CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: October 30, 2026

TO: Low-Income Housing Tax Credit Stakeholders

FROM: Marina Wiant, Executive Director

RE: Draft 2027 Operating Expense Minimums

The California Tax Credit Allocation Committee (CTCAC) is updating the operating expense minimums for 2027. The operating expense minimums were last updated in 2022. CTCAC maintains a project operating cost dataset to derive average operating costs within California Low-Income Housing Tax Credit (LIHTC) projects and has collected operating cost data for California LIHTC projects since 2004.

Data Collection

The operating expense analysis is conducted using a multi-year data set of annual operating expense data collected for California LIHTC projects based on information submitted by owners annually. The data generally consists of five years of reported operating expense submissions, with allowances for gaps in reporting periods when necessary. Annual submissions are imported into the database, screened for duplicate or inconsistent records, and prepared in a standardized format. Entries with missing, invalid, or non-allowable expense types are removed to ensure the integrity of the dataset.

Analysis

After data cleaning, the most recent reporting year is added to the master file, and the oldest year is removed to maintain a rolling multi-year dataset. The updated dataset is then used to produce statewide, regional, and housing type analysis. For each category, the highest and lowest outlying five percent (5%) of projects are excluded to reduce distortion from unusual operating costs.

Workbook formulas are updated to reflect the expanded dataset, ensuring that averages, standard deviations, and summary calculations remain accurate. The averages for all project types within a region are used and develop “multipliers” for each housing types based on the overall relationship regionally versus statewide and applies those “multipliers” to each region’s average per-unit operating cost. Using the operating cost averages derived from the 95% data set, staff computes 90% of the mean for each region and housing type to derive the minimum average operating costs. From the calculated figure, one hundred dollars ($100) is added to the minimums for projects with elevators and subtracted for projects with no elevators.

Staff completed the analysis and present the draft 2027 Operating Expense Minimums as Exhibit A. Please direct any questions or comments relating to the draft 2027 Operating Expense Minimums by Monday, November 23, 2026 to Elizabeth Gutierrez, Compliance Section Division Chief by email at elizabeth.gutierrez@treasurer.ca.gov or by mail or deliver to CTCAC at 915 Capitol Mall, Suite 280, Sacramento, CA 95814.

Looking Forward

Due to the volume of data received by owners for LIHTC projects annually, CTCAC will next conduct this analysis in 2029 for a 2030 update and then every five years thereafter. In the intervening years, the operating expense minimums for the upcoming year will increase by the trailing 12-month average of Core CPI (Consumer Price Index), which is all items less food and energy. The operating expense minimums will increase by the average Core CPI noted above, but never less than 2.0% and never more than 5.0% in a single year.

EXHIBIT A

Draft 2027 Operating Expense Minimums

Geographic Region	Project Type	At-Risk and Non Targeted[1]	Large Family	Senior	SRO and Special Needs
Rural*	**Elevator**	$6,400	$6,000	$5,300	$7,500
	Non-Elevator	$6,200	$5,800	$5,100	$7,300
Capital Region and Northern Region	**Elevator**	$6,200	$5,800	$5,100	$7,300
	Non-Elevator	$6,000	$5,600	$4,900	$7,100
Central Valley Region	**Elevator**	$5,900	$5,500	$4,800	$6,900
	Non-Elevator	$5,700	$5,300	$4,600	$6,700
Central Coast Region	**Elevator**	$7,600	$7,100	$6,300	$8,900
	Non-Elevator	$7,400	$6,900	$6,100	$8,700
East Bay Region	**Elevator**	$8,900	$8,400	$7,300	$10,500
	Non-Elevator	$8,700	$8,200	$7,100	$10,300
Inland Empire Region	**Elevator**	$6,000	$5,600	$4,900	$7,000
	Non-Elevator	$5,800	$5,400	$4,700	$6,800
City of Los Angeles and Balance of Los Angeles County	**Elevator**	$8,000	$7,400	$6,500	$9,300
	Non-Elevator	$7,800	$7,200	$6,300	$9,100
Orange County	**Elevator**	$6,600	$6,100	$5,400	$7,700
	Non-Elevator	$6,400	$5,900	$5,200	$7,500
San Diego County	**Elevator**	$7,200	$6,700	$5,900	$8,400
	Non-Elevator	$7,000	$6,500	$5,700	$8,200
San Francisco County	**Elevator**	$12,800	$12,000	$10,500	$15,100
	Non-Elevator	$12,600	$11,800	$10,300	$14,900
South and West Bay Region	**Elevator**	$8,500	$7,900	$6,900	$9,900
	Non-Elevator	$8,300	$7,700	$6,700	$9,700

[1] Tax-Exempt Bond Projects with 25% or more of their units three-bedroom or larger use the Large Family column. Tax-Exempt Bond Projects designed primarily to serve seniors use the Senior column. Tax-Exempt Bond Projects primarily serving special needs populations use the SRO and Special Needs column.

*For purposes of the Operating Expense Minimums only, Rural consists of Alpine, Amador, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, San Benito, Sierra, Siskiyou, Tehama, Trinity, and Tuolumne counties. Rural projects located within other counties must use the minimums for the geographic region in which the county is located.