chfa’s multifamily lending preservation tools

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chfa multifamily

- Long-term, fully amortizing permanent loans
  - 4%, 9%, and non-LIHTC projects

- Construction-to-permanent loans – 4% LIHTC projects

- Flexible Funding – Housing Opportunity Fund

- Gap Financing
  - Healthy Housing Program
  - Capital Magnet Funds
financing solutions

- 542(c) Risk Sharing Mortgage Insurance
  - FHA mortgage insurance credit enhancement tool available to Housing Finance Agencies
  - Generally utilized for loans > $3 million
  - CHFA and HUD “share” the risk of default 50/50
  - 50/50 structure allows for CHFA to underwrite the loans in lieu of HUD
  - Streamlined and faster processing than HUD’s fully-insured programs
  - Mortgage Insurance Premium (MIP) of 0.125%
chfa multifamily financing solutions

1) Recycled Bond/9 Percent Tax Credit Loan
2) SiMPLe – Small Multifamily Permanent Loan Program
3) 4 Percent LIHTC Tax Exempt Loan Program – CHFA4U
4) HOF – Housing Opportunity Fund
5) Healthy Housing
6) Capital Magnet Funds
chfa multifamily financing solutions

- **1) Recycled Bond/9 Percent Tax Credit Loan** – typically, loans > $3 million and < $6 million, uses Risk Share
- **2) SiMPLe – Small Multifamily Permanent Loan Program** – typically $1 to $3 million, uninsured
- **3) 4 Percent LIHTC Tax Exempt Loan Program** – construction-to-perm loans, cash collateralized or private placement with a bank partner; perm loans > $6 million utilizing Risk Share
- **4) HOF – Housing Opportunity Fund** – direct loans of less than $1 million (1st or 2nd loans behind a CHFA senior loan), interest rate subsidy in other cases
- **5) Healthy Housing** – first or second loans of $500,000, 3% interest, 17-year term with 30-year amortization; second loans can be paired with CHFA senior financing or non-CHFA debt.
- **6) Capital Magnet Funds** – first or second loans of up to $750,000, 3% interest, 17-year term, 35-year amortization; second loans can be paired with CHFA senior debt or non-CHFA debt; up to 20% can be a grant if CHFA is the senior lender
financing solutions

- General Requirements
  - 10-year lockout
  - Non-recourse permanent loans
  - Minimum 1.15 debt service coverage ratio
  - Loans are sized to the lesser of 90% of value or total development cost
  - Loans in our portfolio are eligible to be refinanced up to 100% of cost, as long as the loan does not exceed 90% of value
financing solutions

- Mobile Home Park Financing
- Middle-Income Program
- Small Scale Housing Finance
Small housing innovation project (SHIP)

- How can CHFA facilitate the development, preservation, and management of smaller housing projects (under 20 units)?
  - Innovation framework – define problem, discovery phase, ideation, prototype, feedback, new program(s)
  - Identifying the need
    - Potential product ideas – acquisition financing, partnering with local lenders, perm loan, construction-to-perm loan, single family development construction loan
    - Continuum of Technical Assistance Network
Small housing innovation project (SHIP)

- Small-scale housing need isn’t just about financing. There is a need for technical assistance for projects to succeed as well.

**Finance Subgroup**
- **Direct Permanent Loans**
- **Multifamily Collateral Support**

**Technical Services Subgroup**
- **Online Tools**
- **Group Toolkits**
- **On-call Technical Assistance**
- **Small Grants for Soft Costs**
preservation examples

Morningside Heights – La Junta, CO

- 50-unit project built in 1973 with 1-, 2-, 3-, and 4-bedroom units
- 100% rent subsidized by Section 8 HAP contract
- 9% LIHTCs awarded in 2013
- $9.7 million total development cost
- $5.8 million in hard rehab costs ($116K per unit)
- CHFA provided a 30-year perm loan of $1,787,000 through the FHA Risk Share program
- Other sources included CDBG, CDOH, sponsor contribution, and LIHTC equity
preservation examples

Morningside Heights – La Junta, CO

Before Rehab
preservation examples

Morningside Heights – La Junta, CO

After Rehab
preservation examples

Casa Del Sol – Pueblo, CO

- 154-unit project built in 1970 with Studio, 1-, 2-, and 3-bedroom units
- 100% rent subsidized by Section 8 Mod Rehab HAP contract, going through a RAD2 conversion
- 4% LIHTCs awarded in 2019
- $22.7 million total development cost
- $8.1 million in hard rehab costs ($53K per unit)
preservation examples

Casa Del Sol – Pueblo, CO

- CHFA provided several layers of financing:
  - a 2-year uninsured construction loan of $15,530,000, converting to a 38-year $13,300,000 perm loan with Risk Share insurance at stabilization
  - $700,000 CMF 2nd Loan
  - $50,000 CMF Grant
- Other sources included CDOH, deferred developer fee, NOI from operations, and LIHTC equity
preservation examples

Casa Del Sol – Pueblo, CO

Before Rehab
preservation examples

Casa Del Sol – Pueblo, CO

During Rehab
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