Bond Case Briefs

Municipal Finance Law Since 1971

California, Other States Begin to Implement New 25% Test for 4% LIHTC and Bond Developments

State housing agencies have begun the work of implementing federal legislation signed July 4, which–among other things–lowers the minimum eligibility requirement for 4% federal low-income housing tax credits (LIHTCs) from 50% to 25% thereby expanding the volume cap of tax-exempt bonds.

This blog post focuses on regulations adopted Aug. 5 by the California Tax Credit Allocation Committee (CTCAC) and the California Debt Limit Allocation Committee (CDLAC) and the impact they will have. At the time of this writing, Georgia and Wisconsin have also issued revised guidance related to this change.

Background

The One Big Beautiful Bill Act was signed into law July 4, 2025. Among many other things, the bill permanently lowers the private activity bond (PAB) financing threshold from 50% to 25% of land and building costs for properties placed in service after Dec. 31, 2025, as long as at least 5% of the aggregate land and building costs are financed with PABs issued after Dec. 31, 2025. This change expands the volume cap of tax-exempt bonds.

Continue reading.

novogradac.com

Published by Thomas Stagg, CPA on Monday, August 25, 2025 – 8:17AM

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com