The CalHFA Bond Recycling Program is designed to preserve and recycle prior year(s) tax-exempt private activity bond volume cap that would otherwise expire upon repayment of construction period financing (resulting in redemption of bonds) for multifamily affordable housing development. This program facilitates access to tax-exempt bonds by using preserved private activity bond volume cap (“Recycled Bonds”). In turn, the use of these Recycled Bonds will reduce the need for current year private activity bond volume cap managed by the California Debt Limit and Allocation Committee (“CDLAC”). This program is for developers seeking construction and/or rehabilitation financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans, or special needs tenants (“Projects”). Please refer to the standard CalHFA Conduit Issuer Program Term Sheet for terms, conditions, and pricing related to the issuance of bonds. In the event that CalHFA is issuing Recycled Bonds pursuant to a Memorandum of Understanding (“MOU”) with a local issuer, please refer to the CalHFA Conduit Local Issuer Program Term Sheet, which is specific to the terms of that MOU for terms, conditions, and pricing. In some instances, the MOU may provide that the standard CalHFA Conduit Issuer Program shall govern the bond issuance with regard to one or more of these items.

### Qualifications

Available to for-profit, nonprofit or public agency sponsors.

**Rules of Recycling:**

- New loans utilizing Recycled Bonds must be made to an eligible project within 180 days of the effective date of the preservation of the construction bonds (“Original Bonds”).
- The issuance of the Recycled Bonds (“Bond Refunding”) must occur within 4 years of the issuance of the Original Bonds.
- Typically, preservation of the Original Bonds occurs at conversion of construction financing to permanent financing (at which time the bonds funding the original construction debt will be preserved vs. redeemed/repaid).
- Maturity of any Recycled bonds must be within 34 years of the Original Bond issuance date (generally construction loan closing date).
- Recycled bonds are subject to public notice requirements (TEFRA).
- Recycled bonds cannot generate 4% LIHTC.
- Volume cap cannot be recycled more than once.
- Recycled bonds can only be used for multifamily housing.

### Eligible Projects

New construction and/or existing projects with the following financing structure:

1. **100% affordable projects pursuant to CDLAC requirements.**
   - CalHFA Recycled Bonds may provide loan proceeds for up to 45% of the Project’s total development costs.
   - The Project may apply to CDLAC for the remaining 55% of bond allocation needed to generate loan proceeds. The CalHFA Recycled Bonds are not included in the Project’s 50% aggregate basis test.
2. **Refinance of projects with expiring affordability restrictions or projects reaching the end of their tax credit compliance period.** CalHFA Recycled Bonds will provide loan proceeds for up to 100% of the Project’s total development costs.
3. **Finance acquisition and substantial rehabilitation of existing market-rate units converting to affordable.** CalHFA Recycled Bonds will provide loan proceeds for up to 100% of the Project’s total development costs.
### Eligible Projects (Continued)

4. Projects restricted at less than 100% of the total units
   - A minimum of 20% of total units restricted at or below 60% of AMI. Projects may have up to 80% of their total units as unrestricted or market rate. (“80/20 Financing Structure”)
   - CalHFA Recycled Bonds will provide loan proceeds for up to 80% of the Project’s total development costs.
   - The Project may apply to CDLAC for the remaining 20% of bond allocation needed to generate loan proceeds. The CalHFA Recycled Bonds are not included in the Project’s 50% aggregate basis test.
   
   See CalHFA standard [Conduit Issuer Program Term Sheet](#) for details.

Note: Recycled Bonds are subject to availability.

### Occupancy Requirements

Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD (“AMI”) with adjustments for household size (“20% @ 50% AMI”), or (B) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size (“40% @ 60% AMI”); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI (“10% @ 50% AMI”).

Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement for the issuance of the conduit bonds). This includes the later of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds, termination of Section 8 assistance, as applicable, or the full term of the CDLAC Resolution requirements.

### Affordability Period

The affordability period shall generally be 55 years from the Recycled Bond closing, unless, the project is an existing CalHFA portfolio project not seeking additional allocation from CDLAC, then the affordability period shall be the longer of 1) 20 years from the new loan closing date, 2) CalHFA permanent loan term or 3) an additional 5 years beyond the expiration of the current affordability restrictions.

### Fees (subject to change)

**Bond Recycling Transaction Fee**: $25,000, due at loan closing.

**Negative Arbitrage**: Borrowers using CalHFA Recycled Bonds will be required to draw down the entirety of the Recycled Bonds within 180 days from the date those bonds were preserved (“Bond Preservation Effective Date”).

See standard CalHFA [Conduit Issuer Program term sheet](#) for other applicable fees.

The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

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The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.