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CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

➔ Current Program

CDLAC administers the tax-exempt private activity bond program for California. Federal and state revenues are not utilized in this program. Bonds issued are purchased by the private sector and repayment is not an obligation of the state or of the federal government. The 2019 State Ceiling for qualified private activity bonds is \$4,153,489,725.

Agencies and organizations authorized to issue tax-exempt private activity bonds or mortgage credit certificates must receive an allocation from CDLAC.

Programs currently administered by CDLAC include the following:

Qualified Residential Rental Project Program Description

State and local governmental agencies and joint powers authorities can issue tax-exempt housing revenue bonds. These bonds assist developers of multifamily rental housing units to acquire land and construct new units or purchase and rehabilitate existing units. The tax-exempt bonds lower the interest rate paid by the developers. The developers in turn produce market rate and affordable rental housing for low and very low-income households by reducing rental rates to these individuals and families. Projects that receive an award of bond authority have the right to [apply for non-competitive 4% tax credits](#).

Bond authority for Rental Projects is awarded to three sub-pools: the General Pool (Projects having more than 50% of total units designated as Restricted Rental Units); the Mixed Income Pool (Projects having 50% or fewer of total units designated as Restricted Rental Units); and the Rural Project Pool (Projects located in a rural area as defined by California Health and Safety Code Section 50199.21 but shall not include a Mixed Income Project).

Industrial Development Bond Project Program Description

Small-Issue Industrial Development Bonds (IDBs) are tax-exempt private activity bonds that are issued through state and local governmental agencies to assist manufacturing facilities finance capital expenditures. Today, most IDBs support expansions of existing manufacturing. IDBs offer interest rate savings to small and midsize manufacturers in contrast to conventional loans. When used by manufacturers, IDBs serve to retain and create new jobs within their communities.

Exempt Facility Program Description

Exempt Facility Bonds are tax-exempt private activity bonds that are issued by state and local governmental agencies to finance solid waste disposal and waste recycling facilities. The tax-exempt bonds provide facility owners with low cost financing in the form of below market interest rate loans. The interest rate savings enable the project owners to maintain lower customer rates or minimize customer rate increases, while at the same time assisting the communities they serve meet their mandated requirements to protect and enhance the environment. Exempt facility projects also benefit the communities by creating new jobs.

Single-Family Housing Program Description

State and local governmental agencies and joint powers authorities can issue tax-exempt mortgage revenue bonds (MRBs) or mortgage credit certificates (MCCs) to assist first-time homebuyers to purchase homes. These agencies and authorities may issue MRBs, the proceeds of which back below market interest rate mortgages. As an alternative to issuing MRBs, state and local governmental agencies and joint powers authorities may issue MCCs. Homebuyers use the MCC to reduce their federal tax liability by applying the credit to their net tax due. Homebuyers may purchase single-family homes, either free-standing detached, condominiums or townhouses. Program participants must meet program income limits and must purchase a home that falls within the program's purchase price limitations.

Qualified Public Educational Facility Bond Program Description

The Qualified Public Educational Facility Bond Program (QPEFB) provides tax-exempt private activity bond allocation to state and local bond-issuing agencies to provide public elementary and secondary schools with financing for the construction or improvement of their facilities. These bonds are designed to provide tax-exempt conduit financing for turnkey private development of public elementary and secondary school facilities. The California School Finance Authority (CSFA) can serve as a qualified applicant to CDLAC and is an issuer and facilitator of QPEFB bonds.