

August 5, 2025

RESOLUTION NO. 25-006

August 5, 2025

RESOLUTION OF THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ADOPTION OF EMERGENCY RULEMAKING FOR AMENDMENTS TO THE CALIFORNIA DEBT LIMIT
ALLOCATION COMMITTEE REGULATIONS

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") is authorized to implement the volume limit for the state on private activity bonds established pursuant to federal law, annually determine a state ceiling on the aggregate amount of private activity bonds that may be issued, and allocate that aggregate amount among state and local agencies (Gov. Code, § 8869.81 et seq.); and

WHEREAS, CDLAC is authorized to adopt, amend and repeal rules and regulations to administer the state volume ceiling established pursuant to federal law (Gov. Code, § 8869.94 et seq.); and

WHEREAS, CDLAC has identified certain programmatic changes necessary to administer the state volume ceiling; and

WHEREAS, CDLAC has provided a notice of proposed action to the public at least 5 days before the close of the public comment period and held a public hearing before the close of the public comment period, as required pursuant to Government Code section 8869.94; and

WHEREAS, regulations take effect immediately upon adoption by CDLAC. (Gov. Code, § 8869.94.)

NOW, THEREFORE, BE IT RESOLVED by the California Debt Limit Allocation Committee as follows:

Section 1. The regular rulemaking for amendments to California Code of Regulations, title 4, § 5000 et seq., as listed in Exhibit A, are adopted and take effect immediately.

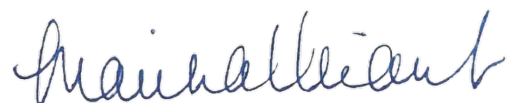
Section 2. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, Marina Wiant, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Paul Bonderson Building, 901 P Street, Room 102, Sacramento, California 95814, on August 5, 2025, at 1:00 pm. with the following votes recorded:

AYES: State Treasurer Fiona Ma, CPA
Michele Perrault for Governor Gavin Newsom
State Controller Malia M. Cohen

NOES:
ABSTENTIONS:
ABSENCES:



Marina Wiant, Interim Executive Director

Date: August 5, 2025

List of Proposed Emergency Regulation Changes

August 5, 2025

1. Section 5033. Minimum Application Requirements.

(a) Applications for an Allocation of the State Ceiling may be submitted to the Committee at its offices in Sacramento, California. An Applicant must submit all required information appropriate to the type of Bond for which the Applicant requests an Allocation. The Applicant shall submit a complete Application and supplemental material for each project or program for which the Applicant is requesting an Allocation. Only complete Applications bearing the original signatures of an officer of the Applicant or designee and the Project Sponsor, if applicable, will be accepted.

(b) Unless specifically exempted, the following items must accompany all Applications:

(1) Performance Deposit Certification and evidence of the performance deposit as provided in section 5050(a), except that for Qualified Residential Rental Projects, an Applicant shall provide the certification and evidence within 20 calendar days following an award of an Allocation

(2) A non-refundable first installment of the filing fee of ~~\$1,500~~\$1,200 made payable to the California Debt Limit Allocation Committee as provided in section 5054(a).

(3) Proof of the bond sale structure requirements pursuant to article 6 of this chapter, if applicable, (for all Applications other than Applications relating to a Mortgage Credit Certificate Program pursuant to chapter 3.

(4) An inducement or reimbursement resolution adopted by the governing body of the Applicant approving the project or program to be Bond financed and authorizing a senior officer, or in the case of a Student Loan Program, an officer of the sponsor of the Student Loan Program, to file the Application with the Committee, pay any fees required by the Committee, and certify the posting of the required performance deposit, unless excepted herein.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.85(a), 8869.85(b) and 8869.90, Government Code.

2. Section 5101. Extensions to Expiration Dates.

(a) Except as provided in Section 5132, the Executive Director may grant an extension of up to ninety (90) days for all allocations upon demonstration that the circumstances necessitating the extension were entirely outside the Project Sponsor's control.

(b) Any project awarded an allocation subject to the limit set forth in Section 5233(c) and requesting an expiration date extension to January 1, 2026 or later is required to reduce the project's allocation to comply with the limits set in Section 5233(d) or demonstrate to the Executive Director's satisfaction why the project cannot be restructured to meet the reduced allocation limits.

(c) Negative points under Section 5230(n)(1)(E) must be assessed to any project awarded an allocation in Round 2 of 2025, that received maximum points under Section 5230(i), and receives an expiration date extension after November 19, 2025, at the time such request is granted by the Executive Director or the Committee.

~~(bd)~~ Any extension granted by the Executive Director under subdivision (a) shall constitute a waiver of performance deposit forfeiture under Section 5052, as applicable.

~~(ee)~~ A project Sponsor may appeal any extension denial under this provision by submitting a written appeal to the Committee within five (5) calendar days following the transmittal date of the Executive Director's decision letter. The appeal shall be heard at the next regularly scheduled Committee meeting for which the appeal can be properly noticed.

~~(ef)~~ The Committee may grant any additional extension requests beyond the extension granted under subdivision (a).

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e) and 8869.89, Government Code.

3. Section 5233. Allocation Limits.

Proposed Emergency Change:

(a) Limit CDLAC bond allocation on all units in the QRRP Pools as follows:

Studio and SRO: \$522,000

One-bedroom: \$544,000

Two-bedroom: \$580,000

Three-bedroom: \$638,000

Four- or more bedroom: \$671,000

(b) The Committee may waive this maximum per unit allocation amount if total allocation does not exceed eighty million dollars (\$80,000,000) and the Committee determines that the demand for allocation for Qualified Residential Rental Projects is such that the maximum allocation amount is not warranted. An Applicant requesting an Allocation in excess of the per unit maximum must demonstrate the need for a larger allocation is

necessary for project feasibility or to meet the 50% aggregate depreciable basis plus land test.

(c) Private Activity Bond allocation awards made in or before Round 2 of 2025 cannot exceed 55% of the aggregated depreciable basis plus land basis. In determining compliance with this test, CDLAC staff may rely on the legal or tax opinion submitted with the application.

(d) Private Activity Bond allocation awards made after Round 2 of 2025 cannot exceed 30% of the aggregated depreciable basis plus land basis, except the Executive Director may grant a request for an allocation award up to 40% of the aggregated depreciable basis plus land basis if the request demonstrates to the Executive Director's satisfaction that (1) the project's permanent financing supports the larger allocation award, and (2) the project is unable to obtain recycled bonds from the applicant. In determining compliance with this provision, CDLAC staff may rely on the legal or tax opinion submitted with the application.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

4. Section 5240. Supplemental Allocation Process.

(a) Requests for Supplemental Allocations may be submitted throughout the year. Except as provided in subdivision (b), staff shall review each request for Supplemental Allocation and make a recommendation to the Committee regarding any possible award of additional Allocation. Awards of Supplemental Allocations pursuant to this subdivision shall be memorialized in a Committee Resolution. All applicable requirements imposed on the associated initial project Allocation, including, but not limited to, the expiration of Allocation, Bond issuance deadlines, extensions, transfers of Allocation, carryforward elections and reporting shall be equally applicable to Supplemental Allocations.

(b) The Committee may delegate authority to the Executive Director to award Supplemental Allocation to projects awarded an allocation subject to the limit set in Section 5233(c) and that issued Bonds prior to January 1, 2026, where the total delegated supplemental requests are both of the following:

(1) No more than 10% of the project's Committee approved allocation; and

(2) No more than 52% of the aggregate depreciable basis plus land basis.

(c) For projects awarded Supplemental Allocation where the original allocation was awarded in Round 2 of 2022 or later, ~~no increase in the developer fee shall be permitted in association with the increase in costs related to the project, and~~ the Project Sponsor

shall be subject to reduction in its tiebreaker calculation determined by the Committee for a period of one round following the award of Supplemental Allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

5. Section 5241. Realignment of Expiration Dates.

Projects awarded a Supplemental Allocation for which no Bonds were issued from the original award, or any prior Supplemental Allocation, shall have the expiration date of the ~~most recent~~ original allocation.

NOTE: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.