



DOMINIUM

Policy & Practice: PAB Volume Cap Overview & Management Strategies

What we do hits H O M E.

CONTENT

GOAL: To increase affordable housing production

- I. Understand the Process
- II. Highlight Best Practices
- III. Educate & Advocate



Georgia's Annual PAB Allocation

Georgia's 2021 Tax Exempt Bond Volume Cap
\$1.178 Billion

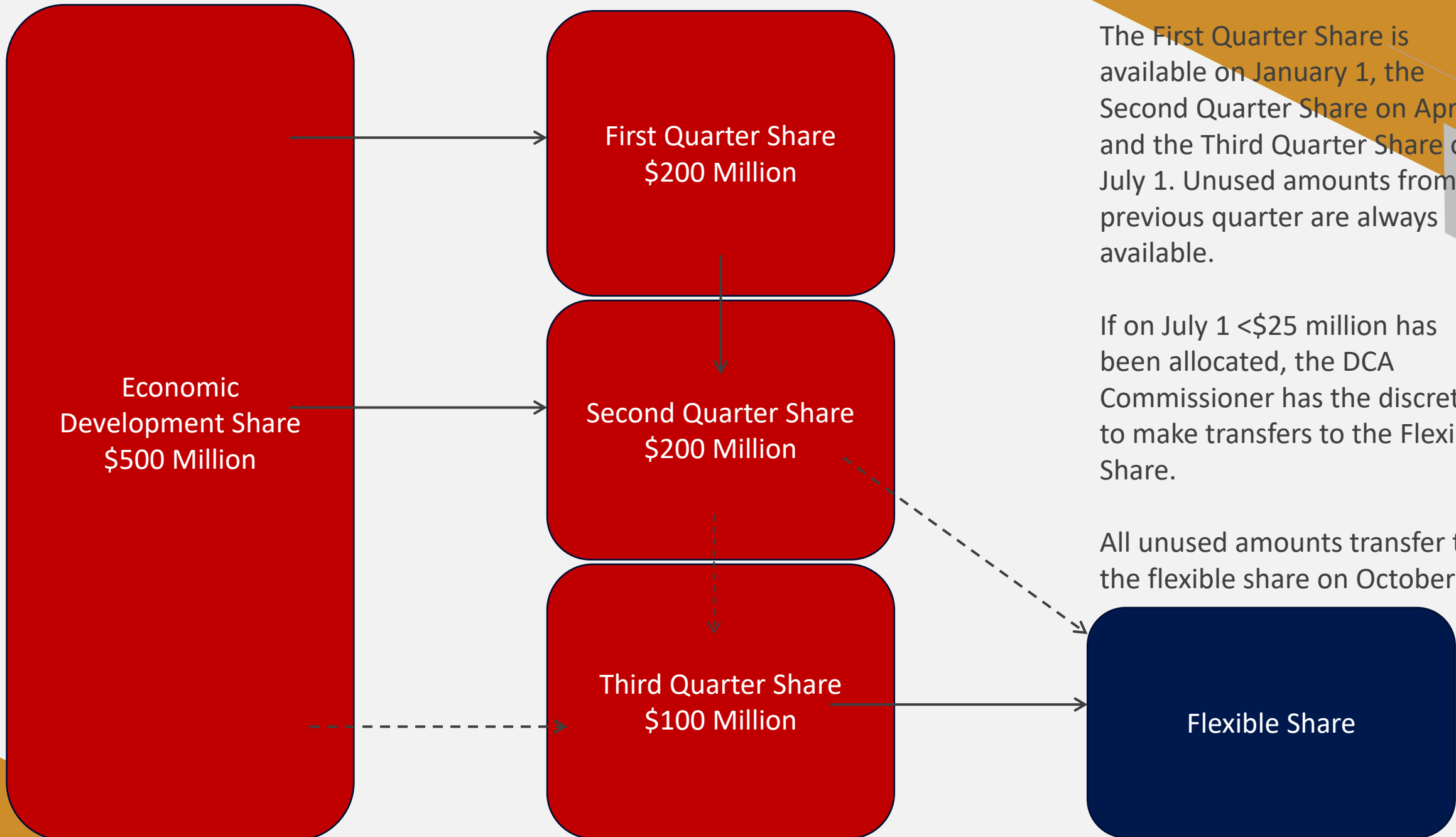
Economic Development Share
\$501 Million

Housing Share
\$501 Million

Flexible Share
\$177 Million

Non-Multifamily Bonds
\$501 Million

Multifamily Eligible
\$678 Million

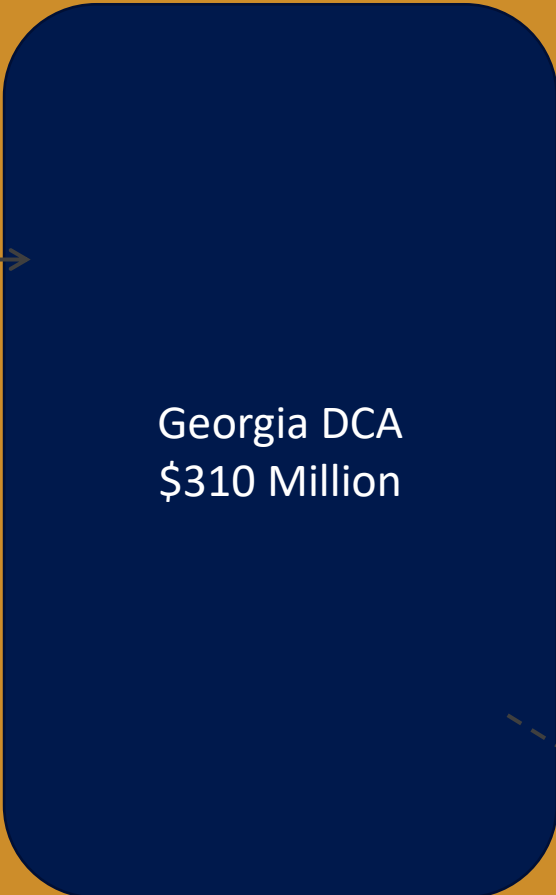


The First Quarter Share is available on January 1, the Second Quarter Share on April 1, and the Third Quarter Share on July 1. Unused amounts from a previous quarter are always available.

If on July 1 <\$25 million has been allocated, the DCA Commissioner has the discretion to make transfers to the Flexible Share.

All unused amounts transfer to the flexible share on October 1.





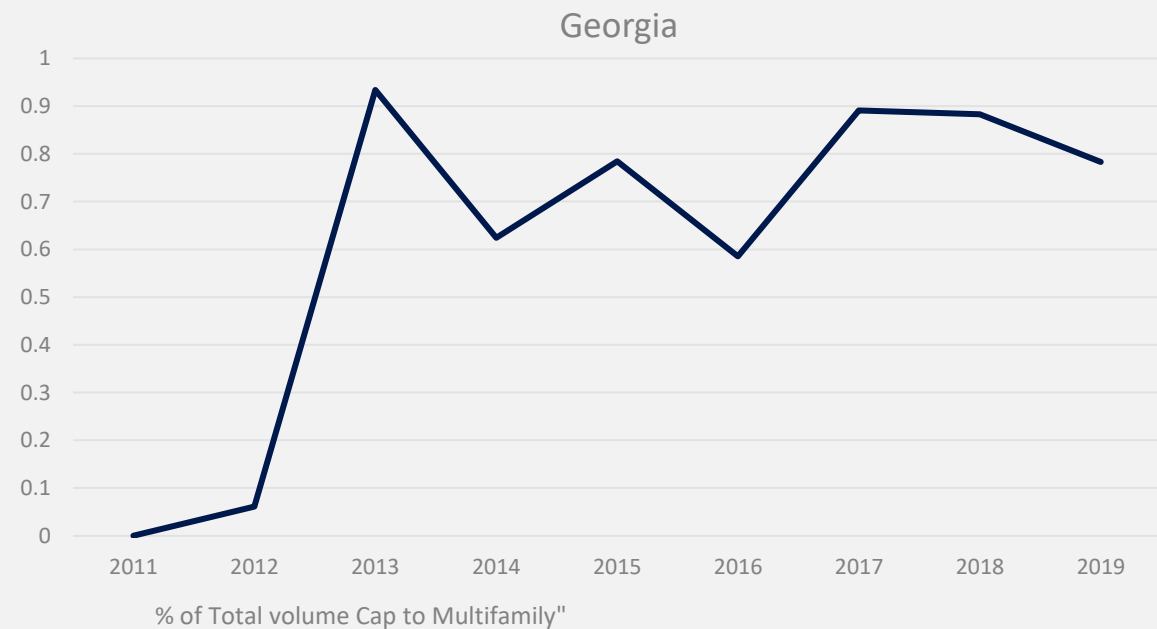
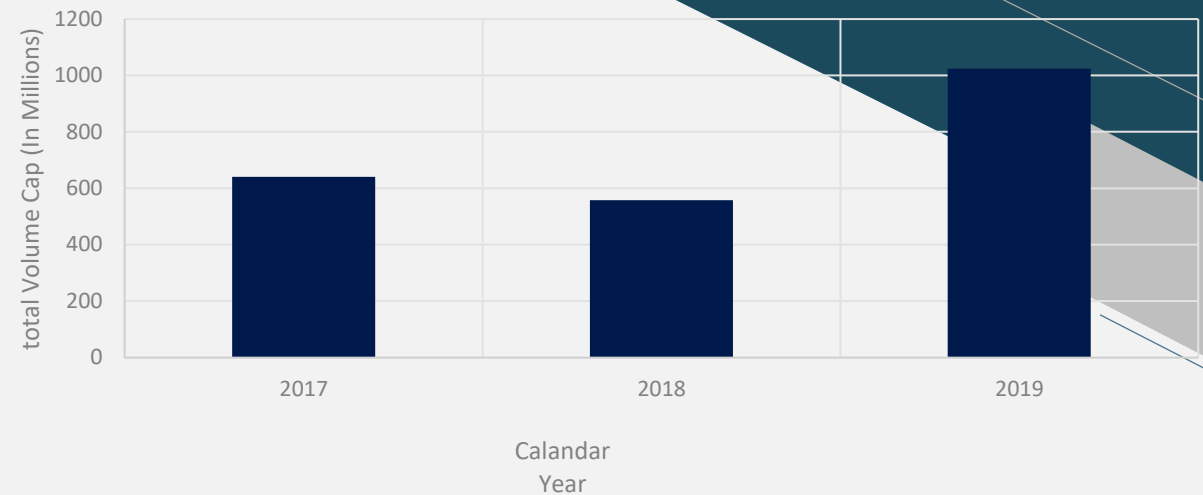
Each issuer uses their bond cap for both single- and multi-family allocations.

Invest Atlanta is limited to allocations within Atlanta city limits and the opposite is true of the Local Authorities' share.

All unused amounts transfer to the flexible share on October 1.



Georgia	2017	2018	2019
New Cap	1031	1095.1	1105
Carryover from Previous Years	2419.4	2144	1453.5
Total Capacity	3450.4	3239.1	2559
Exempt Facilities	700.8	612.6	1068.5
Multifamily Housing	640.8	557.1	1023.5
Mortgage Revenue Bonds	0	0	238.7
IDBs	18.3	18.4	0
Aggie Bonds	0	0	0
Student Loans	0	0	0
Mortgage Credit Certificates	571.7	661.2	444.3
Other Bond Issuance	0	0	0
Total PAB Issuance	719.1	631	1307.1
Prior Years Carryforward Abandoned	0	0	0
Last Year's Carryforward to Next Year	564.1	295	36.1
Total Carryforward to Next Year	2143.6	1542.1	895
Multifamily Housing % of Total Capacity	18.57%	17.20%	40.00%
Multifamily Housing % of PAB	89.11%	88.29%	78.30%
Bond Efficiency Criteria? Yes			



Florida's Annual PAB Allocation

Florida's 2021 Tax Exempt Bond Volume Cap
\$2.363 Billion

Manufacturing
\$98 Million

Business
\$453 Million

State Pool
\$113 Million

Florida Housing
\$566 Million

Regional Pools
\$1.133 Billion

Non-Multifamily Bonds
\$551 Million

Multifamily Eligible
\$1.812 Billion

Regional Pools \$1.133 Billion

R. 1
\$53
Million

R. 2
\$26
Million

R. 3
\$28
Million

R. 4
\$41
Million

R. 5
\$75
Million

R. 6
\$65
Million

R. 7
\$69
Million

R. 8 \$99
Million

R. 9
\$34
Million

R. 10
\$101
Million

R. 11
\$149
Million

R. 12 \$52
Million

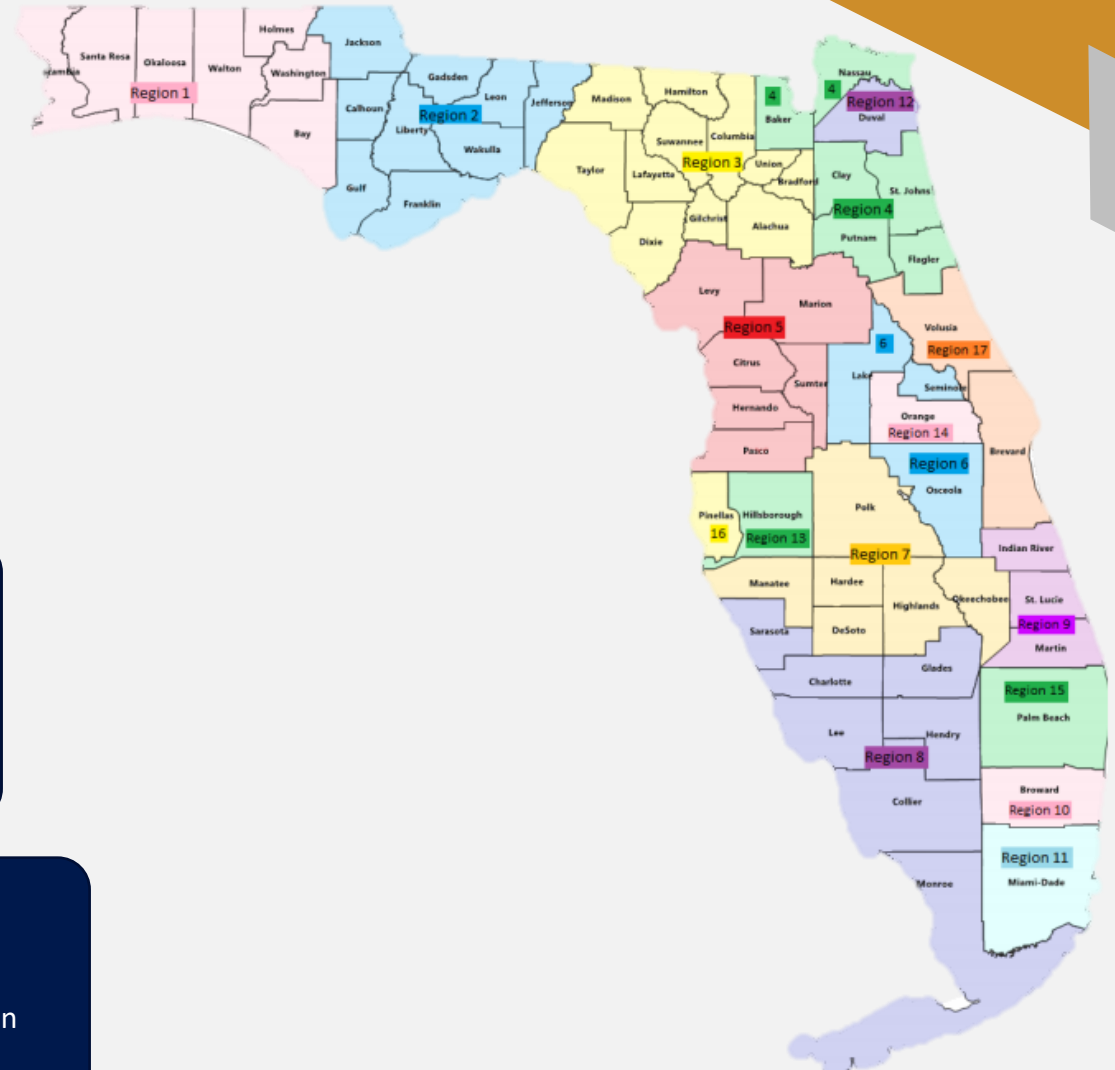
R. 13
\$78
Million

R. 14
\$74
Million

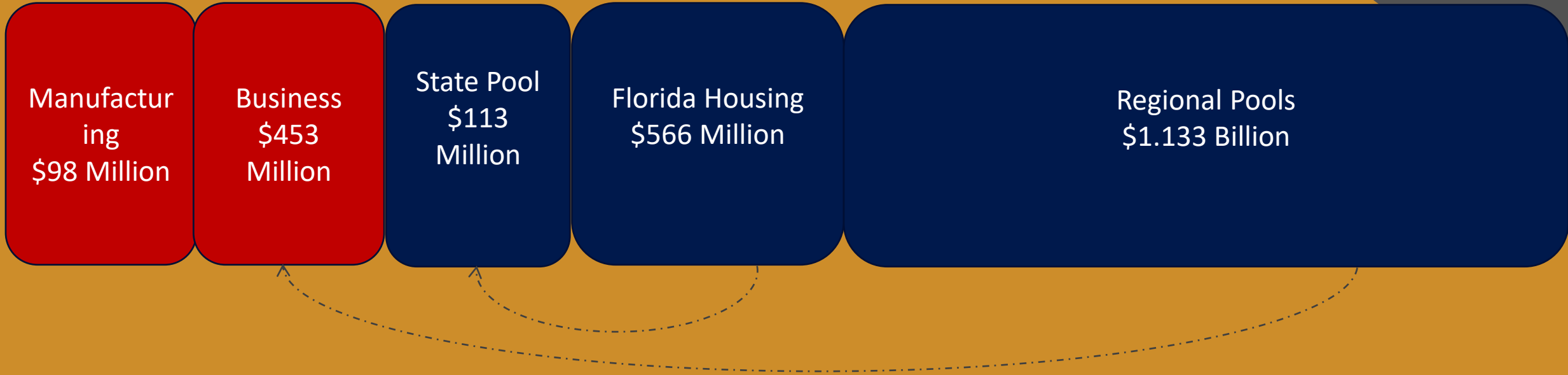
R. 15
\$77
Million

R. 16
\$52
Million

R. 17
\$61
Million



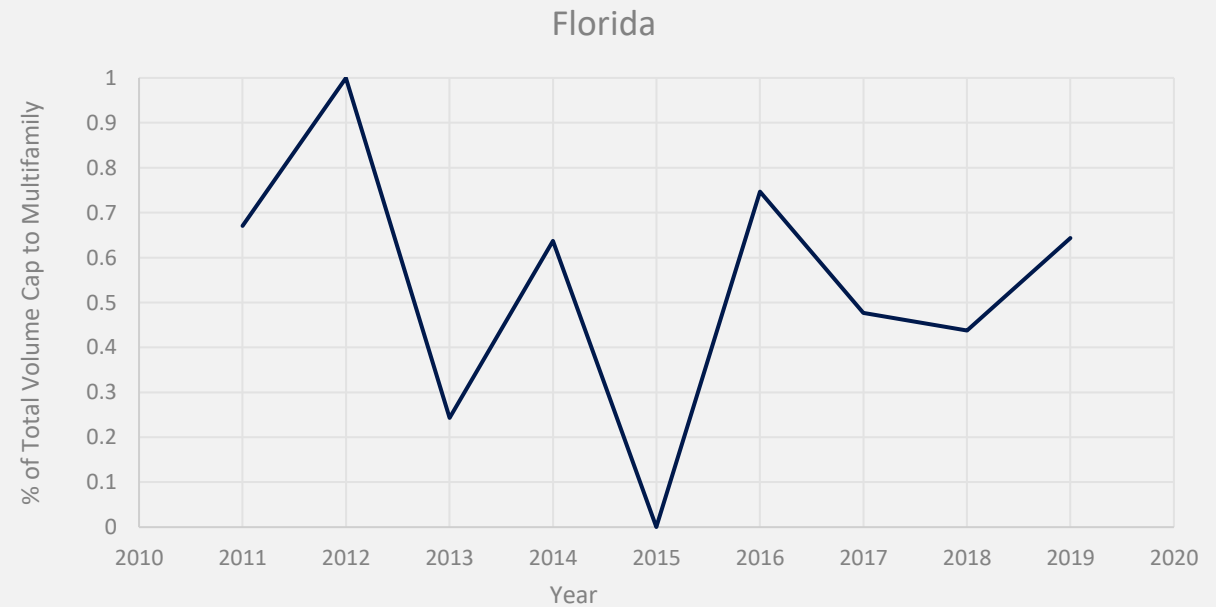
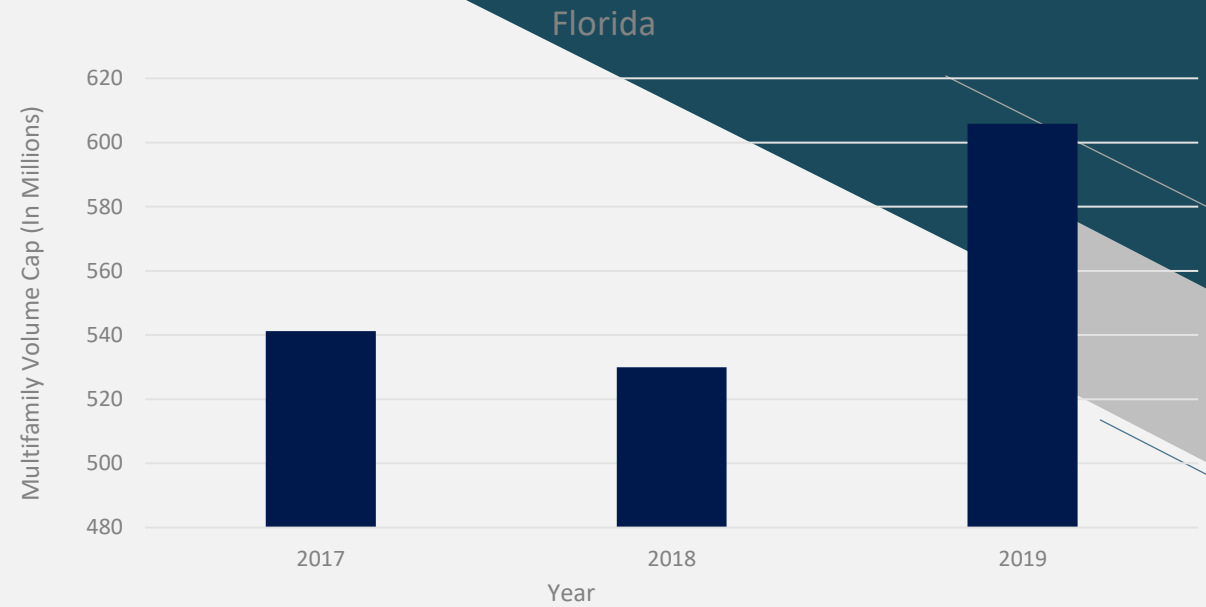
July 1



50% of the state volume cap (minus the Manufacturing Pool) is allocated to the 17 single- and multi-county regional pools (Regional Allocation Map). State volume cap is available from these regional pools for projects within the particular region for allocation from January 1 – June 30; the regional pools are dissolved annually on July 1 and any amounts not allocated are reallocated to the Florida First Business Allocation Pool.

25% of the state volume cap (minus the Manufacturing Pool) is allocated to the Florida Housing Finance Corporation (FHFC) for single and multifamily housing bonds; any amounts remaining on July 1 for which an issuance report or notice of intent to issue bonds has not been received by the Division are reallocated to the State Pool.

Florida	2017	2018	2019
New Cap	2061.3	2203.4	2236.4
Carryover from Previous Years	4581.9	3126.3	4222.1
Total Capacity	6643.1	5329.7	6458.5
Exempt Facilities	573.7	651	625.9
Multifamily Housing	541.2	530	605.9
Mortgage Revenue Bonds	128.3	560.9	260.9
IDBs	15.1	0	4.9
Aggie Bonds	0	0	0
Student Loans	0	0	0
Mortgage Credit Certificates	474.2	210	40
Other Bond Issuance	417.4	0	0
Total PAB Issuance	1134.4	1211.9	941.6
Prior Years Carryforward Abandoned	617.8	573.4	533.2
Last Year's Carryforward to Next Year	1543.2	1842.8	1700.3
Total Carryforward to Next Year	4323.6	4395.8	4943.7
Multifamily Housing % of Total Capacity	8.15%	9.94%	9.38%
Multifamily Housing % of PAB	47.71%	43.73%	64.35%
Bond Efficiency Criteria? No			



Five “Free” Ways to Maximize Housing Production

1. Limit the % of PABs on Each Development
2. Incentive Developers to achieve Longer or Deeper Affordability
3. Industry Standard Developer Fees
4. Focus PAB Allocation on Multifamily Development
5. Allow and Implement Bond Recycling

Limit the % of PABs on Each Development

Federal LIHTC statutes require that at least 50% of each development be financed through Federal Private Activity Bonds. States can elect to limit use of PABs above that requirement to maximize the number of developments achieved through their annual allotment. A 5% cushion above the Federal requirement has proved adequate. (Note: Current proposals likely will change the Federal requirement to 25%; Enacting a requirement of 5% above the Federal will allow a state to always maximize production and meet the Federal requirement)

Incentive Developers to Achieve Longer or Deeper Affordability

By requiring Developers to compete on level of affordability, States can achieve higher quality developments that achieve specific quality goals. For example, states could award bonds first to developments that will preserve existing affordable housing or provide housing targeted at lower income residents, like 50% AMI rather than the required 60% AMI.

Industry Standard Developer Fee

Developer Fees count toward eligible basis for the award of Federal Tax Credits, which provides critical Federal funding to each development. Developers often defer these fees, contributing the fee to make the development work. By increasing the allowable fee, States increase the Federal funding to developments in their states and increase the number of housing units possible.

Focus PAB Allocation on Multifamily Development

While Private Activity Bonds can be used for multiple purposes, they only draw Federal Tax Credits when allocated for Multifamily Housing. Given historic low interest rates, the tax-exempt feature of PABs is of little economic value to states and PAB users; other forms of debt are of equal or lower cost than PABs. States can maximize Federal housing funding by targeting all or a majority of annual PAB allocations to Multifamily Housing and use alternate funding sources for Single Family Housing and other PAB uses.

Allow and Implement Bond Recycling

Current Federal LIHTC statutes allow states to reuse PABs within their allotted allocation. PABs allotted to Multifamily Housing may be reused if their term full tax-exempt financing is not used. This can trigger additional Federal tax credits to support additional multifamily developments in the state. Many Multifamily developments only use the PABs for a short period of time, during construction for example, and then convert to alternative sources of debt financing.

Bond Demand	Bond Efficiency	Scaleable Commitments	Industry Standard Developer Fee	PAB % for MF	Bond Recycling
Parity	No	No	Yes	Yes	No
Over	Yes	Yes	No	Yes	Yes
Under	No	No	Yes	Yes	No
Parity	No	No	No	Yes	No
Parity	No	No	No	No	No
Over	No	Yes	Yes	No	No
Over	Yes	No	Yes	Yes	No
Over	Yes	Yes	No	Yes	Yes
Under	No	No	No	Yes	No
Under	No	No	No	Yes	No
Parity	No	No	Yes	Yes	No
Over	Yes	No	No	Yes	No
Over	No	No	Yes	Yes	No
Under	No	No	No	No	No
Over	No	No	No	Yes	No
Parity	No	No	No	No	No

XXXXXXX's Affordable Housing Crisis

The United States is in the midst of a housing crisis, with less housing inventory available for sale or rent than at any time in the last 30 years. The state of XXXXXXX is feeling that crunch, particularly in the area of affordable housing

Five Free Ways to Maximize Housing Production



Housing in XXXXXXX

 Low-income households living cost-burdened in XXXXXXX	20,000
 Shortage of affordable homes for low-income earners	68,000
 Percentage of renters spending more than half of their income on housing	21%
 Housing units XXXXXXX needs for every family to live affordably	130,000

We can develop more affordable housing for essential workers and working families. **And we can do it for free.** Here are five ways to build more housing **without additional state appropriations.**



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What we do hits H O M E.