

# 2026 statewide multifamily bond recycling initiative



## Overview

CHFA is proud to support its mission of affordable housing and community development statewide using a variety of innovative resources including Private Activity Bonds (PAB). To assist our partners and customers and expand this mission, CHFA is pleased to announce an enhanced statewide multifamily bond recycling initiative.

CHFA has operated a multifamily bond recycling program since 2017. Recent changes to the “Financed By” test for bond financed Housing Tax Credit affordable housing projects create the opportunity expand the use of recycled bonds, reducing demand on Colorado’s Private Activity Bond cap (PAB) while still supporting the tax-exempt financing needs of multifamily developments. By increasing the use of recycled bonds, more affordable housing developments can be financed using the same amount of PAB statewide authority. Successful implementation of this initiative will depend on coordination among issuers, sponsors, and financing partners.

## What is Multifamily PAB Recycling?

Recycled Bonds are previously issued PABs that are repaid from a loan repayment within four years of their original issuance date, often in connection with redemption of bonds used to bridge LIHTC equity installments. Upon receipt of the loan repayment, the associated loan proceeds may be recycled one time into future multifamily affordable housing projects located in Colorado within a 6-month period, providing additional tax-exempt financing capacity. Volume cap recycling is conducted pursuant to Section 146(i)(6) of the Tax Code. The CHFA Multifamily Bond Recycling Initiative intends to preserve and recycle prior year(s) bonds that would otherwise expire upon repayment and result in the redemption of those bonds.

## Guidelines for Recapture

- CHFA may preserve bonds for recycling from any multifamily affordable housing project supported by an issuance of PAB from **any issuer** in the state.
- There are no fees and minimal documentation required. CHFA’s bond counsel, Taft Law, will prepare the necessary documentation, typically in the form of one or more funds exchange agreements. Pursuant to the documents, payments may be netted or other transfers made to accomplish the recycling for the convenience of the parties.
- Notification to CHFA of a repayment amount of \$100,000 or more encouraged.
- A minimum of one week’s notice to CHFA is required, with longer notice preferred. If possible, please send an email to [pabmanager@chfainfo.com](mailto:pabmanager@chfainfo.com) up to one month in advance of a qualifying repayment to best ensure recapture.

## Guidelines for Redeployment

- Preserved PAB may be recycled back into projects with any issuer in Colorado.
- CHFA will seek reimbursement for program administration costs and will endeavor to keep fees as low as possible to encourage participation.
  - **CHFA-financed Projects:** Costs associated with recycled bonds will be covered through CHFA’s standard issuer fees.
  - **Non-CHFA Financed Projects:** CHFA will charge the greater of \$10,000 or 0.10% of the recycled bond amount.
- There is no limit on amount of recycled bonds or number of transactions available per sponsor or issuer.
- Recycled bonds are subject to public notice requirements (TEFRA).
- Recycled bonds are subject to specific tax law requirements. Participants are encouraged to consult their bond counsel and financing professionals to ensure compliance.

## Timing

This initiative is currently active.

- Parties aware of bond-financed projects expected to repay PABs in the coming weeks or months (whether at conversion, completion, redemption, maturity, or otherwise) are encouraged to contact CHFA regarding preservation opportunities.
- New projects approaching closing that seek to conserve allocated PABs, or projects with taxable tail structures, should contact CHFA to determine the availability of recycled bonds.

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## FAQs

Do recycled bonds require new volume cap?

- No. Recycled bonds are treated as “refunding bonds” pursuant to Section 146(i)(6) of the Tax Code and therefore do not require new PAB.

Do Multifamily recycled bonds count toward the 25% “Financed By” test?

- No, recycled bonds will not satisfy the 25% test.

From the date of recapture, what is the timeframe for redeployment?

- Preserved Bonds must be recycled within six months of the loan repayment/preservation date.

Can multifamily bonds be recycled multiple times?

- No, volume cap can be recycled only once.

What is the maximum maturity date for recycled bonds?

- The final maturity date of the new bond issue using recycled bonds cannot exceed 34 years from the original issuance date of the preserved bonds.

Can recycled multifamily bonds be used for any volume cap use?

- No, recycled bonds can only be used for multifamily housing.

How will redeployment of multifamily PAB be determined?

- Allocation priority will be determined by CHFA based on its judgment to maximize overall program utilization.

## Contact Us

Contact us if you have questions about the program or are interested in the following:

- To communicate a bond repayment that can qualify for recycling
- To discuss potential preservation or recycling opportunities

Please email: [PABManager@chfainfo.com](mailto:PABManager@chfainfo.com)

800.877.chfa (2432)  
800.659.2656 tdd

[www.chfainfo.com/pab](http://www.chfainfo.com/pab)



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