
SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2021 - 2022 Regular

Bill No: AB 1043
Author: Bryan
Version: 6/1/2021
Urgency: No
Consultant: Alison Hughes

Hearing Date: 7/8/2021

Fiscal: Yes

SUBJECT: Housing programs: rental housing developments: affordable rent

DIGEST: This bill adds “acutely low income households” to the list of income categories for purposes of defining affordable rents.

ANALYSIS:

Existing law:

- 1) Provides that for any rental housing development that receives state assistance and as a condition of that assistance is required to restrict rents, the “affordable rent,” including a reasonable utility allowance, shall not exceed:
 - a) For extremely low income households the product of 30% times 30% of the area median income (AMI) adjusted for family size appropriate for the unit;
 - b) For very low income households, the product of 30% times 50% AMI adjusted for family size appropriate for the unit;
 - c) For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30% times 60% AMI adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60% AMI adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30% of gross income of the household;
 - d) For moderate-income households, the product of 30% times 120% AMI adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 120% AMI adjusted for family size, it shall be optional for any state or local funding

agency to require that affordable rent be established at a level not to exceed 30% of gross income of the household

This bill:

- 1) Adds “acutely low income households” to the list of income categories for purposes of defining affordable rents.
- 2) Defines affordable rent for “acutely low income households” as the product of 30 times 15% AMI adjusted for family size appropriate for the unit.
- 3) Defines “acutely low income households” as persons and families whose incomes do not exceed 15% AMI, adjusted for family size and revised annually. The limits shall be published by the Department of Housing and Community Development (HCD) in the California Code of Regulations for all geographic areas of the state.

COMMENTS:

- 1) *Author's statement.* “The cost of housing continues to rise in California, while wages have remained stagnant. As a result, housing has become increasingly unaffordable for many California families. AB 1043 would add a definition of “acutely low income households” to state law to increase access to affordable housing and critical social programs for needy families. This new definition would be comprised of families living within the 0-15% AMI bracket.”
- 2) *Income categories.* Affordable housing funding and policies in the state are targeted toward families and households that generally make 80% AMI and below. To qualify for subsidized affordable housing, households can make up to the cap for each income category; moderate income households are capped at 120% AMI, lower income households at 60% AMI, very low income households at 50% AMI, and extremely low income households at 30% AMI. Developers can only charge an “affordable rent” which is defined as 30% of a household’s income.
- 3) *A new income category: Acutely low income.* The County of Los Angeles began using a new income designation, deeply low income, for those households at 15% AMI. These households would otherwise be grouped under the extremely low income category. A recent report indicates that around 181,311, or 10%, of renter households in Los Angeles County fall within the 15% AMI category. The report further indicates that 88% of deeply low

income households are severely cost burdened, meaning they spend more than 50% of their income on housing costs.

This bill establishes an additional category for the lowest income households in California, and sets a formula to calculate affordable housing costs for individuals with incomes less than 15% AMI. This bill would have no impact on state funding requirements unless the state's programs were amended to require units be restricted to acutely low income households.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: **(Communicated to the committee before noon on Thursday, July 1, 2021.)**

SUPPORT:

County of Los Angeles (Sponsor)
California Rural Legal Assistance Foundation
Housing California
Western Center on Law & Poverty

OPPOSITION:

None received.

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