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November 8, 2017

The Honorable Mark Warner
United States Senate
Washington, D.C. 20510

The Honorable Tim Kaine
United States Senate
Washington, D.C. 20510

The Honorable Barbara Comstock
United States House of Representatives
Washington, D.C. 20515

The Honorable Dianne Feinstein
United States Senate
Washington, D.C. 20510

The Honorable Kamala Harris
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
United States House of Representatives
Washington, D.C. 20515

The Honorable Eleanor Holmes Norton
United States House of Representatives
Washington, D.C. 20515

Preservation of Tax Exemption for Private Activity Bonds Under Section 142(d) of the Internal Revenue Code and 4% Low-Income Housing Tax Credits for Affordable Multifamily Rental Housing Financing

Dear Honorable Senators and Representatives:

We are colleagues in the Washington, D.C.-based law firm of Norris George & Ostrow PLLC. We live in Great Falls, Virginia, the District of Columbia and San Francisco, California. We each have, on the average, over four decades of experience representing HUD, Fannie Mae, Freddie Mac and a number of the country's largest banks and securities firms and serving as bond counsel and in other capacities using tax exempt private activity bonds under Section 142(d) of the Internal Revenue Code and the related 4% Low-Income Housing Tax Credits ("4% LIHTC") to finance affordable apartment projects for persons of low or moderate income. From 2003 to 2015, Mr. Griffith also served as Vice President of Affordable Sales and Investments in Freddie Mac's Multifamily Division, responsible for production of all products in its affordable enhancement and purchase of tax exempt bonds and tax exempt loans for affordable multifamily housing. **We are writing to urge the House and the Senate to preserve the tax exemption for private activity bonds under Section 142(d) of the Code, without which an estimated 75,000 units per year of affordable rental housing or about 60% of the nation's annual affordable apartment production, will be lost.** We have copied Chairman Brady and Chairman Hatch on this letter, but if you would share this with other interested colleagues in the Senate Finance and House Ways and Means Committees, we would greatly appreciate it.

Executive Summary

On November 2, House Republicans introduced the "Tax Cuts and Jobs Act." The Act would eliminate the tax exemption for private activity bonds issued after January 1, 2018. Private activity bonds for multifamily finance, together with related so-called 4% Low Income Housing Tax Credits, account for as much as 60% of the country's annual affordable rental housing production, representing the new construction or preservation of affordable apartment units for an estimated 70,000 to 80,000 renter households in 2016. The balance of the country's affordable rental housing – about 50,000 to 60,000 units per year – comes from the also very successful 9% Low Income Housing Tax Credit program ("9% LIHTC"), which is retained in the Act. The country is in the midst of a rental affordability crisis, driven by dramatically increased growth in renter households and the market failure, particularly since the great recession, to provide an adequate supply of affordable units for renter households. These two vital LIHTC programs account for substantially all of the annual affordable apartment production in the United States. Since their inception in 1986, these LIHTC programs and their public/private structure, have provided approximately 7 million or 5% of U.S. households with safe, affordable rental apartments that benefit not only the residents but the communities in which the affordable housing is located. Abandoning a substantial majority of the LIHTC program would be a tragic policy choice by the Congress. Indeed, bipartisan legislation in H.R. 1661, the Affordable Housing Credit Improvement Act supported by over one quarter of the House of Representatives and two thirds of the Ways and Means Committee, calls for ways to **improve** the LIHTC program, not cut it as in the Tax Cuts and Jobs Act. **Congress should move quickly and decisively now to remove any threat of the loss of tax exemption for multifamily private activity bonds under Section 142(d) of the Code and the related 4% LIHTC.**

Loss of 60% of the Low Income Housing Tax Credit Units

According to a November 3, 2017 analysis by Novogradac & Company LLP (www.novoco.com), the National Council of State Housing Finance Agencies estimated that 49,380 units of affordable rental housing were financed by tax exempt bonds and 4% LIHTC in 2015, and this volume increased by 51% in 2016. This implies that tax exempt bonds plus 4% LIHTC now account for roughly 75,000 units or roughly 60% of the country's annual supply of affordable apartments per year.* Studies by the Harvard Joint Center for Housing Studies and a Freddie Mac January 2017 Multifamily Outlook place the country's annual apartment production at just under 400,000 units **The loss of these 75,000 annual affordable rental units thus represents not only 60% of all affordable apartment units, but almost 20% of annual apartment production in the United States.** The role of the 9% LIHTC program and the programs combining tax exempt bonds under Section 142(d) and 4% LIHTC is discussed in Appendix A. It is critically important that this full annual production of affordable rental apartments be preserved.

Almost All "Private Activity Bonds" are Issued to Finance Affordable Housing

According to The Bond Buyer (Thursday, September 16, 2017, p. 5), there were $20.4 billion of private activity bonds issued in 2016. Please see chart attached as Appendix B. **An overwhelming 69% of those bonds - $14.0 billion - were issued to finance affordable multifamily rental housing. Another $4.5 billion – or 22% of the total – were single family mortgage revenue bonds,** providing

*The roughly 75,000 units or 60% estimate may in fact be a conservative estimate, given that tax exempt multifamily housing bond volume under Section 142(d) **more than doubled** from 2015 to 2016, according to The Bond Buyer data in Appendix B. We could easily be facing the loss of 80,000 or more affordable rental housing units per year if HR1 is enacted in its present proposed form.

desperately needed affordable mortgage loans for first-time homeowners.** Thus, a **full 91% of the impact from elimination of the tax exemption for private activity bonds will be borne by affordable housing** – not industrial development bonds, student loan bonds or other forms of private activity bonds. This would be a tragic policy choice.

A Critical and Growing Affordable Rental Housing Crisis

A Record Surge in Demand for Affordable Apartments – Three Major Trends Collide

It has now been documented that many cities and states face a critical and growing shortage of affordable rental housing. The first and largest factor driving the housing crisis is that single family home ownership in the United States has fallen from over 69% before the 2008 financial crisis to about 63.9% today, and has been projected by the Urban Land Institute to decline to around 61% by 2030. With about 125 million households in the U.S., this reflects a net shift of over 6.25 million households from owners to renters over this 9-year period, or about 700,000 households per year converting from owners to renters. Many Americans have lost their homes or, due to the tightening credit standards following the 2008-09 recession, can no longer qualify for single family home mortgage loans. This has had a huge upward impact on rental apartment demand.

A second major factor driving rental apartment demand is demographic – the entry of the post-World War II Baby Boom echo generation completing their education and entering the work force. By some estimates, this has added about 4 million units, or 400,000 units per year of this surge in rental housing demand over the past 10 years. While this demographic trend is fading, another even larger rise in rental housing demand is expected to emerge over the next 4 to 5 years when their parents – the largest population cohort in this or the last century – begin to shift from homeownership to renting in their mid-70's for medical, financial or other reasons. **The need for affordable rental housing is likely to increase, not decrease, and do so dramatically in the years ahead.**

Finally, the record surge in demand for affordable rental housing has been bolstered by a continued growth in net immigration into the United States. Immigrants rent for 8-10 years before they buy, and according to ULI studies, between 2012 and 2015 net immigration into the U.S. rose from about 1,060,000 to just under 1,300,000 – an almost 23% increase in only four years.

The State of the Nation's Housing, 2015 by the Joint Center for Housing Studies of Harvard University summarized these trends as follows:

- From 2005 to 2015 – the nation saw the **largest increase in rental households in any 10-year period on record** – 9 million, or 900,000 households per year.
- The **largest single year jump ever occurred in 2015 – 1.4 million households.**
- **Rentals have accounted for all net growth in households in the United States since 2005.**

Growth in Multifamily Rental Housing Supply

The chart attached as Appendix C gives the supply side of the equation – historic and projected multifamily rental housing starts in the U.S. from 1986 through 2015, based on data from the 2014-2015 Harvard Joint Center studies. With rental housing demand (single and multifamily) growing at a rate of

**Since our principal focus is tax exempt *multifamily* housing bonds, we will leave it to other more qualified industry players to make the case for a continuation of tax exempt bond financing for single family housing and other uses.

900,000 units per year during the 10-year period ending in 2015, actual U.S. production of multifamily rental housing plunged from an average of 230,000 units per year during the first eight years of the millennium, to 90,000 units in 2009, only recovering to the prior average in 2012 and recently reaching a pace of roughly 400,000 units per year. Production is expected to continue to grow over the next 10 years, but production has yet to catch up to the record surge in demand due to the three major factors driving multifamily rental demand as set forth above. Unfortunately, these figures omit a key fact that each year, according to the Harvard Joint Center studies, the U.S. loses almost 100,000 rental units due to destruction and obsolescence, resulting in the net addition to inventory being only about 75% of the numbers set forth above, or roughly 300,000 units per year.

It thus comes as no surprise that by some estimates, **apartment rents have climbed** by more than 36% in the U.S. in the four years from 2012 through 2016, or at **a rate of 6.5% per year**. While rental housing starts have more than quadrupled since the low of 90,000 units was reached in 2009, the shortage of affordable rental housing in the United States today is greater than any time in the recent past. Potentially offsetting these trends, but only partially, has been a growth in U.S. per capita disposable income in recent years. From 2012 to 2016 **U.S. per capita disposable income has grown** from about $44,000 to about $49,000, or a rate of **2.8% per year**. But even if one assumes this has been true for persons of lower income (which may not be the case), this pace of income growth **falls far short of the 6.5% rate of increase in apartment rents in recent years.**

The net result is that **our country is in the middle of a critical and accelerating affordable housing crisis**, in both single family and multifamily affordable housing. The recent studies by the Harvard Joint Center and others indicate that the shortage grows more acute every year. According to the 2016 Harvard Joint Center study, **the number of American families who are severely rent burdened – paying over 50% of their income for housing – actually grew by 23% from 9.2 million to 11.4 million from 2008 to 2014.** According to the Harvard Joint Center Study, 2016:

> On the renter side, the number of cost-burdened households rose by 3.6 million from 2008 to 2014, to 21.3 million. Even more troubling, the number with severe burdens (paying more than 50 percent of income for housing) jumped by 2.1 million to a record 11.4 million. The severe burdened share among the nation's 9.6 million lowest-income renters (earning less than $15,000) is particularly high at 72 percent. **In all but a small share of markets, at least half of the lowest-income renters have severe housing cost burdens. While nearly universal among lowest-income households, cost burdens are rapidly spreading among moderate-income households as well, especially in higher-cost coastal markets.**

Intelligent Allocation of Federal Subsidy

In order to pursue a tax exempt bond/4% LIHTC financing, the developer must prove the public merits of the proposed project to the state and or local authorities who allocate the bond volume, issue the bonds, conduct a public hearing and grant approval through a local elected official or governmental body. This assures that the housing financed through these substantial federal subsidies is wanted and needed in the communities in which the housing will be located. This process and the vital role of the 50% Test linking the tax exempt private activity bonds to the 4% LIHTC is further discussed in Appendix A.

Critical Role of Private Investment Capital

The Developer must then locate **two private sources of investment capital** willing to put their money at risk in the project:

1. A 4% LIHTC investor (or syndication firm acting on behalf of such investor) who will invest an amount equal to **25-45% of total development** cost in the **first two years** to obtain a **stream of 4% federal low income housing tax credits over the next 10 years.** These credits, as they are earned over a 10-year period, are

   - **subject to recapture** by the U.S. Treasury **if the developer defaults on provisions of a tax credit regulatory agreement** setting forth income and rent limits and other operational requirements imposed by the Code, and

   - **will be lost to the extent not yet realized if the project is lost through foreclosure** or deed in lieu of foreclosure, **following an economic default** (the remaining tax credits "go with the land" to the next owner).

   As a result, **tax credit investors and syndicators** whose equity funding is at risk **impose stringent underwriting standards and post-closing compliance monitoring,** and partnership agreements give the limited partners the right to remove the general partner/developer if various types of defaults occur.

2. Similarly, **large bond credit-enhancers like FHA, Fannie Mae and Freddie Mac and/or banks and other institutions who purchase the tax exempt bonds and provide the other 60 to 75% of total funding on the debt side** of the deal, are at risk of loss if regulatory requirements are not followed (the bonds may become taxable and the loss of tax credits can trigger a bond default), and **this separate sophisticated debt side provider of capital will pursue a *separate* rigorous underwriting** of the developer and the project **and**, together with the bond issuer, **impose post-closing compliance requirements.**

A Time Tested Brilliant Partnership Between Federal, State and Local Public Support and Private Capital Investment

The use of low-rate tax exempt private activity bonds under Section 142(d) with 4% LIHTC has provided what can be argued to have been **a brilliant allocation of a powerful federal subsidy, which involves states and local municipalities in the allocation process,** but is **almost entirely financed by private debt and equity capital investment.** This public/private combination has produced an efficient, disciplined, effective allocation of federal support for a vital societal need. The **result** has been a **major federal program that is:**

- **Largely Scandal-Free.** A GAO audit of almost 100 projects after the program had been up and running for over a decade or so found only two relatively minor violations of regulatory requirements which were quickly corrected following their discovery.

- **Extremely Low Rate of Economic Defaults.** It is general knowledge in the industry that the rate of default on tax exempt bonds and loans is **far less than 1% - one of the lowest in any type of real estate investment class** and lower than the default rate on all but the strongest corporate and governmental credits.

In short, this is **a brilliantly designed federal program which has withstood the test of time for over three decades** – providing, **together with 9% LIHTC, nearly 3 million units to approximately 6.7 million families – or almost 5% of U.S. households**, according to the Affordable Rental Housing A.C.T.I.O.N. Coalition.

Over the past 10-15 years, industry leaders have made a laudable widespread effort to show their U.S. Representatives and Senators projects in their communities which these two vital programs have produced. These Congressmen and Congresswomen are often shocked to discover that these are **safe, clean, attractive, well managed apartment** buildings in which they would be glad to see a parent or child or other loved one reside and which are **invaluable *assets* to their community.**

This is undoubtedly a major reason why the bipartisan proposed Cantwell-Hatch Affordable Housing Tax Credit Improvement Act, which would substantially expand and improve the tax exempt bond/4% LIHTC program has shown such wide support on both sides of the aisle. According to the A.C.T.I.O.N. coalition, **this bipartisan legislation has the support of over one-quarter of the House of Representatives and two-thirds of the Ways and Means Committee.** It is difficult to escape the conclusion that the **proposal in HR1** to reduce the projected cost of the proposed tax reform legislation by **eliminating tax exempt private activity bond financing under Section 142(d) may have reflected in part a lack of understanding of the huge role private activity bonds under Section 142(d) play in these financings.**

Abandoning what may be one of the nation's most successful, essential social programs at a time of increasingly desperate need by millions of America's most vulnerable families would be a tragic policy choice indeed. Congress should move quickly and decisively to remove any threat to the continuation of the tax exemption under Section 142(d) for tax exempt multifamily housing bonds combined with 4% LIHTC.

Respectfully,

R Wade Norris   W.K. Ball Griffith   Thomas A. Downey

R. Wade Norris   W. Kimball Griffith   Thomas A. Downey

cc: The Honorable Orrin Hatch
United States Senate
Washington, D.C. 20510

The Honorable Kevin Brady
United States House of Representatives
Washington, D.C. 20515

MAJOR INTERNAL REVENUE CODE PROVISIONS SUPPORTING AFFORDABLE RENTAL HOUSING IN THE UNITED STATES

While the U.S. government supports affordable multifamily rental housing through Section 8 and other subsidies, FHA insurance and other programs, **almost all of the affordable rental housing in the United States uses, and is vitally dependent on, two sets of provisions under the Internal Revenue Code.**

1. **The 9% Low Income Housing Tax Credit ("9% LIHTC") Program.** The Borrower can generally syndicate these tax credits for an amount sufficient to **cover 70 – 75% total development cost.** This is a very **powerful** subsidy. The Borrower simply obtains a small taxable loan from a bank and potentially other subordinate loans to cover the other 25% and the financing package is complete. Unfortunately, there is a very limited amount of this subsidy per state, and it is often over subscribed by a factor of 4 or 5:1 and is **generally allocated in small amounts** to **non-profit sponsors** for small to medium size 100% affordable housing projects.

2. **Combination of low rate tax exempt private activity bonds under Section 142(d)** on the debt side of the financing and **4%* Low Income Housing Tax Credits ("4% LIHTC") under Section 42 on the equity side.** In general, using tax exempt debt **lowers the mortgage interest rate** versus comparable taxable rates, producing **increased mortgage loan proceeds**. In addition, the borrower can syndicate the **4% LIHTC** for an amount generally equal to **25-45% of total development cost**.

Traditionally, 9% LIHTC has represented about 60% of what is now the roughly 125,000 units or more per year total of affordable multifamily rental housing in the United States; and tax-exempt bonds plus 4% LIHTC about 40%. As is explained above, in the past year, it is believed that the ratio of these two programs has reversed with tax-exempt bonds plus 4% LIHTC representing about 75,000 units or 60% of total of roughly 125,000 affordable apartment units.

The vast majority of these projects are **100% affordable projects** where **<u>all</u> or substantially all of the units in the project are rented to tenants whose incomes do not exceed 60% of Area Median Income ("AMI")** (for a family of four, adjusted up or down for family size).** To qualify for 4% LIHTC on a unit, the Borrower must also agree to **cap rents on that unit at 30%** of the applicable tenant income limit. This obviously depresses revenues versus revenues based on market rate rents that the Borrower could otherwise charge, and the project has to remain an **affordable rental** project for a **qualified project period** of **15 years or longer (often 30+ years). However**, the foregoing restrictions enable the Borrower to **syndicate 4% LIHTC (and maybe state tax credits)**, which finance **25% to 45% of total development cost** (or more) with **little give-up** by general partner **of cash flow or residual** – the investors are buying the tax credits and certain losses and perhaps getting CRA credit. **Without this**

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*The actual percentage is lower – about 3.2% at this time; it would be raised to 4% under H.R. 1661, the Affordable Housing Credit Improvement Act.

**Tax exempt bonds may also be used on projects where 20% of the rents are set aside for persons at 50% of AMI for a family of four, adjusted for family size; usually large, mixed use urban projects. These executions are typically very low rate bond issues which almost ultimately comprise less than 10-15% of all private activity bonds for multifamily rental housing.

major subsidy from 4% LIHTC and lower tax-exempt loan rates, virtually none of this half of the nation's affordable apartment projects will be financed and these 50,000 units per year of production will be lost.

The 50% Test: To be eligible for the full value of the 4% LIHTC on the affordable units in either of these two types of projects, the Borrower **must finance at least 50% of basis in the building and land with volume limited tax-exempt private activity bonds** under Section 142(d) and **keep these bonds outstanding until the project's placed-in-service date** (receipt of a certificate of occupancy for new construction or completion of rehab for acq/rehab financings).

Why the 50% Test?: Congress wanted projects receiving the 4% LIHTC subsidy to pass the **same hurdles one has to pass to be eligible for private activity bonds.**

- The Project must **score high enough on public merit with state bond volume allocators** to receive a private activity bond volume award.

- The Project must also have the **support of a municipal bond issuer like a state or local HFA, a city or county** who will apply for the volume.

- The project must also have the support of **a governmental entity where the project is located through a TEFRA public hearing and governmental approval.**

In many states, much of the private activity bond issuance is through local issuers where the project is located. For example, **in California** where $4.6 billion of multifamily private activity bonds – or one third of the $14.0 billion national total –were **issued in 2016, almost 95% of the issuance** (i.e., all but about $250 billion) **was through local or regional issuers**, which involves the cities and counties where the project is located in the approval, and often the issuance process. **This is a vital part of the program.** The use of tax- exempt private activity bonds not only lowers the debt financing rate, but **by linking the 4% LIHTC to the issuance of private activity bonds under Section 142(d), the 50% Test assures that these projects receive a thorough, local vetting and approval of public purpose and that they will address local needs of the community where the project is located.** Thus, this vital federal subsidy is not simply allocated to projects which an allocator in Sacramento, Albany or another state capital deems meritorious, but instead, **in a substantial majority of these financings, cities and counties play a major role in determining the projects in their community which will receive this support** and any conditions, in addition to the federal tax law requirements, which may be imposed to **be sure the needs of the local community are addressed.**

APPENDIX B

Thursday, September 14, 2017
www.bondbuyer.com

Washington

2016 Volume Cap Allocation and Private-Activity Bond Issuance in Millions of Dollars

State	Allocating Agency	Start of Year Allocation: New Cap	Start of Year Allocation: Carryforward 2013-2015	Start of Year Allocation: Total Capacity	Private-Activity Bond Issuance by Category: Exempt Facilities	Multifamily Housing	Mortgage Revenue	IDB	Student Loans	Agricultural	Total Issuance of PABs	End of Year Allocation: Mortgage Credit Certificates	End of Year Allocation: Carryforward Abandoned	End of Year Allocation: Carryforward to 2017
AL	State IDA	485.90	1,273.79	1,759.69	0.00	0.00	15.40	0.00	0.00	0.00	15.40	436.49	0.00	1,307.79
AK	State Bond Committee	302.88	NR	302.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NR
AZ	AFA	682.81	0.00	682.81	72.14	72.14	0.00	0.00	0.00	0.00	72.14	89.00	0.00	288.80
AR	ADFA	302.88	886.99	1,189.86	2.05	0.00	0.00	NR	0.00	NR	2.05	290.64	0.00	891.74
CA	CDLAC	3,914.48	6,096.53	10,011.01	4,872.44	4,658.24	150.00	6.23	0.00	0.00	5,028.67	1,184.55	1,369.51	7,222.40
CO	Local Affairs	545.66	1,178.70	1,724.36	372.40	372.40	0.00	NR	NR	NR	372.40	64.39	26.40	NR
CT	Policy & Management	359.09	813.30	1,172.40	210.00	210.00	350.10	0.00	15.60	0.00	575.70	0.00	0.00	596.70
DE	Finance	302.88	844.54	1,147.41	9.51	9.51	0.00	0.00	0.00	0.00	9.51	291.88	0.00	846.03
DC	Revenue Bond Program	302.88	165.22	468.09	306.74	294.74	NR	NR	NR	NR	306.74	0.00	26.90	112.20
FL	Bond Finance	2,027.13	4,556.40	6,583.50	517.61	457.61	92.48	2.40	0.00	0.00	612.49	688.11	1,214.30	4,581.90
GA	Comm. Affairs	1,021.49	2,586.75	3,608.24	316.29	188.29	0.00	5.61	0.00	0.00	321.90	728.75	0.00	2,419.37
HI	Budget & Finance	302.88	150.50	453.38	65.69	65.69	0.00	0.00	0.00	0.00	65.69	200.17	0.00	187.52
ID	Commerce	302.88	592.96	895.74	6.90	6.90	NR	NR	NR	NR	6.90	0.00	34.75	844.17
IL	GOMB	1,286.00	4,840.10	6,128.11	NR	NR	NR	NR	NR	NR	0.00	0.00	1,605.48	1,972.35
IN	Finance Authority	661.97	513.40	1,175.20	230.00	230.00	0.00	7.50	NR	NR	237.50	100.00	164.20	748.40
IA	Finance Authority	312.39	835.90	1,148.30	52.97	7.97	132.53	NR	NR	16.10	201.60	72.41	46.73	869.51
KS	Commerce	302.88	859.65	1,162.53	7.60	7.60	277.86	NR	NR	NR	285.46	0.00	285.91	851.60
KY	KPABAC	442.51	1,064.60	1,507.10	37.89	37.89	0.00	0.00	0.00	0.00	37.89	200.60	0.00	1,273.80
LA	Office of the Governor	467.07	1,270.70	1,737.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	337.60	1,352.10
ME	Housing Authority	302.88	571.20	874.10	0.00	0.00	178.64	0.00	0.00	0.00	178.64	0.00	182.90	512.56
MD	Commerce	600.64	1,596.50	2,197.10	228.90	228.90	19.50	8.00	NR	NR	256.40	0.00	308.00	1,632.20
MA	Admin. & Finance	679.44	43.10	722.10	435.00	435.00	60.00	60.00	150.00	NR	705.00	0.00	0.00	17.10
MI	Treasury	992.26	2,739.43	3,731.68	100.25	94.00	303.34	NR	273.00	NR	676.59	100.00	392.47	2,639.34
MN	Management & Budget	548.96	698.53	1,247.48	413.00	413.00	789.88	NR	10.00	NR	1,212.88	64.39	0.00	432.69
MS	MDA	302.88	870.08	1,172.98	9.39	9.39	NR	NR	NR	NR	9.39	0.00	0.00	871.68
MO	Economic Dev.	608.37	1,538.89	2,147.26	64.55	64.55	205.22	NR	NR	2.64	272.41	2.36	478.61	1,505.70
MT	Administration	302.88	874.80	1,177.70	7.50	7.50	42.00	0.00	0.00	0.00	49.50	36.00	213.90	878.20
NE	NIFA	302.88	885.75	1,188.63	51.70	51.70	197.82	5.50	NR	3.70	258.72	0.00	91.30	838.60
NV	Business & Industry	302.88	795.84	1,098.74	88.56	88.56	0.00	0.00	0.00	0.00	88.56	235.00	0.00	775.17
NH	NHBFA & Housing	302.88	840.35	1,143.23	11.47	11.47	0.00	5.20	NR	NR	16.67	275.00	2.81	172.10
NJ	Public Finance	895.80	684.31	1,580.11	375.38	375.38	0.00	NR	199.41	NR	574.79	0.00	125.65	863.61
NM	Board of Finance	302.88	846.49	1,149.37	242.38	242.38	0.00	0.00	16.50	0.00	258.88	0.00	121.25	764.24
NY	Budget	1,979.58	493.53	2,473.11	2,127.40	2,127.40	144.29	NR	0.00	NR	2,271.69	0.00	0.00	198.28
NC	Commerce	1,004.28	NR	NR	89.48	89.48	NR	NR	NR	NR	89.48	NR	NR	NR
ND	Governor's Office	302.88	718.70	1,021.60	0.00	0.00	287.70	0.00	0.00	0.00	287.70	0.00	0.00	733.90
OH	ODSA	1,161.34	3,026.98	4,188.32	1,118.22	1,118.22	NR	0.00	0.00	0.00	1,118.22	0.00	1,021.00	2,825.00
OK	State Bond Advisor	391.13	794.80	1,185.90	9.00	0.00	6.30	NR	NR	NR	15.30	15.00	331.90	823.80
OR	Treasury	402.90	1,033.68	1,436.58	22.75	22.75	0.00	0.00	0.00	0.00	22.75	0.00	139.82	1,273.57
PA	DCED	1,280.25	2,483.29	3,763.54	127.89	127.89	243.73	20.05	NR	5.06	396.73	0.00	0.00	3,366.81
RI	Public Finance	302.88	220.00	502.88	0.00	0.00	0.00	0.00	56.69	0.00	56.69	97.90	78.30	232.89
SC	SFAA	489.61	1,457.10	1,946.60	95.60	95.60	300.00	0.00	0.00	0.00	395.60	0.00	7.80	1,490.60
SD	Governor's Office	302.88	881.10	1,183.98	NR	NR	184.48	NR	NR	0.94	185.42	301.93	106.01	794.32
TN	DECD	660.03	NR	NR	165.87	165.87	NR	NR	NR	NR	165.87	0.00	0.00	NR
TX	Bond Review Board	2,746.91	3,814.50	6,561.42	881.72	578.83	31.51	NR	180.00	NR	1,093.23	310.07	299.93	4,898.19
UT	GOED	302.88	786.66	1,089.47	89.82	89.82	49.66	20.00	0.00	0.00	159.48	0.00	0.00	929.99
VT	Treasurer	302.88	876.90	1,179.80	17.77	17.77	59.76	1.90	29.50	NR	108.93	60.00	148.60	883.70
VA	Housing & Comm. Dev.	838.30	2,139.01	2,977.31	11.40	11.40	0.00	NR	NR	NR	11.40	601.75	n/a	2,257.02
WA	Commerce	717.04	832.08	1,549.12	865.82	865.82	0.00	0.00	0.00	0.00	865.82	0.00	0.00	692.44
WV	WVEDA & WVHDF	302.88	356.10	658.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	116.80	360.50
WI	WEDC & WHEDA	577.13	1,583.38	2,160.51	50.95	50.95	292.89	35.48	0.00	0.00	379.32	218.71	0.00	1,562.49
WY	Governor	302.88	890.22	1,193.10	0.00	0.00	50.00	0.00	0.00	0.00	50.00	0.00	291.88	851.22
	2016 Totals	35,140.95	63,903.33	97,361.11	14,782.00	14,002.61	4,465.09	177.87	930.70	28.44	20,384.10	6,665.10	9,570.71	62,444.29
	Previous Year Totals	34,878.90	58,478.60	90,036.20	7,614.10	6,605.80	4,566.30	244.30	688.10	27.10	13,139.90	6,753.60	10,460.10	54,584.90
	Change	262.05	5,424.73	7,324.91	7,167.90	7,396.81	(101.21)	(66.43)	242.60	1.34	7,244.20	(88.50)	(889.39)	7,859.39
	Change in %	0.75%	9.28%	8.14%	94.14%	111.97%	-2.22%	-27.19%	35.26%	4.94%	55.13%	-1.31%	-8.50%	14.40%

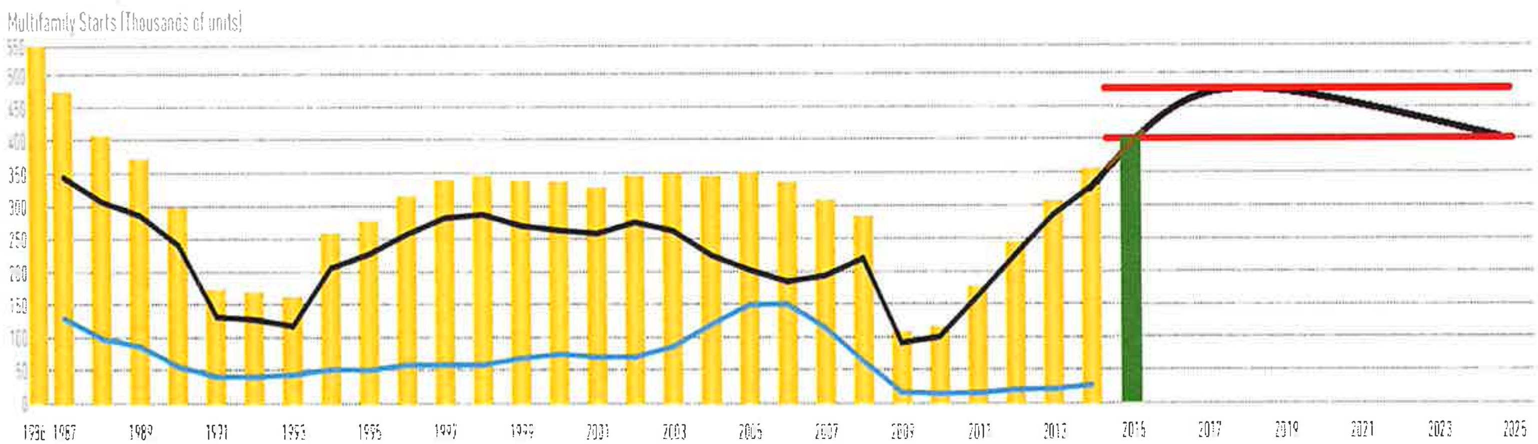
NR = not reported
Multifamily housing bonds are an allowable use of exempt facilities bonds, and multifamily housing issuance is also reflected in the totals for the exempt facilities category

Source: Council of Development Finance Agencies

APPENIX C

Historic and Projected Multifamily Housing Starts (Thousands) (For Rent) 1986 – 2025

Multifamily Construction Has Recovered Above Pre-Crisis Levels, Driven Almost Entirely by Rentals



*2014 & 2015 Historical Data from The State of the Nation's Housing, 2014-2016, Joint Center for Housing Studies of Harvard University

According to Harvard Studies, 2000-2008 yearly multifamily rental housing starts averaged 230,000 units per year.

Harvard Source: JCHS tabulations of US Census Bureau, Surveys of Construction.

The Harvard Studies estimate that "pent up demand," if satisfied, would drive total multifamily rental housing demand as high as 400,000 to 470,000 units per year for the next decade.

Recent National Multi-Housing Council / National Apartment Association study projects need for 4.3 million **new** apartment units by 2030 to meet demand.