

A RESOLUTION TO CARRYFORWARD THE CITY'S 2025 PRIVATE ACTIVITY BOND ALLOCATION

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Agenda



1. What are Private Activity Bonds (PABs)?
2. Carryforward
3. 2025 PAB

What are Private Activity Bonds (PAB)?



What is a bond?

A loan from investors to a government that is paid back with interest.

What are private activity bonds?

A type of municipal bond provided for specific qualified projects, such as low- to moderate-income housing developments. The investors of these bonds are exempt from federal income tax on the interest earned, making them an attractive investment.

What is a conduit issuer? (The City is a conduit issuer of PAB)

A government entity that issues bonds on behalf of another organization to raise funds for projects or activities that serve a public purpose, such as affordable housing. Conduit issuers function as pass-through entities and are not responsible for repaying the bonds. The government entity's tax-exempt status is transferred to the bond investors, resulting in lower borrowing costs and reducing the overall development cost for housing.

Who pays back Private Activity Bonds?

The revenue generated by the affordable housing development is used to repay the bonds. If the development defaults, the investor in the bonds bears the financial liability, not the issuer.

Carryforward



- By September 15, 2025 the City must elect to carryforward unused 2025 cap for one or more carryforward purposes, or assign, relinquish, or issue the cap.
 - The City was allocated \$31.8M
 - The City was assigned \$7m in PAB from the Colorado Springs Housing Authority (CHSA) in connection with an affordable housing application.
 - **Total 2025 Carryforward: \$38,865,865**
- The PAB working group elected to carryforward 2025 cap until 12/31/2028 for financing of residential facilities for low- and middle-income families or persons.

2025 PAB

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