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CalHFA Introduces New Bond Recycling Program

Affordable housing development in Santa Rosa becomes first California project to use this financing tool

SACRAMENTO, Aug. 27, 2020 — The California Housing Finance Agency has launched a new Bond Recycling Program which will provide an additional source of financing to address our state’s affordable housing crisis.

CalHFA’s program, the first of its kind in California, is made possible through a partnership with Apple.

“Working alongside Apple, we looked at California’s housing landscape – the dangerously low affordable housing supply and the rising cost to build while state and federal resources get increasingly scarce – and endeavored to address that issue,” said CalHFA Executive Director Tia Boatman Patterson. “Bond recycling provides an additional resource to help finance affordable housing for struggling California families.”

In partnership with Governor Gavin Newsom, Apple announced a [\\$2.5 billion commitment](#) to combat the housing crisis in California. As part of that commitment, Apple is supplying a credit facility that is key to making bond recycling work. This facility allows CalHFA to preserve and reuse tax-exempt bonds, that would otherwise have been retired, to provide low-cost financing to more affordable housing projects without using any of California’s already oversubscribed yearly bond cap.

Collaboration with State Treasurer Fiona Ma and her office’s California Debt Limit Allocation Committee has helped CalHFA’s Bond Recycling Program work smoothly.

Last month saw the closing of the first deal in California history to use recycled bonds as part of its financing, which also includes a loan through CalHFA’s Mixed-Income Program.

Redwood Apartments is a new construction project that will create 96 units of affordable housing for residents making between 50% and 70% of the Area Median Income in Santa Rosa, an area that lost thousands of units in the 2017 Tubbs Fire.

As part of its financing, Redwood uses recycled tax-exempt bonds that were originally allocated in 2018 to another affordable housing project. Through CalHFA’s recycling program, that original allocation of bonds is now helping to provide additional affordable housing for Californians.

CalHFA is actively working to expand its Bond Recycling Program and looking to partner with lenders, developers and local governments to find projects that could be a resource to preserve bonds or could use recycled bonds as a financing source.

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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 has helped more than 201,000 low- and moderate-income homebuyers with \$32.6 billion in first mortgages and used \$6.1 billion in financing for the construction and preservation of more than 70,000 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).