



CalHFA Multifamily Bond Recycling Program

Local Issuer Partnership Initiative

CITY AND COUNTY OF
SAN FRANCISCO

September 29, 2021

MAYOR LONDON N. BREED

Purpose of the Resolution

- 1) Authorize MOHCD on behalf of the City to enter into a memorandum of understanding with the California Housing Finance Agency, CalHFA, to participate in CalHFA's private activity bond volume cap recycling program; and
- 2) Authorize certain amendments to legal documents related to the City's bonds and notes in order to facilitate bond recycling.



Executive Summary

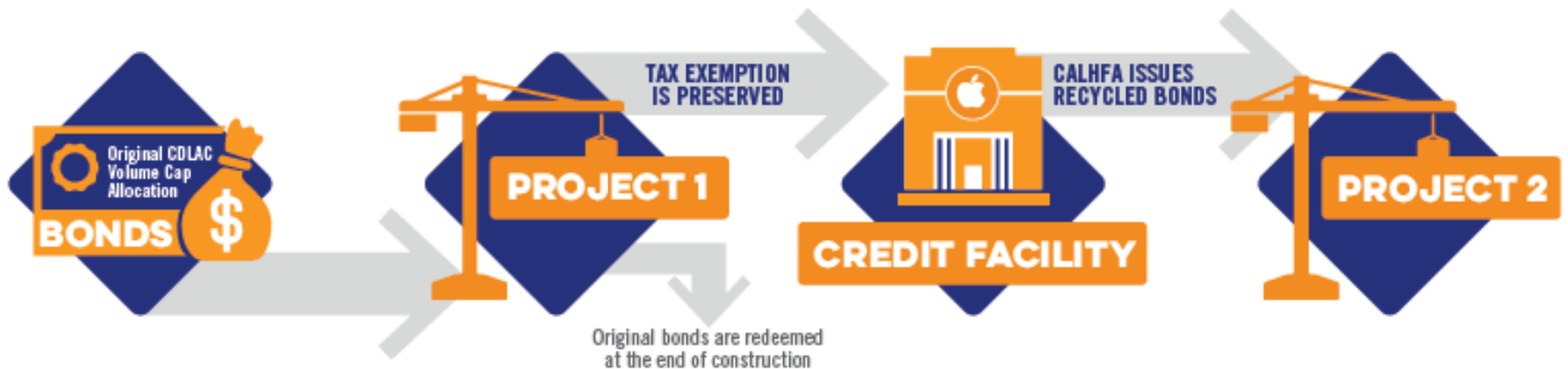
The CalHFA Multifamily Bond Recycling Program provides a new source of tax-exempt debt for multifamily financing, outside of California's private activity bond volume cap. CalHFA approached MOHCD and other issuers last summer to participate in its Program - Local Issuer Partnership Initiative, designed to relieve pressure on the State's demand for volume cap and increase housing in California. **As part of the Program, MOHCD will make available the tax-exemption of our conduit bonds that's already been issued and would otherwise expire at a project's permanent conversion, to be preserved, recycled, and later deployed to a new eligible multifamily housing project.**





MULTIFAMILY BOND RECYCLING

An innovative new housing finance tool for California



HOW IT WORKS

The credit facility (Apple) is the key to bond recycling. Instead of bonds being retired after financing a single project, the credit facility pays off the construction loan to preserve those bonds. This allows us to “warehouse” the recycled volume until CalHFA can close on a new project that will deploy the new bonds. Thus, recycled bonds are made available to help finance more affordable housing.

Why should MOHCD participate?

- Contribute MOHCD's volume cap towards supporting statewide projects
- Build rapport with California Debt Limit Allocation Committee (CDLAC) & CalHFA
- Potentially collect issuance fee on recycled bonds
- Not much risk for us to participate
- Alternative source of tax-exempt debt for MOHCD pipeline



Next Steps

- Approve the resolution
- Upon the Committee and Board approvals, MOHCD staff will enter into the bond recycling MOU with CalHFA and work with CalHFA and project teams to amend certain bond documents to allow bond recycling as early as December.



Questions & Comments

