Private Activity Bonds for Local Officials

Multifamily Rental Housing

Colorado Housing and Finance Authority

Using Private Activity Bonds for Multifamily Rental Housing

- One component in the overall housing plan for any jurisdiction.
- Based on the jurisdiction's housing needs, Multi-Family Affordable Rental Housing can provide much needed support for clean, safe housing for those with lower incomes.
- Not all housing resources are created equal. Resources must match the housing plan for the local jurisdiction.

Populations Served

- Family
- Senior
- Transitional
- Special Needs
- Mixed Populations

Income Levels

Area Median Income (AMI): The maximum amount of income by family size as provided by Housing and Urban Development (HUD).

Garfield County	Family of 4	Max 2-bd Rent
• 100% AMI	$75,800	$1,707
• 60% AMI	$45,480	$1,024
• 50% AMI	$37,900	$ 853

Project Types

- New Construction
- Acquisition
- Acquisition/Rehabilitation

Financing with Private Activity Bonds

Loan Types

- Construction Only
- Construction/Perm
- Permanent Only

Bond Structures

- Public Offered or Privately Placed
- Credit Enhanced / Unenhanced

Benefits of Using Private Activity Bonds

- A resource allocated to qualifying municipalities that can be used in a variety of ways to address critical community needs.
- Widely accepted method for generating and/or importing capital into Colorado.
- Lower cost of capital for housing transactions.
- Ability to leverage with the Low Income Housing Tax Credits for the equity piece of the transaction.
- An increasing number of opportunities exist in all submarkets for properties serving 40% - 50% AMI and some 60% AMI levels.

Challenges of Using Private Activity Bonds

- Limited availability of PAB within the local jurisdiction and prioritization of competing uses.
- Technical Expertise Required
  - Jurisdiction Staff
  - Development Partners
  - Lenders/Other Professionals
- Market Rents vs. Restricted Rents
- Transaction Costs vs. Property Size

Transit Oriented Development

- What is Transit Oriented Development and what does it mean for your area?
- PAB can be used to target specific housing needs in conjunction with local transportation plans.
- Currently, there is more than $62 million pool of Volume Cap set-aside to finance MF projects along TOD sites in the Denver Metro area.
- An increasing number of opportunities exist in all submarkets for properties serving 40% - 50% AMI and some 60% AMI levels.

Benefits of Partnering with CHFA

- CHFA can carry forward cap for a period of 2 years
- Developers can utilize various types of financing including:
  - CHFA as a direct lender, utilizing various credit enhancement options;
  - Conduit transactions where developer selects lender and credit enhancement provider;
- CHFA can offer economies of scale for bond issuance by providing pooled financing structures and streamlined bond documents

CHFA

'financing the places where people live and work'