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GEORGIA DEPARTMENT *of* COMMUNITY AFFAIRS

Guidelines for Requesting Additional Private Activity Bonds (PAB) in 2025

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Purpose

In response to unprecedented construction cost, labor cost, and interest rate increases, as well as Georgia's oversubscribed Private Activity Bonds (PAB), the Georgia Department of Community Affairs (DCA) will allow requests for additional bond issuance for 4% Housing Tax Credit Developments that would otherwise fail the 50% Test as required per Internal Revenue Code (IRC) Section 42(h)(4)(B)[1].

Applicants should not submit a request until it is certain that the projected 50% test failure will stall all development.

Eligibility

The following requirements must be met to be eligible for additional PAB issuance:

- The development has already received a Letter of Determination (LOD)/42(M) from DCA per Qualified Allocation Plan (QAP) guidelines[2] or the development is in active DCA underwriting review
- Without the additional issuance of PAB, the development would fail the 50% Test

Applicants must submit applications for bond allocation by November 14th, and any allocations will be approved by the Commissioner of DCA by December 15th.

Limitations

A request is limited to the amount that would achieve 50% of the development's aggregate basis of land and building expenses that are to be funded by PAB. DCA may further limit a request to an amount lower than 50% of the aggregate basis if the development is expected to place in service shortly.

While there is not a maximum PAB request, DCA reserves the right to reject any request. DCA also may place restrictions on future competitive awards for project teams requesting more than 10% of the initially approved PAB amount or teams exhibiting capacity issues, as determined by DCA and in accordance with the current and future QAPs.

DCA will not approve any PAB amount that would result in a development's total PAB amount exceeding limitations set forth by the respective QAP.

Prioritization

Once requests for additional issuance exceed the PAB amount currently available, DCA will prioritize requests in the following order:

[1] (IRC) Section 42(h)(4)(B)
[2] DCA QAPs

- Developments past 90% construction completion, as confirmed by third-party documentation that is certified by the architect
- Developments that are closing in 2025
- Developments between 50% and 90% construction completion, as confirmed by third-party documentation that is certified by the architect
- All other developments

Requesting Additional PAB

Requests can be submitted to DCA any time after the publishing of these guidelines. Requests must be submitted by November 14th; DCA will consider extending this for developments facing unexpected hardship. Requests must be submitted through the Emphasys Developer Portal[3] as a Concept Change.

Requests must contain:

- Narrative detailing the reason(s) that the initially approved PAB amount will not suffice to satisfy the 50% Test.
- Current development schedule that contains the following dates (dates may be projected if they have not yet occurred):
    - LOD/42(M) issuance date
    - Closing date
    - Construction commencement date, as confirmed by third-party documentation that is certified by the architect
    - 50% completion date
    - 100% completion date
    - Placed-in-Service date
- Evidence that the local issuer has committed to the additional issuance (if the total amount exceeds the initial inducement)
- Federal and State Investor(s) approval of the request

DCA will review requests on rolling basis until submission deadline of November 14th. DCA will meet with each team requesting additional PAB, if necessary.

Comments

DCA reserves the right to amend this policy at any time. DCA reserves the right to approve, deny, or decrease any request based on changing needs, feasibility, or a development timeline.

DCA will publish a list of developments receiving additional bond issuance to the DCA website[4].

A request for additional issuance may be the last allowable request for additional PAB issuance for a given development. Applicants are encouraged to request the fully anticipated PAB amount.

No request is guaranteed to be approved by DCA. Approvals are subject to PAB availability. DCA encourages applicants to consider other options before pursuing additional PAB issuance.

[3] Developer Portal; Instructions on submitting through the Developer Portal are here.
[4] DCA Awards and Allocations