



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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INTERIM EXECUTIVE DIRECTOR
MARINA WIA NT

Date: August 8, 2025

To: CDLAC Applicants and Project Sponsors

From: Marina Wiant, Interim Executive Director

Re: Guidance for Voluntarily Returning Excess Bond Allocation

On July 4, 2025, federal law changed and reduced the amount of tax-exempt private activity bonds required for a qualified residential rental project to receive federal four percent low-income housing tax credits from 50 percent to 25 percent of the aggregated depreciable basis plus land basis provided at least five percent of the aggregate basis is financed by tax-exempt bonds issued after December 31, 2025 and the project is placed in service after December 31, 2025.

At the August 5, 2025 Committee meeting, CDLAC approved resolution 25-007 which incentivizes projects that received bond allocations in rounds 1 and 2 of 2025 under the 50 percent aggregated depreciable basis plus land basis standard to voluntarily restructure their allocations to comply with CDLAC Regulation 5233, subdivision (d), and return the excess bonds to CDLAC for the Committee to fund additional qualified residential rental projects. The purpose of this memo is to inform CDLAC Applicants and Project Sponsors of the process for voluntarily returning excess bond allocation and the incentive options.

Per resolution 25-007, the following benefits are available for projects that received bond allocations in rounds 1 and 2 of 2025 that voluntarily return excess bond allocation:

1. An automatic 120-day extension to the allocation expiration date.
2. One of the following:
 - a. An increase to a future project's tiebreaker score by one (1) percent for every five (5) percent of bond allocation voluntarily returned to CDLAC from the round 1 or round 2 of 2025. This benefit is not applicable to future projects requesting state credits. Multiple allocations voluntarily returned will be added together and applied to one future project.
 - b. A waiver to exceed the maximum developer fee at initial application by no more than twenty thousand dollars (\$20,000) for every one million dollars (\$1,000,000) in tax-exempt bond allocation returned.

Project Sponsors wishing to utilize these benefits must send the following documentation to CDLAC@treasurer.ca.gov by August 31, 2025. The documentation must be signed by the project sponsor and sent by the bond issuer:

- Complete the CTCAC/CDLAC Bond Allocation Return – Election Form and Calculator. Project sponsors may elect for a developer fee increase or a tiebreaker benefit for a future project.

Project sponsors choosing the tiebreaker benefit must submit this form with the application they're applying the benefit to.

- Additionally, applicants must submit a revised version of Attachment 40 submitted with the original application reflecting the reduced bond allocation and updated funding sources.

Please reach out to CDLAC@treasurer.ca.gov with any questions or concerns.