CONCURRENCE IN SENATE AMENDMENTS
AB 2270 (Arambula)
As Amended August 21, 2026
2/3 vote. Tax Levy

SUMMARY

Requires the California Tax Credit Allocation Committee (CTCAC) to consider amending the regulatory scoring system for the Low-Income Housing Tax Credit (LIHTC) Program and includes the allocation of state LIHTCs within the definition of "state funding" for certain purposes.

Senate Amendments

1) Include, for taxable years beginning on or after January 1, 2027, the allocation of state LIHTCs in the definition of "state funding" that is prohibited from being used to furnish legally mandated housing to H-2A visa holders.

2) Adopt double-jointing language to prevent a chaptering conflict with SB 1072 (Committee on Housing).

COMMENTS

1) *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.

2) *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.

3) *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
The author has submitted the following statement in support of this bill:

> 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
Writing in support of this bill, UnidosUS states, in part:

> This bill, for taxable years beginning on or after January 1, 2027, would include the allocation of state low-income housing tax credits within the definition of "state funding" and

would prohibit providing low-income housing tax credits for projects to provide farmworker housing used to comply with the above-described H2-A housing requirement. This will expand opportunities for farmworker housing to be constructed in the state, opening new units to laborers in need of housing.

Arguments in Opposition
None on file

FISCAL COMMENTS

The Senate Appropriations Committee, in its analysis of this bill, states:

1) [The] CTCAC 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.

2) [The] CTCAC 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 [the] 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)

3) 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 [the] LIHTCs has consistently exceeded the availability of credits for years.

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

ASSEMBLY FLOOR: 64-6-10
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Flora, Fong, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Tangipa, Valencia, Ward, Wicks, Wilson, Zbur, Rivas
NO: DeMaio, Dixon, Ellis, Jeff Gonzalez, Sanchez, Wallis
ABS, ABST OR NV: Castillo, Chen, Davies, Gabriel, Gallagher, Hoover, Johnson, Lackey, Celeste Rodriguez, Ta

UPDATED

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