

El Paso County Private Activity Bond (PAB) Issuance FAQ

Since 1983, El Paso County has financed the development of thousands of units of multifamily housing through the issuance of tax-exempt Private Activity Bonds (PAB). PAB is typically coupled with federal Low Income Housing Tax Credits (LIHTC) for projects ranging from newly constructed complexes to rehabilitated properties. In return for a lower interest rate on the loans and potential tax credits, each project sets aside at least some of their units for residents with low- to moderate-income.

El Paso County intends to serve as the bond issuer for all projects receiving bond allocation through this program. Requests to assign or transfer bond allocation to another issuing entity will not be considered.

What are PABs? El Paso County receives a limited amount of bond cap from the federal government to issue for privately developed projects. While El Paso County issues the bonds, neither the County nor our taxpayers have an obligation to repay the bond investors. Investors buy the bonds, and underwriters use the bond proceeds to make a loan to the project. PABs make rental housing eligible for 4% LIHTC.

When is the application cycle/deadline to apply? Applications are due by 5 PM on May 1 and November 1 each year. An updated application is available on request one month before the deadline.

The El Paso County Housing Authority administers the application process and makes recommendations to the Board of County Commissioners, while El Paso County serves as the issuing authority for the Private Activity Bonds.

DONNA MAJOR, CHAIR | THOMAS GARMONG, VICE CHAIR

KATIE SUNDERLIN | JAY MCKEOWN | DR. JEFFREY J COOK

9 East Vermijo Avenue | Colorado Springs, CO | 80903

elpasoco.com | 719.520.6484

A pre-application meeting with El Paso County staff is required for all projects, including returning applicants and previously funded developments, prior to application submission. Be sure to schedule your meeting early in the development process.

Who is eligible for funding? Eligible entities include private developers, nonprofit housing organizations, and other agencies that provide affordable housing.

What types of projects are allowed? El Paso County chooses to utilize its PAB allocation for affordable housing developments. Single-family mortgage projects (down payment assistance) and industrial development projects are also eligible.

What bond amounts and terms are available? Due to the highly competitive nature of Private Activity Bonds, applications that meet the following thresholds will be prioritized:

- 2026: 45% of the eligible basis
- 2027: 30% of the eligible basis

These percentages align with the changes enacted in the “One Big Beautiful Bill Act” of 2025 while maintaining flexibility for the community.

Can PAB be used within Colorado Springs city limits? El Paso County PABs can be used anywhere within the County, including the City of Colorado Springs. Open communication with the City of Colorado Springs is key, since they may have bond cap or other funding available.

Within the project timeline, when should the application be submitted? Conversations should start with El Paso County staff early in the development process to discuss available bond cap and other details. Bond cap is received annually, so if you are not intending to have a financial closing for 12-18 months, the application should likely wait. Once the financial stack is well established and the proforma and development documents are defined, an application can be submitted.

What needs to be completed before the application? A Phase I environmental review, market study, preliminary development plan, and a well-developed proforma should be in place before applying.

Does the funding require any partnerships? No partnerships are required; however, they are viewed positively and should be noted in the application.

What happens when the application is submitted? The El Paso County Housing Authority (EPCHA) Board will review the application and decide if they would like to hear a brief presentation about the development at the next meeting. EPCHA meetings are held at noon on the second Wednesday of the month at the El Paso County Economic Development office (9 E. Vermijo Avenue) in Colorado Springs. The EPCHA Board reviews applications and makes a recommendation of issuance to the El Paso County Board of County Commissioners (BoCC). The BoCC reviews the issuance request and, if approved, an inducement resolution is executed to commit funds to the project.

Who develops the bond documents? EPCHA's legal counsel, Kutak Rock, develops and helps to coordinate all legal documents.

When are funds distributed? All funds are distributed at the financial closing.

How do I apply? Interested applicants must set up a pre-application meeting as early as possible by contacting:

Randi Davis, Community Development Analyst

El Paso County Economic Development

(719) 520-6481

RandiDavis2@elpasoco.com

More information can be found at:

<https://admin.elpasoco.com/economic-development/housing-programs/private-activity-bonds/>