
Multifamily

Tax-Exempt Bond 25 Percent Test Policy

The One Big Beautiful Bill Act (OBBBA), which was signed into law by President Donald J. Trump on July 4, 2025, permanently lowered the private activity bond (PAB) financing threshold from 50 percent to 25 percent of aggregate basis.

Kentucky Housing Corporation (KHC) has decided to implement this new policy by allowing projects to request the greater of:

- 30 percent of eligible aggregate basis; or
- the amount of maximum permanent supportable debt.

This policy will be in effect for any tax-exempt bond projects awarded in calendar year 2026 and forward.

If you have any questions, please email Terry Helton, managing director of Multifamily Programs, at thelton@kyhousing.org.
