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To: Real Estate Department Partners  
From: Real Estate Department  
Date: July 9, 2025

**Notice: RED-25-25**

**Re: 25% Test Guidance for Bond Applicants**

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On July 4, 2025, the final version of the fiscal year 2025 reconciliation bill (H.R. 1) was signed into law. It includes a provision that lowers the private activity bond financing threshold from 50% to 25% of aggregate basis for buildings placed in service after December 31, 2025 (Sec. 70422).

Applicants in the 2026B-C (Competitive Bond with Affordable and Workforce Housing Tax Credit) funding round may request bond volume representing 25-55% of the development's aggregate basis.

Applicants in the 2026A-B (Noncompetitive Bond) funding round who intend to apply before the July 31, 2025, deadline (first application window) may request bond volume representing 25-55% of the development's aggregate basis.

Applicants in the 2026A-B funding round who intend to apply between November 1, 2025 – December 31, 2025 (second application window) may request bond volume representing 25-30% of aggregate basis. 25-30% of aggregate basis will be the standard for bond applications in subsequent funding rounds under the 2026-2027 QAP, unless this policy is superseded via RED Notice.

Questions about this notice may be directed to Alan Rakowski at [arakowski@ihcda.in.gov](mailto:arakowski@ihcda.in.gov) or (317) 233-1220.



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