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California Housing Finance Agency Accepting Applications for New Multifamily Mixed-Income Program

Funding for the program comes from Senate Bill 2, the Building Homes and Jobs Act

SACRAMENTO, Feb. 5, 2019 — California's first program to incentivize affordable housing developments for Californians with moderate income levels, as well as low-income Californians, has been approved by the California Housing Finance Agency (CalHFA) Board of Directors and applications are now being accepted.

The new Multifamily Mixed-Income Program will provide competitive, long-term gap financing to developments that are affordable for a mix of incomes between 30 and 120 percent of the Area Median Income (AMI).

"While it is vital for California to continue to subsidize housing for those at the lowest income levels, California lawmakers, when they passed 2017's historic package of housing bills, saw the importance in financing housing for those with moderate incomes, who are struggling to find safe, affordable homes," said CalHFA Executive Director Tia Boatman Patterson. "Mixed-income developments provide better quality of life for both low and moderate income Californians, and financing more of these types of projects is critical to the economic prosperity of our state."

The Mixed-Income Program will use funds from Senate Bill 2, the Building Homes and Jobs Act, which was authored by current Senate pro tempore Toni Atkins and signed into law by former Governor Edmund G. Brown Jr. as part of the 2017 housing package. Beginning this year, and continuing annually, 15 percent of the funds gathered in the Building Homes and Jobs Trust Fund will be allocated to CalHFA for this purpose. The Agency will make \$40 million available for Mixed-Income Program applicants in 2019.

"California's housing affordability crisis is a burden on middle class families and a barrier to those striving to reach the middle class," Atkins said. "This program is an important first step to give families in the vast 'missing middle' housing options that they can afford, and it will work in concert with our efforts to house our lowest-income families."

CalHFA's initial projections based on current funding are that this program will produce between 750 and 1,125 new homes each year for California. Governor Gavin Newsom, in his Fiscal Year 2019-20 budget proposal on Jan. 10, proposed a one-time investment of \$500 million to expand this program.

The Mixed-Income Program can be used in conjunction with CalHFA's Permanent Loan program or be paired with a loan offered by one of the Mixed-Income Program's Preferred Lenders. The Agency will

accept applications for the 2019 allocation of Mixed-Income funding through April 30, and awarded projects will be announced in the summer of 2019, to ensure projects can meet the California Debt Limit Allocation Committee (CDLAC) application deadline in October 2019.

CalHFA conducted more than a year of intensive market research to create this new program, an effort that included proactively engaging with stakeholders from the nonprofit and for-profit development community, local housing agencies and state lawmakers, among others, to determine the most efficient ways to use these funds.

Out of this research came the only state program that incentivizes mixed-income projects, while taking advantage of underused federal resources and facilitating partnerships to leverage other types of local financing. Some of the key guidelines include up to 55 years of required affordability, priority given to projects with the lowest per unit subsidy request and preferences given to projects that restrict at least 10 percent of the units for the Missing Middle, defined as 81 to 120 percent of AMI.

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The California Housing Finance Agency was created in 1975 with the goal of helping more Californians find a place to call home. CalHFA's Multifamily Division has used more than \$4.5 billion in financing for the construction and preservation of more than 63,000 affordable rental housing units throughout the state. CalHFA is a self-supported state agency that doesn't rely on taxpayer dollars for its operational costs. For more information on CalHFA programs, and how we are creating progressive financing solutions for affordable housing in California, visit www.calhfa.ca.gov or call toll free at 877.9.CalHFA (877.922.5432).