
Affordable Housing Fund Guideline

2026

Comprised of a Capital Magnet Fund award and CHFA's matching funds - This funding is available to developments that meet specific criteria as outlined below and that have a need of \$1 million or less.

Eligible Developments by Location	<ul style="list-style-type: none"> • Properties that are located in an area of economic distress • Confirm location eligibility by address using the CMF CIMS mapping tool • Location is determined using FY2024 data
Unit Production in Eligible Developments	<ul style="list-style-type: none"> • Must target Extremely Low-, Very Low- and Low-Income households • <u>Minimum</u> unit production at project level for Low-Income (inclusive of ELI) Families: 20% of the total units <p>Extremely-Low Income (ELI) = 0 – 30% AMI Very-Low Income (VLI) = >30% – ≤60% AMI Low-Income = >60% – 80% AMI</p>
Interest Rate	<ul style="list-style-type: none"> • 0-3% at CHFA's determination
Term and Amortization / Length of Affordability	<ul style="list-style-type: none"> • Fully amortizing with terms of 30 to 40 years with periods of affordability coterminous with CHFA debt
Security/Lien Position	<ul style="list-style-type: none"> • First Lien or cash flow mortgages • CHFA must serve as the senior lien lender when there is a cash flow mortgage funded by CHFA
CMF Leverage Requirement	<ul style="list-style-type: none"> • Must meet or exceed <u>Minimum Private Leverage Cost Multiplier</u> of 10 to 1 (Private funding sources to CMF award to a development based on CHFA determination) • Private leverage includes funds received from private entities that are not a unit of federal, state, or local government. Examples include taxable bonds, LIHTC equity, other equity investments, lines of credit, loans or other investments from private sources, such as banks, private investors or philanthropic entities that are made to the Recipient or Projects. Note that DOH or other state funding or housing authority funding is not private leverage.
Loan to Value / Loan Fees / Disbursements and Closing Costs	<ul style="list-style-type: none"> • Per standard underwriting, see Multifamily Rental Housing Program Guideline

The United States Treasury Community Development Financial Institution's Capital Magnet Fund (CMF) provides grants to eligible organizations to generate additional investment in affordable housing and economic development. CHFA applied for a CMF grant in July 2020 and again in 2024 to create and replenish an Affordable Housing Fund to address the housing needs of extremely low- to moderate-income persons, particularly for households earning less than 50% Area Median Income (AMI) and those experiencing homelessness. In December 2024, CHFA was awarded a CMF grant of \$2 million for that purpose. CHFA committed to match the CMF award with its own Opportunity Funds, and is making available a total of \$4 million to eligible affordable multifamily rental housing developments statewide.

Each CMF Award must result in Eligible Project Costs (CMF award dollars plus leveraged costs) in an amount that equals at least 10 times the amount of the CMF award. For example, an award of \$.5 million should generate at least \$5 million in Eligible Project Costs.

Sources of capital leveraged by the CMF award may be loans from banks, program-related investments from foundations, Low-Income Housing Tax Credits (LIHTCs) equity investment, funds contributed by the Recipient, or any number of other private sources. Note that only private sources may contribute to the leveraging requirement for purposes of the Affordable Housing Fund award. State agency funding, including financial assistance from the Department of Housing (DOH) and the Department of Economic and Community Development (DECD), federal agency contributions including those from the United States Department of Housing and Urban Development (HUD), local housing authorities, and Community Development Financial Institutions (CDFIs) are considered public. While public sources may contribute to an eligible project's resources, public sources will not count towards the minimum project leverage.

An award from the Affordable Housing Fund will be sourced with equal amounts of CMF and CHFA funds. Therefore, an Affordable Housing Fund award of \$1 million will contain \$500,000 CMF. The \$500,000 CHFA component will count towards the leverage requirement.

Example:

		Counts towards leverage requirement?	Private Leverage Calculated
Affordable Housing Fund Award:	\$1,000,000		
CMF	\$ 500,000		
CHFA	\$ 500,000	Yes	
4% LIHTC	\$ 4,773,182	Yes	
HUD	\$ 8,424,346	No	
Private Sources for Leverage	\$ 5,273,182	5,273,182/500,000=	10.55

How to Apply:

If development is already in process and there is a funding gap, the applicant shall make a request to the assigned CHFA underwriter.

If development is new, the CMF may be considered as a component of the proposed capital stack and included in the DOH and CHFA Consolidated Application (ConApp).

Eligible Project Costs:

Eligible Project Costs are calculated for each Project at award and verified at project completion. Eligible Project Costs may be incurred during multiple phases of development of the same Project but in no event exceed the total development cost of the Project, as outlined below. Eligible Project Costs include:

* Development hard costs. The actual cost of constructing or rehabilitating the development. These costs include but are not limited to: the costs to make utility connections; the costs for environmental remediation; the costs to make improvements to the project site that are in keeping with improvements of surrounding, standard projects and site improvements, which may include on- or off-site roads and utilities necessary to the development of the project. A development project consists of one or more buildings or structures on the same site (or on scattered sites if developed together) that are considered one property under the same ownership.

* Financing Costs. Fees and costs associated with a loan including, but not limited to, origination fees, service fees, recordation fees, title search and other costs relating to the making of loans.

* Acquisition costs. Costs of acquiring improved or unimproved real property, including the mortgage amount loaned to homebuyers.

* Related soft costs. Other reasonable and necessary costs incurred by the project sponsor or developer

- (1) Architectural, engineering, or related professional services, including but not limited to services to prepare plans, drawings, specifications, or work write-ups.
- (2) Building permits, attorneys' fees, private appraisal fees and fees for an independent cost estimate, builders or developer's fees.

- (3) Costs of a project audit, including certification of costs performed by a certified public accountant, that the Participating Jurisdiction may require with respect to the development of the project.
- (4) Costs to provide information services such as affirmative marketing and fair housing information to prospective tenants.
- (5) For new construction or rehabilitation, the cost of funding an initial operating deficit reserve, limited to a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed eighteen (18) months) and which may only be used to pay project operating expenses, and scheduled payments to a replacement reserve, and debt service.
- (6) Costs for the payment of impact fees that are charged for all projects within a jurisdiction.
- (7) Costs of environmental review and release of funds in accordance with 12 C.F.R. Part 1815 that are directly related to the project.

* Relocation costs. The cost of relocation payments and other relocation assistance to persons and businesses displaced by the project, including:

- (1) Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons.
- (2) Other relocation assistance means staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the project, including timely written notices to occupants, referrals to comparable and suitable replacement property, property inspections, counseling, and other assistance necessary to minimize hardship.

Reporting Requirements:

CHFA's Asset Management team may require additional information to be reported quarterly and/or annually so that it may achieve its overall reporting obligations to the United States Treasury, Community Development Financial Institution for its Capital Magnet Fund award.