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PAB Use for Multifamily Housing Continues to Grow; Financed-By Test Change May Stretch Cap - Novogradac

The use of private activity bonds (PABs) to finance affordable multifamily housing continues to set records, making the pending decrease in the financed-by test a likely way to further maximize the resource.

The Council of Development Finance Agencies (CDFA) released the [CDFA Annual Volume Cap Report](#) last week, the first such report in three years. The report covers PAB issuance for calendar years 2021-2023.

Multifamily PAB issuance set a record of \$21.67 billion in 2023, continuing a nearly decadelong increase in such use. For comparison, only \$6.60 billion in PABs were reported for multifamily housing issuance in 2015, the last year before a steady increase in issuance. Even beginning in 2016—when multifamily PAB issuance jumped to \$14.00 billion—the compound annual growth rate (CAGR) from 2016 to 2023 for such PAB issuance was 6.44%. Over the same period, the CAGR for inflation was barely half that, at 3.36%.

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