



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

901 Capitol Mall, Suite 280
Sacramento, CA 95814

p (916) 654-6340

f (916) 654-6033

www.treasurer.ca.gov/ctcac

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MARINA WIAINT

DATE: July 15, 2026

TO: Owners of Low-Income Housing Tax Credit (LIHTC) Projects

FROM: California Tax Credit Allocation Committee (CTCAC)

RE: Rent Increase Limit Update – CTCAC Projects

This Memorandum (Memo) serves as updated guidance from the CTCAC to owners and property management companies of LIHTC projects in California regarding the CTCAC Rent Increase Limit. Due to AB 846, the CTCAC adopted final regulations on December 11, 2024 that update the rent increase requirements. Effective, January 1, 2025, all tax credit projects awarded a tax credit allocation prior to 2024 will be required to adhere to the rent increase limits. Those projects with a tax credit allocation of 2024 or later will continue to adhere to rent increase with an effective date of April 3, 2024.

The rent increase requirements state the following:

- Rent for a low-income household shall not increase in any 12-month period more than the lesser of 5% plus the percentage increase in the cost of living as defined in paragraph (3) of subdivision (g) of section 1947.12 of the Civil Code or 10% of the lowest rental rate charged for that household at any time during the 12-months prior to the effective date of the increase.

The change in the cost of living is measured by using the April Consumer Price Index information which is published by either using the U.S. Bureau of Labor Statistics or the California Department of Industrial Relations. The determination is dependent on area or county in which the project is located. These percentages will be updated each year, as soon as those are released by the respective agencies.

For 2026, the new figures below are effective August 1, 2026 – July 31, 2027. The current five percent increase plus the percentage increase in the cost of living per county are as follows:

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Area	Maximum Increase through 7/31/27
Los Angeles Area: • Los Angeles County • Orange County	8.7%
Riverside Area: • Riverside County • San Bernardino County	8.1%
San Diego Area: • San Diego County	8.2%
San Francisco Area: • Alameda County • Contra Costa County • Marin County • San Francisco County • San Mateo County	8.8%
All Other Counties	8.6%

For ownership transfers, the Executive Director shall not approve a transfer if, in any of the five calendar years prior to the transfer date or in the year to date of the transfer but not earlier than April 3, 2024 (for 2024 projects) or January 1, 2025 (for projects awarded prior to 2024), the owner has increased the rent for any low-income household in excess of the amounts described in Section 10336(a) of the CTCAC regulations. The transferee shall annually certify that they have not increased the rent for any low-income household in excess of the amounts described in Section 10336(a) of the CTCAC regulations.

The Executive Director may grant a waiver of the rent increase limit for those tax credit allocations if the owner can show that the proposed rent increase is necessary to ensure the financial stability or fiscal integrity of the project. An owner who requests a waiver to the rent increase limit in CTCAC regulation Section 10336(a)(2) shall pay a fee of one thousand dollars (\$1,000). Additional information on waivers can be found at: [Rent Increase Limit Waiver Memorandum](#).

In addition, the CTCAC Regulations allow an owner to exceed this limit without a waiver under the following circumstances:

- To increase the rent up to 30 percent of the monthly income of the household occupying the unit.
- For projects with terminated project-based rental assistance or operating subsidy as described in the CTCAC regulations Section 10337(a)(3)(B); or
- A transfer of a household to another unit in the same property that have a different bedroom count or transfer to a higher AMI designation, as required by a public regulatory agreement or deed restriction, due to a change in the household's income or occupancy from initial qualification.

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CTCAC appreciates your patience and understanding as we work toward aligning our policies with federal and state regulations. We look forward to continued success in our working relationships with owners and property management companies.

If you have any questions regarding the policies or information noted above, you may contact CTCAC Compliance Management at: ctcaccompliance@treasurer.ca.gov or by telephone at 916-654-6340.

Elizabeth Gutierrez-Ramos, Division Chief
Mayra Lozano, Section Chief