

Cal HFA California Housing Finance Agency

Multifamily Programs Lending Update

California Housing Finance Agency
Board of Directors

September 14, 2016

www.calhfa.ca.gov

Cal HFA

Agenda

- Multifamily Production
- Multifamily Pipeline
- Lending Programs
- Market to Affordable Conversions
- No Place Like Home Update
- Veterans' Housing

2

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Multifamily Production*

from 7/1/2016 through 9/13/2016

	Number of Loans	Units	Value (dollars)	Gross (dollars)
First Lien Lending	1	43	\$3.5	\$0.4
Subordinate Lending	0	0	\$0.0	\$0.0
MHSA Lending	1	4	\$0.7	\$0.0
Conduit Issuance	2	384	\$124.0	\$0.3
Total	4	431	\$128.2	\$0.8

*Loans are accounted for at construction loan closing.

3

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Multifamily Pipeline

	Projects	Units	Volume (\$ millions)	Revenue (\$ millions)
First Lien Lending	11	973	\$106.3	\$4.2
Subordinate Lending	1	12	\$0.3	\$0.0
MHSA / SNHP Lending	10	116	\$21.0	\$1.0
Conduit Issuance	4	444	\$132.3	\$0.3
Total	23	1,421	\$236.3	\$5.5

- Includes all active loans with application submitted to CalHEFA
- Loans are in various stages of review, and may not close for months
- Totals may not add up due to projects receiving multiple loans

4

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Multifamily Lending Programs

- Acquisition/Rehabilitation Loan Program
- Permanent Loan Program
- Permanent Take-Out Loan Program
- Small Loan Program
- Conduit Issuer Program

5

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HUD Risk Share & Federal Financing Bank Loan Program

- Closed first loan funded by FFB in August
- Financing still below market rate
- Gaining a better understanding of process
- Most of pipeline will use FFB as funding source
- Construction lenders showing interest in Permanent Take-Out loans

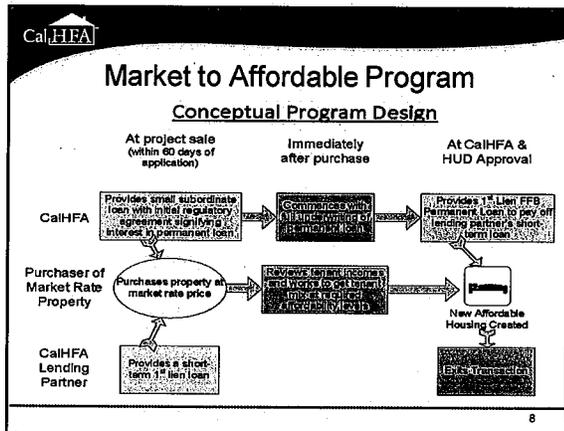
6

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Market to Affordable Program

- High rent areas of the state need units for the "Missing Middle" – 60% AMI up to 120% AMI
- Converting market rent projects to restrict some units at 50% to 80% of AMI
- Timing and affordability restrictions are obstacles
- Discussions with lenders and developers have been positive

7



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Market to Affordable Program

- Combining attractive FFB financing rates with local incentives entices developers
- Lending partner necessary to meet timing of market rate transactions
- In discussions with federal partners and private entities to make program more efficient
 - Affordability restrictions
 - Permanent loan closing time

9

 **No Place Like Home Update**

- HCD will develop and administer the \$2 billion bond program to finance housing for homeless persons with mental illness.
- CalHFA will continue to administer the Special Needs Housing Program (SNHP) to serve this population until HCD begins the new program
- Los Angeles, San Diego, and Lassen counties have assigned over \$46 million to SNHP with 12 more counties expected to participate

10

 **Housing Veterans**

- 1.8 million veterans live in California, nearly 9% of the nation's veteran population
- Nearly 300,000 (15%) live in rural counties
- Veterans have a 125% higher rate of homelessness than the population in California, as opposed to a 40% increase nationwide
- Estimates show that California has nearly 25% of the nation's homeless veteran population, and the highest homelessness rate for veterans of any state

11

 **Housing Veterans**

- HUD VASH vouchers are not being fully utilized
- VHHP program is over subscribed
- Not all veterans are being fully served by VHHP:
 - Rural Communities
 - Low to Moderate Income Individuals and Families
- CalHFA has the resources to assist in housing these populations
 - Provide more or better tools to those already creating housing for veterans
 - Incentivize developers that are creating quality affordable housing, but not necessarily for veterans

12

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Current Programs For Veterans

- Small Loan Program designed to meet housing needs in smaller, rural projects
 - Shasta Lake Veterans Village
- FFB permanent loan financing is available statewide and provides great rates and terms
- CalHFA subsidy funds allow for flexible gap financing for deserving projects
 - Newport Veterans Housing

13

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Incentivizing Veterans Housing

The initial steps for housing more veterans through CalHFA's Multifamily lending programs will be:

- Projects that will restrict units to veterans (through VHHP, VASH, or other means) will receive a priority in CalHFA's underwriting process
- Requiring that projects that receive CalHFA subsidy loans provide a preference to veterans for open units. Veterans receiving preferences must meet other qualifications for the units.

14
