

ATTACHMENT B

NH Housing Multifamily Housing Lending 25% Test Policy for Tax-Exempt Private Activity Bonds and Conduit Bond Financing

Background

On July 4, 2025, federal legislation (H.R. 1) was enacted, which lowered the private activity bond financing threshold from 50% (the “50% test”) to 25% of the aggregate basis for properties utilizing 4% Low-Income Housing Tax Credit (LIHTC). This change applies only to projects for which both (i) the bonds are issued after December 31, 2025, and (ii) the property is placed in service after December 31, 2025.

This change reduces the amount of tax-exempt bond financing required for 4% LIHTC eligibility and creates an opportunity to expand the use of bonds in affordable housing development.

Tax-Exempt Private Activity Bonds

NH Housing will allocate multifamily Private Activity Bond (PAB) volume cap to 4% LIHTC transactions, that meet the criteria outlined in HFA 114, in an amount equal to the greater of:

- 30% of aggregate eligible basis; or,
- The amount necessary to support the project’s maximum construction/permanent debt, as determined by NH Housing subject to underwriting, plus any additional amount necessary for reserves, cost of issuance, and other financing costs.

Tax-Exempt Private Activity Bonds Conduit Financing

NH Housing will allocate multifamily Private Activity Bond volume cap for Conduit Bond transaction that meet the criteria outlined in HFA 116 in an amount targeting 30% of aggregate eligible basis, as determined at final application, underwriting, and loan closing. The actual percentage of aggregate eligible basis may vary based on final cost certification; however, the bond cap will remain fixed at 30% of aggregate eligible basis as established at loan closing.

Additional Financing Considerations

Subject to underwriting, any total debt in excess of the tax-exempt bond allocation will be financed with taxable sources and may impact the final interest rate. Where available, and at NH Housing’s discretion, recycled bond authority may be used to finance tax-exempt portions that would otherwise require taxable debt.

NH Housing is not currently constrained by bond volume cap, however, if PABs availability becomes limited, NH Housing reserves the right to modify this guidance.

Effective Date

This guidance is effective immediately as of April 17, 2026

Questions

Questions regarding this guidance may be directed to Multifaminfo@nhhfa.org.