



Effective date: July 25, 2025

Policy for Programmatic Change – 50% Test to 25% Test

Please review the following guidance for both private activity bond volume cap (PAB VC) Pipeline Projects (2024 or prior Awards) and 2025 Applications:

Pipeline Projects

DCA is prioritizing an optimal utilization of resources used to develop affordable housing units by asking Owners to perform an aggregate basis analysis. The programmatic change moving the 50% test to a 25% test may result in excess PAB VC on deals that will close in 2026. DCA will reclaim excess PAB VC without requiring Owners to replace any PAB VC with other fund sources. DCA will not reclaim PAB VC that is necessary for the deal to be financially feasible.

Owners of projects with an award from a prior year application cycle which has not yet closed must submit documentation through the Emphasys Developer Portal from Option A or B by August 15, 2025:

Option A

- Letter(s) from the
 - equity investor,
 - primary lender,
 - developer,
 - and bond counsel

confirming the closing will occur by December 15, 2025, and including the projected closing date. The parties may either all sign one letter or submit individual statements that are substantially identical statements.

Failure to close by December 15, 2025 will likely result in a penalty, up to and including disqualification of Project Team members in future funding rounds. Owners who choose *Option A* and have not closed by November 1, 2025, will be required to perform the aggregate basis analysis a second time, no later than November 15, 2025. Following submission of this

second analysis, DCA will determine the potential Carryforward needed for the Pipeline Project. A failure to complete and submit this second analysis to DCA by November 15, 2025, is likely to result in a penalty, up to and including disqualification of Project Team members in future funding rounds.

Option B

- New Core Application workbook with deal showing PAB VC financing as the higher of:
 - 30% aggregate basis, or
 - maximum permanent supportable debt.

Pipeline Project teams who perform this aggregate basis analysis resulting in a 2026 closing will not be subject to penalties as outlined in the 2024-2025 QAP (pg. 19, V. Competitive Rounds, (C) Application and Award Limitations, (2) Award Limitations, (b) 4% Credits/Bonds Round Award Limitations)

DCA staff will be reaching out to developers with Pipeline Projects. Please be on the lookout for their correspondence.

2025 Application Cycle

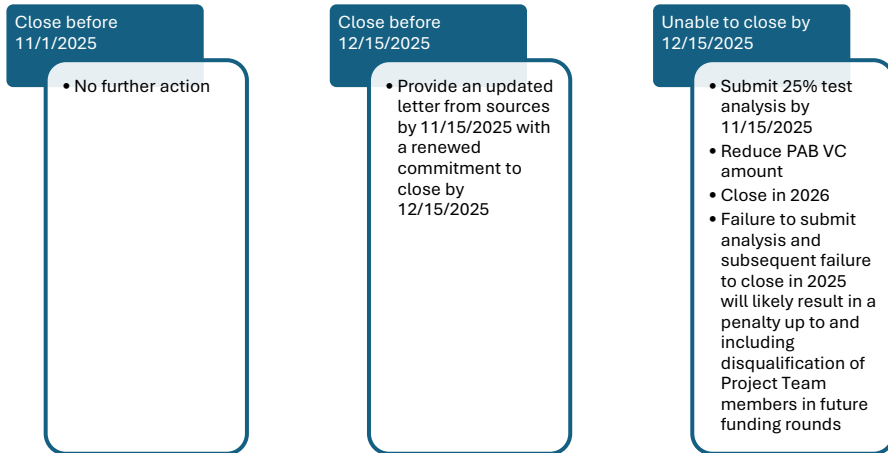
For the upcoming 2025 cycle, applications should show PAB VC at the higher of:

- 30% aggregate basis, or
- maximum permanent supportable debt.

DCA will determine the highest allowed PAB VC, which may be less than the requested amount but will not be lower than 30% of the aggregate basis.

Option A: Provide a commitment to close by 12/15/2025.

Pipeline Project will either:



Option B: Resubmit Application showing updated Sources and Uses to indicate lowered PAB VC

