

Bond Case Briefs

Municipal Finance Law Since 1971

California State Treasurer Announces 2022 Tax-exempt Debt Allocation for Affordable Housing Development

State Treasurer Fiona Ma announces 2022 tax-exempt debt allocation for affordable housing development

California State Treasurer Fiona Ma announced the California Debt Limit Allocation Committee's (CDLAC) approval of more than \$3.7 billion in allocation available for affordable housing in 2022.

CDLAC and the California Tax Credit Allocation Committee (CTCAC), both chaired by Treasurer Ma, authorize tax-exempt debt and award state and federal low-income housing tax credits (LIHTCs) that together were responsible for the production of 22,946 total units of housing in 2021.

"Affordable housing is a critical need for Californians. The Committees understand we are responsible for allocating resources that help developers build the units that are so desperately needed across our state," Treasurer Ma said.

The state and federal 4% and 9% LIHTC programs CTCAC administers incentivize the development of qualified new construction projects and the rehabilitation of existing properties. These tax credits are a critical equity source for producing and preserving affordable rental properties that help reach the Governor's goal of producing 3.5 million units of new housing in California by 2025. To access the federal 4% LIHTCs and specific state LIHTCs, developers must also be allocated private activity tax-exempt bond authority from CDLAC.

Combined, CTCAC and CDLAC have provided incentives that have allowed for greater production of housing units over the past several years. The number of housing units developed through these incentives in 2017 was 14,091 while 22,946 were produced in 2021. Last year, CTCAC and CDLAC authorized funding for 269 projects with bond allocation of more than \$4.3 billion, nearly \$550 million in annual federal LIHTCs and more than \$600 million in state LIHTCs.

"The Committees and our teams are dedicated to helping solve California's housing and homeless needs through a strategic allocation process that will result in more homes for those that need it most," CDLAC and CTCAC Executive Director Nancee Robles said. "We know our available resources are outpaced by demand, yet we are confident that the allocation and awards are making a positive and direct impact throughout California."

Through the LIHTC programs, private investors receive federal and sometimes state income tax credits as an incentive to make equity investments in qualified affordable rental housing projects. Since 1986, more than 500,000 affordable housing units have been supported in California thanks to LIHTC funding.

Both CTCAC and CDLAC are achieving greater efficiency that maximizes the number of units that can be created with the scarce resources available. CTCAC also awards the 9% federal disaster LIHTC distribution. In 2021, 65 disaster credit applications were received, and 39 awards were awarded for \$79.6 million.

Due to the success of the state LIHTC awards made in 2020 when the total allocation was increased from \$109 million to more than \$600 million, Governor Newsom approved another \$500 million in state LIHTCs in 2021. Treasurer Ma looks forward to her role in administering these critically important programs in 2022.

California State Treasurer's Office

February 2, 2022

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com