

Date of Hearing: April 8, 2025

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

AB 474 (Ward) – As Amended April 1, 2025

SUBJECT: Housing discrimination: nonprofit home-sharing program: income tax exclusion: eligibility for public social services

SUMMARY: Exempts income received through renting bedrooms or units through a nonprofit home-sharing program from consideration as income for the purposes of determining eligibility for specified social services and benefits. Specifically, **this bill:**

- 1) Excludes from the definition of “gross income,” for the purpose of computing tax liability for taxable years beginning on or after January 1, 2026, and before January 1, 2031, any payment received by a lower income household, as defined in 4) below, from a tenant as part of a nonprofit home-sharing program, as defined in 3) below.
- 2) Excludes, to the extent permitted by federal law, income received through renting bedrooms or units through a nonprofit home-sharing program as defined in 3) below, from consideration as income for the purposes of determining eligibility for social services and benefits as described in 1) below, which include programs such as CalWORKs, CalFresh, and Medi-Cal.
- 3) Defines “nonprofit home-sharing program” to mean a program that meets all of the following:
 - a) Is administered by a nonprofit organization or governmental entity;
 - b) Provides services that help match a person or household, who has one or more unoccupied bedrooms in their owner-occupied home, one or more unoccupied bedrooms in their rental of which they are the primary tenant, or up to two separate vacant units on an owner-occupied property with one or more unrelated tenants. Specifies that lease agreements pursuant to this part must be for a term of no less than 30 days;
 - c) Provides services, including, but not limited to, case management, intake, introductions, background checks, and third-party mediation, at no cost to participants. Further specifies that no cost includes, but is not limited to, fees for any aspect of participation in the program, revenue derived from facilitating payments between participants at any stage of the matching process, and fees for additional services beyond, but adjacent to, shared housing services provided by the program; and,
 - d) Provides ongoing case management to mitigate conflict and promote housing stability for both participating tenants and landlords. Further requires case managers to be full-time staff who are available to provide support at least five days a week.
- 4) Defines “lower income household,” consistent with existing state and federal law, to mean an income that is 80% or lower of the median income of a geographical area, adjusted for family size.

- 5) Provides that “discrimination,” under state law prohibiting housing discrimination, does not include refusal of an owner to rent or lease a portion of an owner-occupied single-family house to a person as a tenant, provided that no more than two tenants are to live within the household, and the owner complies with a provision of law that prohibits discriminatory notices, statements, and advertisements.

EXISTING LAW:

State law:

- 1) Defines public social services to mean activities and functions of state and local government administered or supervised by the California Department of Social Services (CDSS) or the State Department of Health Services and involved in providing aid or services or both, including health care services and medical assistance, to those people of the state who, because of their economic circumstances or social condition, are in need thereof and may benefit thereby. (Welfare and Institutions Code [WIC] § 10051)
- 2) Allows a California Work Opportunity and Responsibility to Kids (CalWORKs) applicant or recipient, to the extent permitted by federal law, to retain countable resources in an amount not to exceed \$10,000 for assistance units that do not include at least one member 60 years of age or older or a disabled member, and in an amount not to exceed \$15,000 for assistance units that include at least one member 60 years of age or older or a disabled member. (WIC § 11155(a))
- 3) Establishes the CalWORKs program to provide cash assistance and other social services for low-income families through Temporary Assistance for Needy Families (TANF). Under CalWORKs, each county provides assistance through a combination of state, county and federal TANF funds. (WIC §§ 11120 *et seq.*)
- 4) Exempts the following from consideration as income for purposes of public social services, including the CalWORKs programs, as specified:
 - a) Income that is received too infrequently to be reasonably anticipated, as exempted in federal Supplemental Nutrition Assistance Program (SNAP) regulations;
 - b) Income from college work-study programs;
 - c) An award or scholarship provided by a public or private entity to, or on behalf of, a dependent child;
 - d) Income or stipend paid by the United States (U.S.) Census Bureau, a governmental entity, or a nonprofit organization for temporary work related to the decennial census; and,
 - e) Any federal pandemic unemployment compensation, so long as the federal pandemic unemployment compensation is exempt as income for purposes of establishing eligibility for the CalFresh program. (WIC § 11157(b-d))
- 2) Under the Fair Employment and Housing Act, prohibits housing discrimination on the basis of certain protected characteristics and defines “discrimination” to include refusal to sell,

rent, or lease housing accommodations. Notwithstanding this general provision, provides that “discrimination” does not include refusal to rent or lease to a person as a roomer or boarder living within an owner-occupied household, provided that no more than one roomer or boarder is to live within the household, as specified. (Government Code § 12927(c))

- 3) Provides that the hiring of a room by a lodger on a periodic basis within an owner-occupied dwelling may be terminated by either party giving written notice to the other party or their intention to terminate, as specified. Defines “lodger” for this purpose to mean a person contracting with the owner of a dwelling unit for a room or room and board within the dwelling unit personally occupied by the owner, where the owner retains a right of access to all areas occupied by the lodger and has overall control of the dwelling unit. (Civil Code § 1946.5)

Federal law:

- 1) Permits individual states to exclude types of income that the state does not consider when determining eligibility for TANF or Medicaid to determine SNAP eligibility in a state operations plan. (7 Code of Federal Regulations [CFR] § 273.9(c))
- 2) Prohibits states from excluding the following from income calculations for SNAP:
 - a) Wages or salaries;
 - b) Gross income from a self-employment enterprise;
 - c) Benefits under Title I, II, IV, X, XIV or XVI of the Social Security Act, including Supplemental Security Income benefits, TANF benefits, and foster care and adoption payments from a government source;
 - d) Regular payments from a government source. Payments or allowances a household receives from an intermediary that are funded from a government source are considered payments from a government source;
 - e) Worker's compensation;
 - f) Child support payments, support, or alimony payments made to the household from a non-household member;
 - g) Annuities, pensions, retirement benefits;
 - h) Disability benefits or old age or survivor benefits; and,
 - i) Monies withdrawn or dividends received by a household from trust funds considered to be excludable resources under 7 CFR § 273.8(e)(8); 7 CFR 273.9(c)(19).

FISCAL EFFECT: Unknown, this bill has not been analyzed by a fiscal committee.

COMMENTS: This analysis only discusses policy issues germane to the jurisdiction of the Assembly Committee on Human Services.

Background: Means-tested social safety net programs have a set income amount determined through state or federal law, which limits who is eligible to receive the assistance. In California, major programs are CalFresh, CalWORKs, and Medi-Cal. All three of these programs allow an individual to receive at least some income, but should income exceed the threshold, benefits are at risk of being reduced or eliminated. Currently, income received by becoming a landlord is counted as income.

This bill would exempt income from landlords who rent a room in their home from counting toward asset tests when determining eligibility for public social safety net programs.

Social Services and Eligibility Determination. CalWORKs was created in 1997 in response to the 1996 federal welfare reform legislation that created the federal TANF program. CalWORKs is administered by counties and overseen by CDSS. Federal law allows for some state flexibility in the use of federal TANF funds, including income eligibility. California exercises that flexibility and exempts the following income from eligibility determination requirements:

- Income received from guaranteed income programs;
- Income that is received too infrequently to be reasonably anticipated;
- Income from college work-study programs;
- An award or scholarship provided by a public or private entity to or on behalf of a dependent child; and,
- Income or stipend paid by the U.S. Census Bureau, a governmental entity, or a nonprofit organization for temporary work related to improving participation in the decennial census that is earned in the year preceding a decennial census and during the year of the decennial census

CalFresh provides monthly food assistance to qualifying low-income households. To be eligible, households generally must earn less than 200% of the federal poverty level. CalFresh benefits can be used to buy most groceries and some prepared food at participating vendors, which include most grocery and convenience stores. California has limited control over eligibility requirements. The federal SNAP guidelines set eligibility requirements and allow states to submit waivers to request flexibility in populations served. The CalFresh Manual of Policy and Procedures includes authorized exclusions, but are not limited to, specified tax refunds or credits, a portion of disability-based unearned income, and student earned income if the child is under 19 years of age and meets specified eligibility requirements.

This bill specifies that the income exemptions apply only to the extent federal law permits. Meaning that CalFresh eligibility will unlikely to be impacted unless federal law changes or if California applies for a federal waiver.

Medi-Cal is California's Medicaid program and is a public health insurance program that provides needed health care services for low-income individuals, including families with children, seniors, persons with disabilities, foster care, pregnant women, and low-income people with specific diseases such as tuberculosis, breast cancer, or HIV/AIDS. Medi-Cal is financed equally by the state and federal government. Recent efforts have removed the asset limits for

Medi-Cal recipients; however, income from property is still considered. Department of Health Care Services specifies that income from property includes rent, and income paid to the recipient for the use of owned property.

This bill would make income from renting a room exempt from eligibility determination.

Homelessness. Based on the Annual Point in Time Count, unhoused Californians increased over 3% last year compared to the year before, with more than 187,000 people sleeping on the street or in shelters in the state as of January 2024. According to the Statewide Housing Plan, to meet California’s unmet housing needs, the state needs an additional 2.5 million housing units, including 1.2 million for lower-income households. Decades of underbuilding have led to a lack of housing overall, particularly housing that is affordable to lower-income households. The state needs an additional 180,000 new units of housing a year to keep up with demand – including about 80,000 units of housing affordable to lower-income households. By contrast, production in the past decade has been under 100,000 units per year – including less than 20,000 units of affordable housing.

Despite recent investments over the last few years, state and local governments have not significantly invested in affordable housing production in decades, leading to a lack of supply. In addition, local governments have failed to adequately zone or plan for affordable housing for decades.

The fastest growing housing-insecure demographic is older adults. As the percentage of older adults continues to grow, the need for affordable, stable housing also grows. In particular, low-income adults struggle to find stable and affordable housing options. Often, this population struggles to afford their mortgages or rent on a fixed income. The U.S. Department of Housing and Urban Development (HUD) has seen the number of individuals 62 years of age and older experiencing homelessness jump 68.5% from 2007 to 2017. The Los Angeles Times reported that in Los Angeles County, older adult homelessness jumped 22% in 2018, reflecting an increase from just over 4,000 individuals experiencing homelessness age 62 and older to just over 4,800. San Diego, San Francisco, and Sacramento Counties have all also reported increases in their populations of people 55 years of age and older experiencing homelessness. Furthermore, in an article by KPBS entitled “*A Senior On The Streets, With Little Chance Of A Home*”, researchers predicted that in Los Angeles County alone, the number of older adults experiencing homelessness could reach nearly 14,000 by 2030, if solutions are not found.

This bill seeks to not penalize those who are offering available and unused space in their homes, which helps alleviate the homelessness epidemic, by allowing people to rent out rooms without jeopardizing their social benefits like CalWORKs or Medi-Cal.

Author’s Statement: According to the Author, “[This bill] aims to expand housing opportunities for low-income Californians, particularly older adults, by simplifying and incentivizing the process of renting out available residential bedrooms through non-profit home share programs. Non-profit home share programs help match individuals in need of housing with homeowners willing to share their space, providing an affordable housing solution. [This bill] exempts low-income homeowners (earning up to 80% of the area median income) from paying income tax on earnings from renting a room through these programs. Additionally, the bill safeguards eligibility for government assistance by ensuring that rental income does not impact qualification for support programs. [This bill] also strengthens tenant protections in home-

sharing arrangements and upholds the right for homeowners to have a caregiver move in when needed. By increasing these options, [this bill] seeks to prevent homelessness and support those being priced out of the housing market.”

Equity Implications: *This bill* works to incentivize creative housing options by allowing individuals who rent out rooms in their home to maintain their social services. With a shortage of housing options, which is especially true for low-income individuals, allowing room-sharing practices could result in a win-win for a housing insecure person while simultaneously allowing the homeowner to remain in their home and receive their needed benefits.

Triple referral: This bill was previously heard in the Assembly Committee on Judiciary on March 25, 2025 and was approved on an 8 to 3 vote.

Should this bill pass out of this committee, it will be referred to the Assembly Committee on Revenue and Taxation.

RELATED AND PRIOR LEGISLATION:

AB 42 (Bryan) of this current session, would exempt specified private student aid from income considerations when determining eligibility for CalWORKs and CalFresh. AB 42 is pending before the Assembly Committee on Appropriations.

AB 372 (Nguyen) of 2023, would have excluded specified income from apprenticeship or pre-apprenticeship programs for the purposes of determining CalWORKs eligibility. *AB 372 was vetoed by Governor Newsom.*

AB 1004 (Calderon), Chapter 99, Statutes of 2021, deleted requirements that, in order to be exempt from being considered income under the CalWORKs program, income or stipends related to the decennial census must be earned on the year of or year prior to a census, so that all such income or stipends may be exempted, regardless of when it is earned, and made those changes effective immediately.

AB 807 (Bauer-Kahan), Chapter 440, Statutes of 2019, exempted certain income, including certain scholarships and income for work on the decennial census, from being counted as income for purposes of determining CalWORKs eligibility and benefit amounts.

REGISTERED SUPPORT / OPPOSITION:

Support

LeadingAge California (Sponsor)

CalPACE

Christian Church Homes (CCH)

Eskaton

Front Porch

Home Match

Housing Action Coalition

Justice in Aging

Volunteers of America Northern California and Northern Nevada, INC.

Opposition

None on file.

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