existing law, as enacted by AB 1783 (Rivas), Chap. 866/2019, prohibits state housing funds from being utilized for constructing housing for H-2A workers, including the following programs: Community Service Block Grants, Building Homes and Jobs Trust Fund, Joe Serna, Jr. Farmworker Housing Grant Program, and other programs for migratory workers, but does not include any allocation of federal or state low-income housing tax credits.

Proposed Law: AB 2270 would require TCAC to consider amending the regulatory scoring system for the allocation of LIHTCs to establish a housing type for farmworker housing projects, and to consider using the same point allocations for rural set-aside projects for the purpose of assigning points based on the proximity of amenities to an eligible farmworker housing project.

The bill would also prohibit LIHTCs from financing farmworker housing projects that comply with the federal H-2A visa program and provide housing for H-2A visa program workers, as specified.

Related Legislation: AB 1439 (E.Garcia), Chap. 369/2023, required TCAC to consider amending the regulatory scoring system for the allocation of LIHTCs to grant farmworker housing projects maximum points under the housing needs category and an additional five points for site amenities beyond those required as additional thresholds.

AB 1654 (R.Rivas), Chap. 638/2022, requires that 5% of LIHTCs that are available for allocation each year from the 2024 to 2034 calendar years, or $25 million of the amount made available in the annual state budget, whichever is less, to be set aside for farmworker housing projects, as specified. The bill also required HCD to commission a statewide study to inform a comprehensive strategy for meeting farmworker needs by December 1, 2023, as specified.

AB 1783 (Rivas), Chap. 866/2019, established a streamlined, ministerial approval process for agricultural employee housing, as specified, and included a provision that prohibits specified state housing funds from being utilized for constructing housing for H-2A workers (nonimmigrant agricultural workers).

AB 571 (Garcia), Chap. 372/2017, modified the farmworker housing assistance component of the LIHTC program to increase credit percentages, and provide specified flexibility to increase potential demand.

SB 1247 (Lowenthal), Chap. 521/2008, merged a stand-alone farmworker housing tax credit program with the LIHTC program and established a $500,000 set aside for specified farmworker housing projects.

Staff Comments: TCAC's 2025 Annual Report notes that demand for LIHTC allocations remains highly competitive, with 135 projects requesting $1.36 billion in funding, and TCAC awarding approximately $503 million in enhanced state LIHTCs to 43 projects, totaling 5,140 lower-income units. Of these, two farmworker projects were awarded $24,414,826 enhanced state LIHTCs of the available $25 million, totaling 98 lower-income units.

To the extent this bill results in a significant increase in LIHTC allocations for farmworker housing projects that would otherwise be used for other eligible affordable housing projects, the bill creates cost pressures to provide increased budget allocations to support the program and to address that demand. As noted above, recent budget actions have provided an additional $500 million each year to augment the statutory state LIHTC cap, but considering the budget deficits that are projected for the foreseeable future, this pattern may not continue.

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