



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: June 12, 2024
TO: Owners of Low-Income Housing Tax Credit (LIHTC) Projects
FROM: California Tax Credit Allocation Committee (CTCAC)
RE: Rent Increase Limit

This Memorandum (Memo) serves as guidance from the CTCAC to owners and property management companies of California LIHTC projects regarding the rent increase limit in CTCAC Regulations Section 10328(a)(4) adopted by the Committee on April 3, 2024 where it states the following:

- (4) rents for a low-income household shall not increase in any 12-month period more than the lesser of five percent 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 ten percent 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 (CPI) 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 the area or county in which the project is located. The current five percent plus the percentage increase in the cost of living per county are as follows:

Area	Maximum Increase through 7/31/24
Los Angeles Area: <ul style="list-style-type: none">• Los Angeles County• Orange County	8.8%
Riverside Area: <ul style="list-style-type: none">• Riverside County• San Bernardino County	9.6%

San Diego Area: • San Diego County	10%
San Francisco Area: • Alameda County • Contra Costa County • Marin County • San Francisco County • San Mateo County	9.2%
All Other Counties	9.2%

The percentages above will be updated as soon as they are released by the agencies referenced above.

The rent increase limit applies to all projects receiving a tax credit reservation from CTCAC in 2024 and thereafter. In addition, all ownership transfer requests for existing CTCAC projects received on or after April 3, 2024 shall meet the requirements of CTCAC Regulations Section 10328(a)(4) pursuant to CTCAC Regulations Section 10320(b)(1)(D) where it states the following:

- (D) 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, the owner has increased the rent for any low-income household in excess of the amounts described in Section 10328(a)(4).

Therefore, an owner anticipating to transfer an existing tax credit project to a new owner shall adhere to the rent increase limit requirements in the 5 years preceding the transfer date, but not earlier than the regulation adoption date of April 3, 2024.

The Executive Director may grant a waiver of the rent increase limit provided the owner can show that the proposed rent increase is necessary to ensure the financial stability or fiscal integrity of the project.

In addition, CTCAC Regulations Section 10328(a)(4)(B) allows an owner to exceed the rent increase limit without a waiver in 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 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.

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 rent increase limit policy referenced above, please contact the following staff by phone at 916-654-6340 or by email at:

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