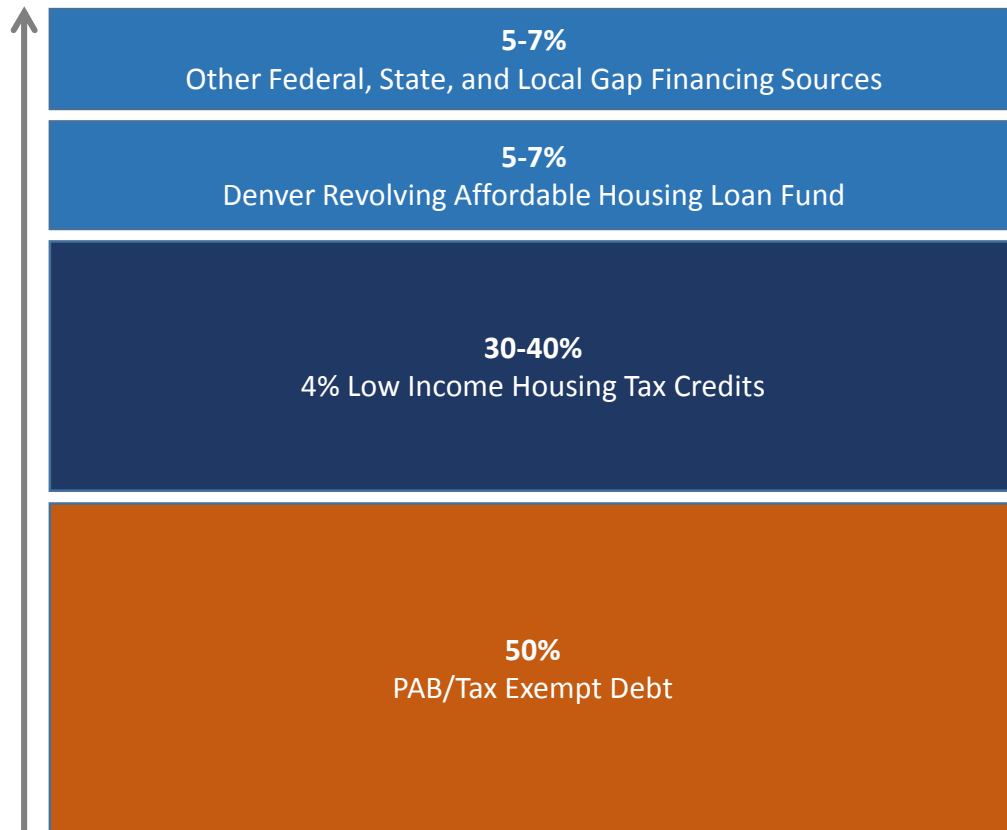


# PABs provide a source of low-cost debt

Total project cost



Private Activity Bonds (**PABs**) allocated to the City, the State, or to other public partners **provide a source of low-cost debt** for affordable housing projects.

**Private bank lenders** partner with PAB issuing agencies to make tax-exempt loans using PAB capital. Banks are then able to charge a **lower interest rate** on PAB loans, which means **projects can raise more debt capital** for their projects.

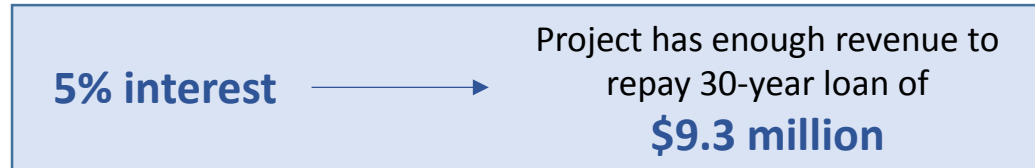


# PAB debt allows projects to raise more capital at lower cost

Example of using PAB capacity for a loan to support an affordable housing development project and the savings over conventional financing

Annual revenue available to repay debt:  
**\$50,000**  
*(based on income from rental units, less operating expenses)*

## CONVENTIONAL LOAN



“Subsidy” from using PAB funds = **\$2.6 million less gap financing needed** by using \$11.9 million of PAB capacity

## PAB/TAX EXEMPT LOAN

