

LEVERAGING STRUCTURAL ADVANTAGES

How CalHFA is Empowered by Statute and Mission to
Address Pressing Housing Issues

March 21, 2024





Capital Markets and the "Missing Middle"

- You heard this morning about CalHFA's decades of experience leveraging capital markets to finance low-income rental housing and homeownership
- As housing costs have increased, a gap has opened up in California between low-income rental support and first-time homebuyer assistance
- Households earning more than 60% AMI* but less than (roughly) 120% AMI are often left out – this is the "missing middle"
- CalHFA's Mixed-Income Program (MIP) has been helpful
- CalHFA's statutory mission and legal structure position it to offer a capital markets solution on top of MIP, providing additional support for this group

**Most federal and state programs for rental housing support top out at 60% AMI*

Financing Across Income-Ranges*

	Low Income	Moderate Income	Middle Income (multifamily)	Middle Income (1st Time Homebuyer)	100% Market Rate
Housing Type	Rental	Rental	Rental	Homeownership	All
Bond Type	Volume Cap (multifamily)	501c3	Governmental (aka essential function)	Volume Cap (single-family)	Conventional Mortgage Debt
Other Sources and Support	LIHTC	MIP	Public Equity	Down-Payment Assistance	Private Equity
Capital Markets	Sometimes	YES	YES	YES	Yes
CalHFA Role	Yes (largely conduit)	YES	YES	YES	No

**This is significantly over-simplified. For example, LIHTC equity can be used to some extent in connection with moderate income rental housing.*



CalHFA Structural Advantages

- Statewide mandate and jurisdiction
 - Capital markets place high value on standardization and streamlining
 - Attractive to private capital from both investor and developer sides
- Balance sheet and rating
- Ability to contribute "public equity"
 - Actual cash equity or contributions in other forms (e.g. subordinate debt)
 - "Patient capital" from CalHFA can be combined with private investor funding
 - Independently or in concert with cities, counties, school districts, DGS (land)
- Access to federal resources (FHLB, FHA)