chfa hof program

CHFA Housing Opportunity Fund



The CHFA HOF program provides up to $1 million in flexible gap financing, which can be paired with any of CHFA's senior debt programs as secondary financing, used as a first mortgage loan, or as an interest rate subsidy. CHFA's internal resources allow us to offer this flexibility to help you get your deal done efficiently and affordably.

Mission-driven.
Community-focused.
Trusted partner.

Eligible Projects	Acquisition, new construction, and substantial rehabilitation
Program Benefits	Flexible debt: Use as first mortgage, second mortgage w/CHFA as senior lender, or interest rate subsidy Rate lock: Standard 24 months during construction (extension available) 60-90 days from receipt of complete application to loan commitment Pair with any of CHFA's senior loan programs to leverage more debt to a project
CHFA-specific Benefits	Lower interest rate for second mortgage w/CHFA as senior lender Streamlined underwriting if used in conjunction with other CHFA debt Solutions-oriented underwriting team In-house Construction Services team if first loan
Loan Limits	Up to $1 million Lesser of 90% LTV or development costs Debt Service Coverage: 1.15 (first loan) or 1.05 minimum (combined with all must-pay debt) Amount supportable by the project's stabilized net operating income
Loan Terms	30 years; Fully amortizing Prepayment lockout: 10 years
Interest Rates and Fees	First Mortgage: Competitive fixed Second Mortgage: 3% with CHFA as senior lender Rate Lock: Standard 24 months during construction (extension available) Loan Origination Fee: 1% Lock Fee: 2% for 24 months LOI/Application Fee: $2,000 Additional Fees: Third-party costs
Conditions Include	AMI Restrictions: 20% at 50% AMI or 40% at 60% AMI Must conform with CHFA Credit Policy, including operating and replacement reserve requirements

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CHFA Housing Opportunity Fund FAQs

What is the purpose of the Housing Opportunity Fund (HOF) program and how is it funded?

The HOF is a funded from CHFA's internal resources. As a result, HOF is a flexible source that can be used for a variety of project financing needs.

Is the debt must-pay "hard debt," or is repayment cash flow dependent ("soft debt")?

The loan program requires must-pay, monthly principal and interest payments. As such, the project must demonstrate ability to repay the debt in addition to all senior loans.

How are the funds allocated?

Loans are normally funded at the time of conversion to permanent debt upon meeting all closing requirements.

How may it be paired with other CHFA programs or products?

The CHFA HOF can be used to finance small first mortgages, low-rate second mortgage behind CHFA senior debt to leverage additional loan proceeds, or as a subsidy to lower borrowing rates and costs on CHFA senior debt.

Does the loan product require CHFA be the senior permanent lender?

Yes, CHFA must be the senior lender.

Are non-LIHTC projects eligible?

Yes, because the intent of the program is to serve all affordable properties and especially projects with a smaller loan need.

Are projects able to use a loan term longer than 30 years to better align with other funding sources?

This may be possible but would need to be evaluated on a case-by-case basis.

Does CHFA have reserve requirements?

Yes, but only when the HOF program is used as a first mortgage or senior debt. If used as a secondary or tertiary debt, reserve requirements are not in place. CHFA requires an operating reserve sized to six months of underwritten operating expenses and debt service. Replacement Reserve deposits and tax/insurance escrows are required once the project converts to the permanent period. For new construction projects, the minimum Replacement Reserve deposit is $300 per unit per year for senior properties, $350 per unit per year for family properties, and $400 per unit per year for permanent supportive housing properties. For acquisition/rehab properties, the corresponding reserves minimums would be increased by $50 per unit per year.

This document is intended only to highlight certain CHFA program requirements. Loans are subject to other requirements including the CHFA Credit Policy and applicable operating and replacement reserve requirements.

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