Multifamily Subsidy Funds Policy

CalHFA Multifamily Programs

September 10, 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
Policy Changes

• Increased per unit and total subsidy limits in high cost areas

• Revised required developer deferral amounts

• Added language on repayment of residual receipt loans
Allocation of Funds

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

- Projects limited to $20,000 per unit of subsidy and $2.5 million in total subsidy

- Projects in high cost areas limited to $40,000 per unit of subsidy and up to $3.5 million in total subsidy
Regional Variation in Gaps

Low End

• $25,000 per unit
  (El Dorado, Placer & Nevada)
• $31,000 per unit
  (Kings & Tulare)

State Average:
$86,000.00 per unit

High End

• $230,000 per unit
  (San Francisco)
• $126,000 per unit
  (San Mateo, Santa Clara & Santa Cruz)
Range of Local Support*
- 70% of gap needs (Sacramento)
- 0% of gap needs (Kings, Tuolumne, etc.)

*excludes locally distributed federal dollars like CDBG, HOME
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

• Equity cannot be taken out of the project prior to receiving subsidy funds

• Developer fees will be allowed up to TCAC limits, but with requirement to contribute or defer fee equal to subsidy being provided – up to 50% of allowed fee

• Any savings during construction period must partially be used to repay any residual receipt loans

• Subsidy to be repaid through residual receipts at not less than pro-rata share to all residual receipts payments
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