

## Private Activity Bonds: Critical Affordable Housing Financing

The Tax Cuts and Jobs Act, H.R. 1, **eliminates tax-exempt Private Activity Bonds (PABs)**, including both multifamily and single-family housing bonds, for bonds issued after 2017. PABs for affordable housing must be restored in an amendment or **affordable rental housing and homeownership, public housing preservation and disaster recovery efforts will be at risk.**

### Impact of PAB Elimination

PABs generate as-of-right 4% Low Income Housing Credits (LIHTC), when used for multifamily affordable rental housing. This program finances nearly **half of LIHTC developments across the nation** (the other half are in the 9% LIHTC program allocated to States on a per capita basis). While the bill maintains LIHTC, it includes no provisions to make up for the loss of annual LIHTC production that would result from the elimination of tax-exempt PABs, which would end all bond-financed 4% LIHTC activity.

PAB elimination will also undermine State's tools to encourage **homeownership opportunities** for many first-time homebuyers, exacerbating the trend of declining homeownership in the U.S. The Mortgage Revenue Bond Program (MRB), enabling affordable financing, would be terminated with the elimination of PABs.

- **U.S. Impact:**
  - Decrease in Affordable Housing Supply by ~1 Million Units Over 10 Years
- **New York Annual Impact:**
  - \$4.5 Billion in Affordable Housing Investment | 17k Homes | 28,000 Jobs
- **NY-1 Congressional District Impact\*:**
  - \$383 Million in Affordable Housing Investment
    - \$115 Million Multifamily (Tax-exempt bonds + LIHTC equity)
    - \$268 Million SONYMA Mortgages
  - **1,593 Affordable Homes**
    - 358 Renter Households\*
    - 1,235 Homebuyers
  - **PAB 4% LIHTC Projects Financed 2011-2016**

Developer	County	Municipality	Apartments*
St. Michael's Windmill Housing	Suffolk	Town of East Hampton	41
Wincoram Commons Phase II	Suffolk	Town of Brookhaven	78
Concern Middle Island Apartments	Suffolk	Town of Brookhaven	123

- **At-Risk PAB 4% LIHTC Projects with 2017 Financing\*\***

Developer	County	Municipality	Apartments*
Riverview Lofts	Suffolk	Riverhead	116

\* Includes 2011-2017 projects. Mixed-income developments include affordable and market rate units.

\*\* Even for projects that successfully close on construction financing in 2017, they are in jeopardy of financial risk as they convert to permanent financing.