

Assembly Bill 1043

Adding “Deeply Low Income” to State Housing Law

Assemblywoman Luz M. Rivas

SUMMARY

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 households. AB 1043 would add a definition of “Deeply Low-Income” (DLI) households to state law to increase access to affordable housing and critical social programs for our state’s neediest families.

BACKGROUND

Housing programs administered by the state rely on the Health and Safety Code to define income categories to provide formulas for calculating affordable housing costs. These income categories are determined by the federal income and rent limits, which are set by the U.S. Department of Housing and Urban Development (HUD). The HUD limits are based on Median Family Income (MFI) estimates and Fair Market Rent area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county. Current state law uses the term Area Median Income (AMI) to reference HUD’s MFI.

Current state law defines four income categories:

1. Moderate income (120% of AMI or less)
2. Lower income (80% of AMI or less);
3. Very low income (50% of AMI or less); and
4. Extremely low income (30% of AMI or less).

In addition to these four categories, some local jurisdictions also include an additional category, below Extremely Low Income (ELI). Los Angeles County, for example, includes a “Deeply Low Income” (DLI) category, defined as 0-15% of AMI.

PROBLEM

Under the current Health and Safety Code income brackets, there is great disparity between households grouped together into the ELI category. For example, in 2020, the annual income for an ELI household of four was \$33,800, while households experiencing homelessness, or who were on the brink of homelessness, reported incomes of less than \$17,000.

A recent report from Los Angeles County, which included the DLI category, indicated that around 10% of renter households in Los Angeles County fall within the DLI category. Out of these households, 88% were severely cost-burdened, meaning they spent more than 50% of their income on housing costs.

Without an additional category for the most low-income households in California, there is no formula to calculate affordable housing costs for individuals with incomes of less than 15% of AMI.

SOLUTION

AB 1043 addresses this significant gap in our state policy by establishing a “Deeply Low Income” (DLI) category and a formula to calculate affordable housing costs for DLI households. This new category would be comprised of families living within the 0 to 15% of the AMI bracket.

Additionally, the DLI category would allow state and local governments to require subsidized housing projects set aside units reserved for persons or families below 15% of AMI. Moreover, this would also require replacement units in a subsidized housing project to be made available at affordable rent to individuals at or below 15% of AMI.

As the COVID-19 pandemic exacerbates California’s housing and homelessness crisis, we must do everything we can to assist the most vulnerable families. AB 1043 is a step in that direction.

CONTACT

Florencio Maldonado Vaca, Legislative Aide
916-319-2039 | florencio.vaca@asm.ca.gov

Support

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