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Century Housing's \$100M Bond Offering Sees Rapid Success.

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Last month, Century Housing announced a \$100 million bond offering to fund affordable housing in California, and the offering has already been an instant success. The offering is the first of its kind with a municipal bond and to be rated by Fitch and S&P. The offering was 12 times oversubscribed with more than \$1 billion in investor interest.

"The response exceeded our expectations," Alan Hoffman, SVP and CFO of Century Housing, tells GlobeSt.com. "In addition to middle market investors and CRA investors, we saw strong interest from social and green/environmental investors. Affordable housing, and notably projects that will ultimately be financed with low income housing tax credits, which is the majority of the projects we finance, incorporate significant energy and water saving features as well as pollution reduction aspects. The social impact of this housing is more important than ever, targeting the economic burden faced by so many that is a major contributor to the social inequalities plaguing our society." Century offered the opportunity because its business was growing, and it had the ability to finance more affordable units. "Century's book of financing for affordable housing throughout California is increasing," said Hoffman. "Century is seeing opportunities to finance experienced quality developers across the State. In addition to funding an increase in our lending portfolio, we will use a portion of the 2020 bonds to re-finance 2019 bonds that are maturing later this year."

The offering will provide up to \$100 million in ESG municipal CUSIP bonds, which will be federally taxable and state tax-exempt. The strong response shows increasing interest in affordable housing investment. Due to the market dislocation, that demand is set to increase. "We do believe we are seeing a connection between the economic and social impacts of the pandemic, and interest in our paper," says Hoffman. "Century believes that safe, quality affordable housing is at the foundation of the economic empowerment of low and moderate income communities. It is these communities that are most impacted by the economic disruption caused by the pandemic. Affordable housing is all that Century does, consequently an investment in Century is almost a pure play on affordable housing in our geography."

The offering has the potential to finance and refinancing nearly 2,000 affordable homes. "In the fourth quarter of this year Century is planning a retail note program to fund further growth in our affordable housing financing activities," says Hoffman. "Further bond offerings may be possible in 2021 and annually thereafter to finance existing bond maturities as well as further growth in our operations."

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