



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

901 P Street, Suite 213A
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

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MARINA WIANT

DATE: May 5, 2025

TO: California Debt Limit Allocation Committee Stakeholders

FROM: Marina Wiant, Executive Director

RE: Proposed Regulation Changes with Initial Statement of Reasons

Attached for public review and comment are the regulation changes proposed by the California Debt Limit Allocation Committee (CDLAC). Attached to this memorandum is the complete set of proposed changes with initial statement of reasons. CDLAC anticipates the adoption of the regulation changes to take place at a CDLAC meeting scheduled on June 18, 2025. CDLAC staff will conduct a public hearing to explain the proposed changes, answer questions, and solicit comments specific to the changes being proposed. The notice for the public hearing will be sent out separately.

Interested persons wishing to express their views on the proposed regulation changes may submit written comments by email to cdlac@treasurer.ca.gov no later than 5:00 p.m. on Monday, May 26, 2025. For comments submitted electronically, it is preferable the comments are in a Microsoft Word document or an electronic format that allows for copying. While CDLAC welcomes public comments, staff encourages commenters to be brief given the short timeframe for staff to turn around responses and limit comments to the changes being proposed. If you agree with some changes and disagree with others, please remember to make both sets of comments so both favorable and unfavorable reactions are recorded. CDLAC intends to propose a broader regulation package later this year and will solicit input from the public this summer to inform those changes.

List of Proposed Regulation Changes
May 5, 2025

Section 5231. Ranking.

After all Applications for Qualified Residential Rental Projects are evaluated pursuant to Section 5230, the Applications shall be ranked and may be awarded an Allocation as follows, except that a project shall not receive a bond allocation if it had requested and is not scheduled to receive an award of State Tax Credits:

(a) [...]

(e) Applications for Qualified Residential Rental Projects that are New Construction Projects, exclusive of Rural Projects, will then be ranked together. Applications receiving the greatest number of points after factoring in the tiebreaker pursuant to Section 5231(g), as applicable, shall be awarded an Allocation from the New Construction Pool in the following manner.

(1) [...]

(4) Disaster Waiting List. Notwithstanding section 3 of this subdivision, at the conclusion of the last Allocation Round of the 2025 calendar year, any unused returned allocation and State Ceiling remaining in the QRRP Pool shall first be available to Applications that requested but did not receive an Allocation in 2025 in the following priority order:

(A) First, Preservation Projects receiving at least 109 points and New Construction Projects receiving at least 119 points located within the fire perimeter for the Palisades Fire or Eaton Fire, as designated by the California Department of Forestry and Fire Protection and available on the CDLAC website at <https://www.treasurer.ca.gov/cdlac/applications/qrrp/index.asp>. If two or more Applications are awarded the same number of points, those Applications shall be ranked according to their tiebreaker score.

(B) Second, Preservation Projects receiving at least 109 points and New Construction Projects receiving at least 119 points located within 10 miles of the fire perimeter for the Palisades Fire or Eaton Fire, as designated by the California Department of Forestry and Fire Protection and available on the CDLAC website at <https://www.treasurer.ca.gov/cdlac/applications/qrrp/index.asp>. If two or more Applications are awarded the same number of points, those Applications shall be ranked first according to closest proximity to the fire perimeter for the Palisades Fire or Eaton Fire and second according to the tiebreaker score.

(C) The Committee shall post a preliminary waiting list at least twenty-five (25) calendar days prior to the meeting at which the Committee is to award Allocations in the final Allocation Round of the 2025 calendar year. Applicants may not appeal the waiting list.

(f) If the last project allocation in a Pool, Set Aside, or geographic region requires more than the bonds remaining in that Pool, Set Aside, or geographic region, those overages shall be subtracted from that Pool, Set Aside, or geographic region in determining the amount available in the Pool, Set Aside, or geographic region for the subsequent allocation round. The last project to be allocated in a Pool, Set Aside, or geographic region shall not receive an Allocation unless at least 80%, or 100% in the final round of the year, of the requested Allocation for that project is remaining in that Pool, Set Aside, or geographic region for that round. When the first or next highest-ranking project does not meet the 80% or 100% rule above, that project, as well as any subsequent projects in rank order that also do not meet the 80% or 100% rule, may be skipped over to the next highest-ranking project that meets the 80% or 100% rule. However, for all Allocation Rounds except the final Allocation Round of the calendar year, a project shall not be funded by this skipping process unless it has a point score within one point of the first project skipped and has a final tiebreaker score equal to at least 75% of the first skipped project's final tiebreaker score. If bonds within a Pool, Set Aside, or geographic region remain unallocated at the end of an allocation round, they shall be added to the subsequent round amounts in the same Pool, Set Aside, or geographic region. In the final allocation round of the year, the allocations within a Pool, Set Aside, or geographic region shall not exceed the amount of bonds available in the Pool, Set Aside, or geographic region.

(g) [...]

The first proposed change directs surplus funds to provide housing in areas impacted by the Palisades and Eaton fires. The second proposed change allows for more projects to be funded from pools, set-asides, and regions rather than leaving a surplus of funds after the final funding round of a year.