



Increasing the Cap on Private Activity Tax-Exempt Bonds

REQUEST

House & Senate - Urge Members of Congress to increase the cap on PABs for affordable and public housing activities. This straightforward solution will promote the creation and preservation of rental homes, support job creation and spur economic activity using an effective and established affordable housing tool.

EXECUTIVE SUMMARY

Private Activity Tax Exempt Bonds (PABs) generate 4 percent Low-Income Housing Tax Credits (Housing Credits), which finance approximately 50 percent of all Housing Credit developments. PABs are a critical affordable housing resource, leveraging private and public resources, creating tens of thousands of jobs, and facilitating the creation of millions of low-income homes. Currently, the cap on PABs is a major limiting factor for a growing number of states and localities as they seek to preserve existing affordable and public housing and create new housing to meet the growing need. Increasing the cap on PABs for affordable and public housing would help create a public good and support the country's continuously growing housing infrastructure needs.

PABS: A CRITICAL TOOL FOR BUILDING AFFORDABLE HOUSING

- PABs generate 4% Low-Income Housing Tax Credits, which finance approximately 50% of all Housing Credit developments
- PABs also include Single-Family Mortgage Revenue Bonds, which local Housing Finance Agencies use to support homeownership opportunities nationwide
- Without PABs, nearly 1 million affordable homes go unbuilt in the next ten years
- PABs and the 4% Housing Credits they generate are among the most successful models of public-private partnerships because they:
 - Leverage additional public and private resources for housing
 - Create tens of thousands of jobs every year
 - Help address the affordable housing crisis ravaging every city and state in the country
- Over 12 million renter and homeowner households spend more than 50 percent of their annual incomes on housing and the United States housing market cannot afford to lose this critical resource.
- At a time when our country is facing an affordable housing crisis, NALHFA urges Congress to increase the cap on PABs.