

SUMMARY ANALYSIS OF AMENDED BILL

Author: Garcia, et al. Analyst: Jessica Deitchman Bill Number: AB 571
July 11, 2017 and
Related Bills: See Prior Telephone: 845-6310 Amended Dates July 13, 2017
Analysis Attorney: Bruce Langston Sponsor: _____

SUBJECT: Low-Income Housing Credit/Farmworker Housing

SUMMARY

This bill would modify the Low-Income Housing Credit (LIHC) under the Personal Income Tax Law and Corporation Tax Law.

This analysis only addresses the provisions of the bill that impact the department’s programs and operations.

RECOMMENDATION – NO POSITION

SUMMARY OF AMENDMENTS

The July 11, 2017, amendments made a number of technical changes and modified the bill’s operative date. The July 13, 2017, amendments further modified the bill’s operative date and modified provisions of the Health and Safety Code relating to housing for migratory workers.

As a result of the amendments, the implementation considerations and technical considerations provided in the department’s analysis of the bill as introduced February 14, 2017, have been resolved. Except for the “Effective/Operative Date,” “Implementation Considerations,” and “Technical Considerations” sections, the remainder of that analysis still applies. The “Support/Opposition” section has been updated to reflect currently available information. The “This Bill,” “Fiscal Impact,” and “Economic Impact” sections are restated for convenience.

EFFECTIVE/OPERATIVE DATE

As an urgency bill, this bill would be effective immediately upon enactment and operative on and after January 1, 2018.

THIS BILL

This bill would modify (1) the definition of farmworker housing and (2) the applicable percentage used by the CA Tax Credit Allocation Committee (Allocation Committee) for purposes of allocating and determining the LIHC for federally subsidized farmworker housing.

IMPLEMENTATION CONSIDERATIONS

Because the provisions of this bill would be administered by the Allocation Committee, implementing this bill would occur during the department's normal annual update.

FISCAL IMPACT

The LIHC is allocated and managed by the Allocation Committee; therefore, these changes would not significantly impact the department.

ECONOMIC IMPACT

There would be a revenue impact to the general fund in an unknown amount.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

Revenue Discussion

Current law allows a \$500,000 allocation per year for the farmworker housing credit under the LIHC. According to information provided by the Allocation Committee, the credit is largely under-allocated and to date there is over \$5 million awaiting allocation. Due to the infrequent allocation of this credit, the department is unable to provide an estimate of the annual credit usage. Historical data indicates that the average per project allocation of the existing farmworker housing credit is \$1.4 million with a total of \$4.2 million allocated over the last 10 years.

SUPPORT/OPPOSITION¹

Support: Burbank Housing Development Corporation; California Coalition for Rural Housing; California Housing Consortium; California Rural Legal Assistance Foundation; Coachella Valley Housing Coalition; Community Economics; Community Housing Improvement Systems and Planning Association, Inc.; Community Housing Opportunities; Community Resources Agency; First Congregational UCC; Mutual Housing California; Non-profit Housing Association of Northern California; Our Town St. Helena; Project Sentinel; Rural Community Assistance Corporation; San Luis Obispo County Housing Trust Fund; Self-Help Enterprises; Western Growers Association

Opposition: None provided.

¹ As provided in the Senate Governance and Finance analysis dated June 30, 2017.

LEGISLATIVE STAFF CONTACT

Jessica Deitchman
Legislative Analyst, FTB
(916) 845-6310

jessica.deitchman@ftb.ca.gov

Jame Eiserman
Revenue Manager, FTB
(916) 845-7484

jame.eiserman@ftb.ca.gov

Diane Deatherage
Legislative Director, FTB
(916) 845-6333

diane.deatherage@ftb.ca.gov