



REPORTS

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MEMORANDUM

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Board of Directors

Date: December 22, 1998



Ken Carlson, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**Subject: **1998 END-OF-YEAR BOND SALE SUMMARY**

Attached **are** tables showing CHFA bonds issued over the last five years and two more detailed summaries of our **1998** bond transactions. Note that our bond volume for the five-year period **has** been relatively constant year by year, with **1998** emerging as our busiest year ever in terms of dollar volume. For the five-year **period** we have been the nation's largest issuer of housing bonds with **our \$6.1** billion total, with the Virginia Housing Development Authority in **second** with approximately **\$4.4** billion (as of 9/30/98).

As shown in the more detailed tables for **1998**, we sold or remarketed over **\$1.37** billion of bonds **this** past year, including **\$1.2** billion for single family and **\$172** million for the multifamily program. Interest rates again generally declined throughout the year, with rates for our 30-year tax-exempt bond ranging from a high of **5.55%** to a low of **5.25%**. In comparison, rates for our **30-year** bond ranged from **5.6%** to **6.1%** during **1997**.

The table also shows that we sold **\$455.7** million of taxable bonds, up considerably from our **\$282.7** million of last year. Of **this** year's taxable amount, \$353 million was sold to expand **our** supply of **bond** proceeds for single family loans through **taxable/tax-exempt** blending. The other **\$102.7** million was issued to refund old high-interest rate **bonds**.

Of interest **also is** the **\$170** million of new variable rate **bonds** we issued to reduce our overall cost of **funds** in four of our eight transactions. Of **this** amount, **\$13.6** million was issued in tax-exempt form **to** provide funds for new multifamily loans, and **\$156.5** million of taxable **variable** rate **bonds** was issued for the single family program. Of **this** amount, \$90 million was **issued** to provide **funds** for new loans **and** \$66.5 million **to** refund old high-interest-rate **bonds**.

Our net increase in variable rate debt was only **\$74.5** million, given that, during **the** year, we **also** directed the redemption of **\$95.5** million of variable rate **bonds** to **be** refunded with fixed rate **bonds**. Thus, **as** of February 1 we expect that our total variable rate debt exposure will **be** **\$280** million, approximately **5%** of our entire indebtedness. **Of** **this** amount, **\$75.5** million is directly backed by complementary variable rate loan **assets**.

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In order to better manage the risks attendant **to** our use of variable rate debt, we are about to interview a number of qualified advisory firms who have responded to our Request for Qualifications to assist **us** in procuring financial products such as interest rate swaps or caps. Several of our bond underwriters offer these products, **and** we believe **we need** some disinterested **and** expert assistance in taking advantage of **this** market.

We **are** pleased to report that we are continuing to **use** private activity **bond** allocation in our single family program more **efficiently** each year. For our **six** single family transactions in **1998** we achieved a leveraging ratio greater **than 3.3 to 1**. In other words, when combined with tax-exempt replacement refundings **and** with taxable bonds, for every \$100 of million of allocation we used during the year we made over **\$330** million available **for** lending. In contrast, in **1997** we achieved a leveraging ratio of **2.34** and in **1996** a ratio of **1.95**.

Attachments

CALIFORNIA HOUSING FINANCE AGENCY
 FIVE-YEAR SUMMARY
 BOND ISSUES FROM 1994 TO 1998

22-DEC-1998

YEAR	PROGRAM	PRIVATE ACTIVXTY BOND ALLOCATION RECEIVED	BONDS SOLD OR REMARKETED			END OF YEAR BONDS OUTSTANDING •
			TAX-EXEMPT	TAXABLE	TOTAL	
1994	Single Family	\$161,052,400	\$1,211,225,000	\$0	\$1,211,225,000	\$2,785,542,853
	Multifamily	0	\$137,430,000	0	\$137,430,000	\$627,885,050
	SUBTOTAL	\$161,052,400	\$1,348,655,000	\$0	\$1,348,655,000	\$3,413,427,903
1995	Single Family	\$475,000,000	\$786,350,000	\$108,310,000	\$894,660,000	\$3,351,462,895
	Multifamily	0	\$61,400,000	\$25,355,000	\$86,755,000	\$663,856,292
	SUBTOTAL	\$475,000,000	\$847,750,000	\$133,665,000	\$981,415,000	\$4,015,319,187
1996	Single Family	\$408,800,000	\$998,040,000	\$142,740,000	\$1,140,780,000	\$3,921,244,136
	Multifamily	\$37,200,000	\$54,120,000	0	\$54,120,000	\$683,680,000
	SUBTOTAL	\$446,000,000	\$1,052,160,000	\$142,740,000	\$1,194,900,000	\$4,604,924,136
1997	Single Family	\$317,512,970	\$784,355,000	\$282,700,000	\$1,056,055,000	\$4,424,670,461
	Multifamily	\$147,575,000	\$147,575,000	0	\$147,575,000	\$815,770,000
	SUBTOTAL	\$465,087,970	\$931,930,000	\$282,700,000	\$1,203,630,000	\$5,240,440,461
1998	Single Family	\$200,000,000	\$744,589,271	\$455,720,000	\$1,200,309,271	\$4,847,289,570
	Multifamily	\$56,060,000	\$172,425,000	0	\$172,425,000	\$854,250,000
	Undesignated	\$27,950,993				
	SUBTOTAL	\$284,010,993	\$917,014,271	\$455,720,000	\$1,372,734,271	\$5,701,539,570
5-YEAR TOTALS		\$1,831,151,363 =====	\$5,097,509,271 =====	\$1,014,825,000 =====	\$6,101,334,271 =====	

* Bonds outstanding as of December 1, 1998

CALIFORNIA HOUSING FINANCE AGENCY
1998 BOND SALE SUMMARY

	SINGLE FAMILY	MULTIFAMILY	TOTAL
Tax-Exempt Bonds			
Variable Rate	\$0	\$13,625,000	\$13,625,000
Short-Term	216,165,000	0	\$216,165,000
Long-Term	528,424,271	158,800,000	\$687,224,271
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SUBTOTALS	\$744,589,271	\$172,425,000	\$917,014,271
Taxable Bonds			
Variable Rate	\$156,500,000	\$0	\$156,500,000
Short-Term	0	0	\$0
Long-Term	299,200,000	0	\$299,200,000
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SUBTOTALS	\$455,700,000	\$0	\$455,700,000
TOTAL	\$1,200,289,271	\$172,425,000	\$1,372,714,271
	=====	=====	=====

CALIFORNIA HOUSING FINANCE AGENCY
BOND ISSUES CALENDAR YEAR 1998

12/21/90

SOLD OR REMARKETED	BOND INDENTURE AND SERIES	TAX-EXEMPT BONDS		TAKABLE BONDS		TOTAL
		\$ AMOUNT	RANGE OF RATES	\$ AMOUNT	RANGE OF RATES	\$ AMOUNT
1/29/98	Home Mortgage Revenue Bonds 1998 Series A 1998 Series B 1998 Series C (NOTE) 1998 Series D	\$9,545,000.00 58,605,000.00 21,455,000.00 -0-	5.05% 3.65% - 5.25% 3.55% N/A	-0- -0- -0- \$40,000,000.00	N/A N/A N/A 5.90% - 6.83%	\$9,545,000.00 58,605,000.00 21,455,000.00 40,000,000.00
	SUBTOTAL	\$89,605,000.00		\$40,000,000.00		\$129,605,000.00
2/19/98	Home Mortgage Revenue Bonds 1998 Series E (COB)	\$127,000,000.00	3.55%	-0-	N/A	\$127,000,000.00
3/31/98	single Family Mortgage Bonds II 1997 Series B-3 (Remarketing) 1997 Series B-4 1998 Series A 1998 Series B (COB)	\$36,540,000.00 -0- 15,220,000.00 39,765,000.00	4.50% - 5.40% N/A 3.75% - 5.40% 3.60	-0- \$36,540,000.00 -0-	N/A 6.11% - 6.97% N/A N/A	\$36,540,000.00 36,540,000.00 15,220,000.00 39,765,000.00
	SUBTOTAL	\$91,525,000.00		\$36,540,000.00		\$128,065,000.00
6/11/98	Home Mortgage Revenue Bonds 1996 Series J-1 (Remarketing) 1998 Series F 1998 Series G 1998 Series H	\$34,000,000.00 85,415,000.00 29,089,270.96 -0-	4.75% - 5.55% 4.45% - 5.20% 6.24% - 7.26% N/A	-0- -0- -0- \$51,500,000.00	N/A N/A N/A 5.375% - 6.25%	\$34,000,000.00 85,415,000.00 29,089,270.96 51,500,000.00
	SUBTOTAL	\$148,504,270.96		\$51,500,000.00		\$200,004,270.96
7/30/98	Home Mortgage Revenue Bonds 1996 Series J-2 (Remarketing) 1998 Series I 1998 Series J 1998 Series K 1998 Series L 1998 Series M (variable)	\$23,725,000.00 8,075,000.00 58,200,000.00 27,945,000.00 -0- -0-	4.55% - 5.40% 5.20% 3.95% - 5.40% 3.65% N/A N/A	-0- -0- -0- -0- 72,690,000.00 \$100,000,000.00	N/A N/A N/A N/A 6.07% - 6.12% 4.90% - 5.62%	\$23,725,000.00 8,075,000.00 58,200,000.00 27,945,000.00 72,690,000.00 100,000,000.00
	SUBTOTAL	\$117,945,000.00		\$172,690,000.00		\$290,635,000.00
10/15/98	Home Mortgage Revenue Bonds 1998 Series E-1 (Remarketing) 1998 Series N 1998 Series O 1998 Series P (variable)	\$20,010,000.00 70,000,000.00 -0- -0-	4.95% - 5.25% 3.60% - 5.25% N/A N/A	-0- -0- \$48,490,000.00 36,500,000.00	N/A N/A 5.57% 4.96% - 5.38%	\$20,010,000.00 70,000,000.00 48,490,000.00 36,500,000.00
	SUBTOTAL	\$90,010,000.00		\$84,990,000.00		\$175,000,000.00

Single Family Bonds (continued)

12/9/98	Home Mortgage Revenue Bonds					
	1998 Series E-2 (Remarketing)	\$40,000,000.00		-0-	N/A	\$40,000,000.00
	1998 Series Q	10,000,000.00		-0-	N/A	10,000,000.00
	1998 Series R	30,000,000.00		-0-	N/A	30,000,000.00
	1998 Series S	-0-	N/A	50,000,000.00	5.66%	50,000,000.00
	1998 Series T (variable)	-0-	N/A	20,000,000.00	4.75% - 5.50%	20,000,000.00
	SUBTOTAL	\$80,000,000.00		\$70,000,000.00		\$150,000,000.00
	SINGLE FAMILY TOTALS	\$744,589,270.96		\$455,720,000.00		\$1,200,309,270.96

Multifamily Bonds

2/23/98 5/7/91) 5/7/98	Multifamily Housing Revenue Bonds III					
	1998 Series A	\$42,435,000.00	3.85%-5.50%	-0-	N/A	\$42,435,000.00
	1998 Series B	98,750,000.00	3.60%-5.50%	-0-	N/A	98,750,000.00
	1998 Series C	17,615,000.00	3.45%-5.30%	-0-	N/A	17,615,000.00
	SUBTOTAL	\$158,800,000.00		MO		\$158,800,000.00
10/8/98	Multifamily Housing Revenue Bonds III					
	1998 Series D (variable)	\$13,625,000.00	2.10% - 3.20%	-0-	N/A	\$13,625,000.00
	MULTIFAMILY TOTALS	\$172,425,000.00		\$0.00		\$172,425,000.00
	GRAND TOTALS	\$917,014,270.96 =====		\$455,720,000.00 =====		\$1,372,734,270.96 =====