CalHFA Multifamily Programs

Draft Policy for Use of Multifamily Subsidy Funds

July 14, 2015
Subsidy Funds

• Total of $105 million multifamily subsidy funds under the Agency’s control
  • RHCP - $15 million
  • Earned Surplus - $77 million
  • FAF Savings - $14 million
Guiding Principals

- Further State housing policy
- Utilize CalHFA’s strengths
- Maximize use of funds
- Fill largest housing needs
Draft Policy

• In order to have clear uses and requirements for the use of these subsidy funds, a draft policy has been developed, including:
  • Designated Uses of Funds
  • Allocation of Funds
  • Restrictions on Use
  • Priority Considerations
Designated Uses

• Focus on providing gap lending

• Assistance to troubled portfolio loans

• Financing tools to achieve lower cost of funds

• Programs will not be marketed, but provided as needed
Allocation of Funds

• Current expectation of 3 to 5 years of use prior to recycling

• Most efficient uses and fund recycling emphasized to maximize life of the funds

• Projects limited to $25,000 per unit of subsidy and $2.5 million in total subsidy
General Restrictions

• Any subsidy must be tied to a CalHFA 1st lien loan

• Subsidy must be identified as needed in CalHFA underwriting process

• Non-portfolio projects must be new construction or substantial rehabilitation
Financial Restrictions

• Two rules restricting project finances are proposed to ensure equitable and efficient use of the subsidy funds:
  
  • Equity cannot be taken out of the project prior to receiving subsidy funds
  
  • Developer fees will be restricted more than on general tax credit deals
Priority Considerations

• A list of factors has been developed to determine the eligibility priority of each project

• The priorities combine State housing goals and CalHFA business objectives

• Priority considerations will become necessary if demand becomes too great
Next Steps

- Board comments will be incorporated into final policy
- Uses of the subsidy funds will be regularly reported to the Board
- If necessary, changes to the policy will be reported to the Board
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