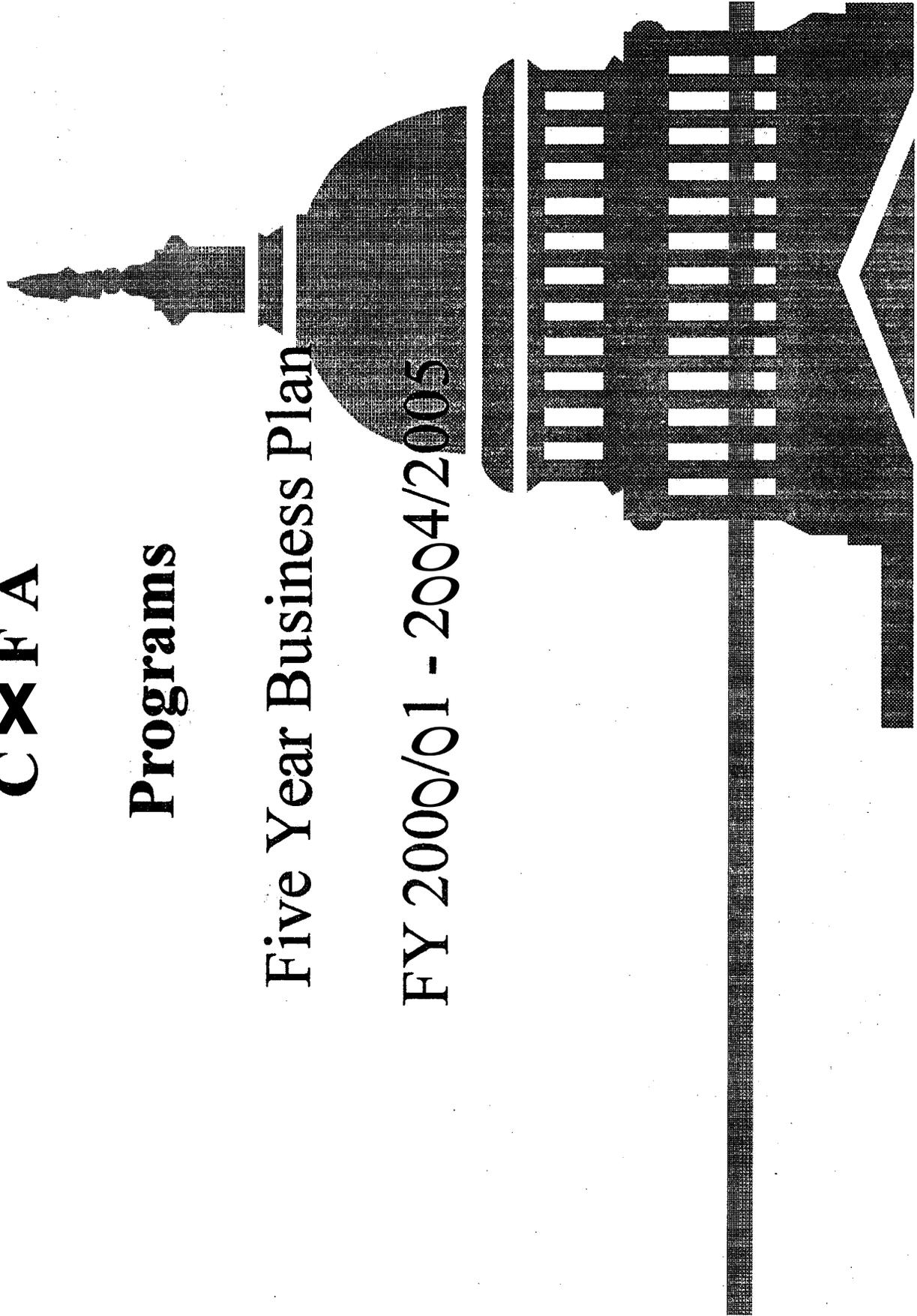


CXFA

Programs

Five Year Business Plan

FY 2000/01 - 2004/2005



Multi Family

2000/01 2001/02 2002/03 2003/04 2004/05

Retail Loans	\$200M	\$200M	\$200M	\$200M	\$200M
HAT Loans	\$20M	\$20M	\$20M	\$20M	\$20M
Wholesale	\$567M				
Total	\$787M	\$220M	\$220M	\$220M	\$220M

Multi Family 199912000

	Goal	Commitments	Proj	Units
New Construction	\$70,000,000	\$13,500,000	2	315
Preservation				
Interim	\$20,000,000	\$24,861,765		
Permanent		\$114,457,246	8	1,430
Rehab	\$30,000,000	\$1,500,000	1	47
Special Needs	\$6,000,000	\$773,500	1	24
	\$126,000,000	\$155,092,511	12	1,816

Multi Family

■ Strategies

- Provide lowest practical long-term, fixed rate mortgage;
- Provide interim and long term financing for at-risk projects;
- Bridge loan financing to qualify for 4% tax credits;
- Maintain Special Needs financing;
- Develop wholesale lending opportunities.

Multi Family

- **RETAIL:** Direct lending to for-profit, non-profit and government agencies.
- **WHOLESALE:** Provide secondary market support.
- **HAT (Housing Assistance Trust):** Loan funds used to support the primary lending objectives.

Multi Family

MISSION

Make rental housing opportunities available for very low, low and moderate income individuals and families.

OBJECTIVES

- Maximize public purpose benefit;
- Increase affordable housing stock;
- Facilitate the preservation of affordable rental housing;
- Address unmet needs.

Contract Assistance (CAP)

□ School Fee Rebate Program (\$160M)

	Jan99	1999100	2000101	2001/02	Dec2002
	\$20M	\$40M	\$40M	\$40M	\$20M
SF	\$13.5M	\$27M	\$27M	\$27M	\$13M
MF	\$6.5M	\$12M	\$12M	\$12M	\$6.5M

HAT Programs

■ 2000101 2001/02 2002103 2003/04 2004105

HELP \$20 M \$20 M \$20 M \$20 M \$20 M

SBD \$2 M \$2 M \$2 M \$2 M \$2 M

Total \$22 M \$22 M \$22 M \$22 M \$22 M

SINGLE FAMILY

■ MISSION

To make financing opportunities available to very low, low and moderate income first-time homebuyers.

□ OBJECTIVES

Provide first-time homebuyers with supportive mortgage financing ;

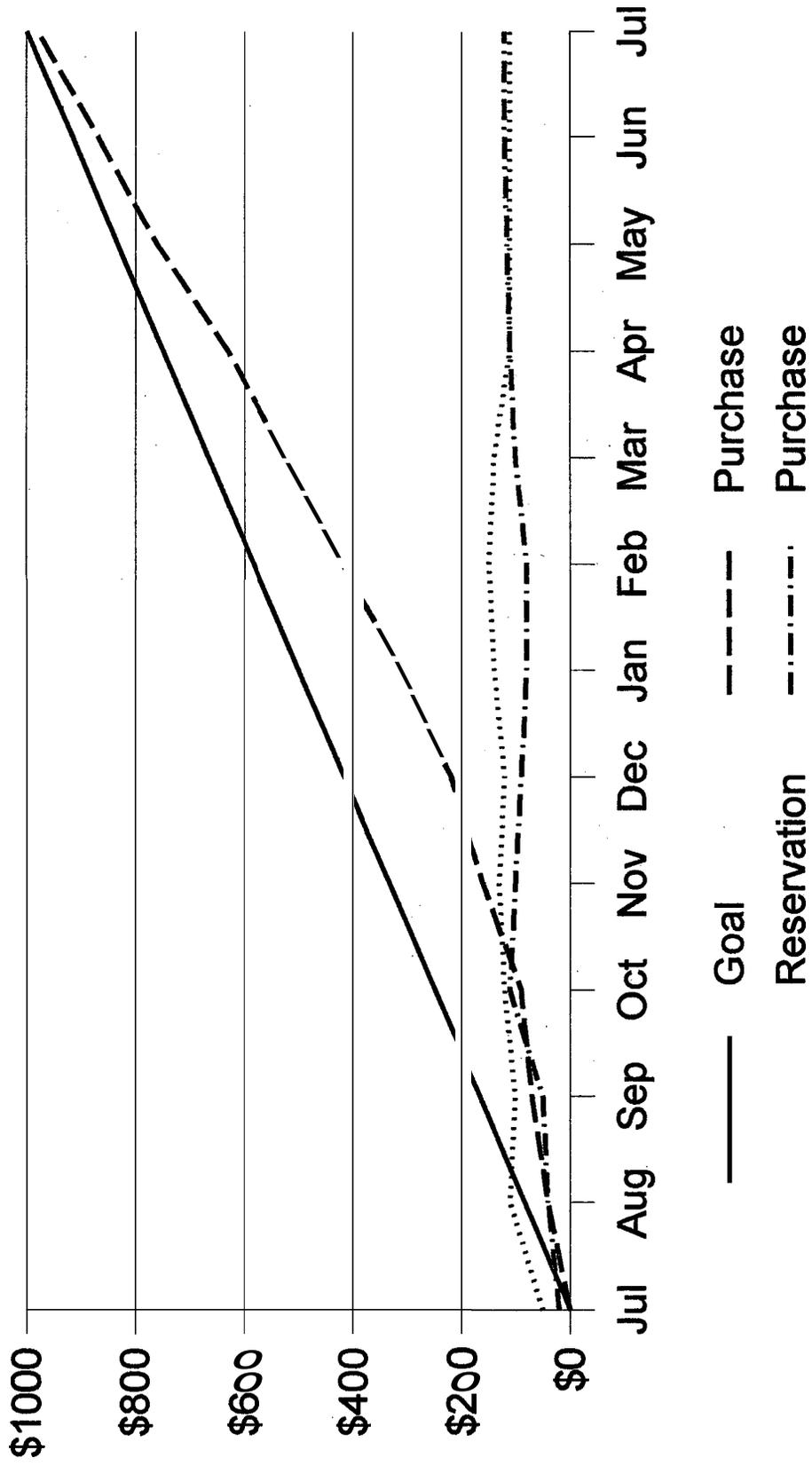
- Equitable distribution of loans throughout the state and between new construction and resale.

SINGLE FAMILY

■ STRATEGIES

- Provide long term, fixed rate, below market first mortgage;
- Provide tiered rate structure for low and moderate income;
- Assist very low and low income with supportive programs;
- Maintain statewide lender network with financing available year-round.

1999/2000 SF Business Plan



Single Family Loan Purchase

2000/01 2001/02 2002/03 2003/04 2004/05

SF Loans	\$1,000M	\$1,000M	\$1,000M	\$1,000M	\$1,000M
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HAT (Housing Assistance Trust)

Mortgage Assistance	\$15M	\$12.5M	\$7.5M	\$7.5M	\$7.5M
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Self Help	\$2M	\$2M	\$ 2M	\$2M	\$2M
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Total	\$1,017M	\$1,014.5M	\$1,009.5M	\$1,009.5M	\$1,009.5M
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CHFA Interest Rates

■ 05-11-2000

Standard AHPP

Statewide

Moderate

8.25%

N/A

Low Income

7.5%

7.25%

Hi Cost

Moderate

8.0 %

N/A

Low Income

7.25%

7.0%



GOVERNOR GRAY DAVIS

April 19, 2000

The Honorable Bill Clinton
The White House
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

Dear President Clinton:

I know how committed you are to enabling as many families as possible to realize the American *dream* of homeownership, and I applaud your efforts on this front. I last wrote you on the subject of federal assistance for affordable housing in December of 1998, shortly after my election as Governor of the State of California, urging you to support a full, immediate increase in the tax exempt private activity Bond cap for housing, industrial development, exempt facilities and student loans and in the Low Income Housing Tax Credit.

I wish to warmly *thank* you for including an increase in the volume cap on the Low Income Housing Tax Credit in your fiscal year 2001 budget and to offer my eager assistance in ensuring that this provision be enacted. In addition, I again ask for your support for the implementation of a full and immediate cap increase for tax exempt Bonds benefiting housing now being considered in Congress.

When I wrote to you in 1998, 11 of the 25 least affordable housing metropolitan areas in the country were located within California; recent data indicates that California now has 15 out of the 25. While the national rate of homeownership is rising in the country, California's homeownership rate has declined from 47th nationally to 49th. Only 32% of Californians can now afford to own their own homes. Further, despite our booming economy, too many working families in California are finding it nearly impossible to secure safe and affordable rental housing.

Recognizing that housing plays a critical role in maintaining California's vibrant economy, and that sustaining its health will take many partners, I have proposed state general funds for the first time in over a decade in both the budgets I have proposed as Governor. Beginning in 1999-2000, the State now approves annual funding

The Honorable Bill Clinton
April 18, 2000
Page two

commitments for the **creation and preservation** of **affordable rental housing, farmworker housing, self-help housing and housing for families moving from welfare to work.** In addition, I have **signed** into law **legislation** to make **permanent** the **State's Tax Credit Program** and **increase** the **annual commitment** from **\$35 million to \$50 million.** The success of these **programs** is based **in their ability to leverage private capital, federal and local funds.** All **are necessary** to make **affordable housing projects in California** a reality.

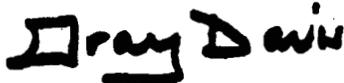
Our state efforts need to be **partnered with federal help** in addressing our **state's critical housing needs.** The restoration of the **current state-by-state Bond cap from \$50 per capita to \$75 per capita (indexed to inflation), and as included in your budget,** the restoration of the **current state-by-state Housing Credit from \$1.25 to \$1.75 per capita** will begin to provide that **help.**

California allocates over **80%** of its **tax-exempt private activity Bonds** for housing. If the **volume cap increases** were **effective** in the **2001 fiscal year,** **7,500 additional units of affordable rental housing** could be made available, and **4,000 additional families** could become **first-time homebuyers.** The **Low-Income Housing Tax Credit increase** would add an **additional 2,400 rental units** to **California's affordable housing stock.**

Through the **National Governors' Association,** my fellow **governors from around the country** have **joined over 83%** of the **members of Congress** in **advocating full Bond and Housing Tax Credit restorations** through **pending legislation.** Action for these increases **most likely will not occur** in **separate legislation,** but rather be a **part of a larger tax package.** Your **support and leadership** in **securing their inclusion** in **any tax package** that comes before you **would ensure** the **creation of additional affordable housing resources** that are so **desperately needed in California.**

Thank you, again, for your efforts and commitment **in providing affordable housing opportunities for Californians.**

Sincerely,



GRAY DAVIS

MEMORANDUM U,

To: Theresa A. Parker
Executive Director

Date: May 10, 2000

From: David N. Beaver *dnb*
General Counsel
CALIFORNIA HOUSING FINANCE AGENCY

Subject: CHFA Authority to Land Bank and Liability Insure

As you know, at the March CHFA Board meeting, questions were asked by Bob Klein and Patricia Neal regarding our programmatic authority. Following are those questions and my responses based on a review of CHFA's enabling statutes and discussions with Bond Counsel, **Stan Dirks**.

1. Question: Does CHFA have authority to do land banking? (Mr. Klein)

Answer: By "land banking" I assume Mr. Klein means purchasing land to control it, either on a temporary or longer term basis, to make it available for eventual development into affordable housing. Land banking is not expressly authorized by CHFA's enabling statutes so CHFA's authority to do so is not free from doubt. By liberally interpreting those enabling statutes to effectuate CHFA's primary purpose of promoting affordable housing opportunities for low and moderate income households, it is reasonable to conclude that CHFA does have authority to land bank as a step in a process whereby it reasonably expects to ultimately provide financing for a housing development or residential structures on that land.

Although CHFA may have authority to land bank in this manner, CHFA bond counsel does not believe that its authority to use bond proceeds for this purpose is sufficiently clear. He is, therefore, unwilling to give an opinion that bond proceeds may be used for these purposes. If CHFA is interested in getting actively involved with land banking, I would recommend that we seek legislation to at least clarify these matters. There may be other state agencies which also have authority to do land banking such as HCD, but I need to discuss this further with their Chief Counsel, Rich Friedman. It looks like the California Infrastructure and Economic Development Bank would not have authority to do land banking for housing purposes.

2. Question: Does CHFA have authority to assist small business developers obtain liability insurance to cover the construction activities? (Ms. Neal)

Answer: CHFA does not have authority to become a liability insurer. If the insurance is available to the small business developer but the problem is cost, CHFA would probably have authority to subsidize the cost of the insurance if it was part of the process of ultimately providing financing for the development of housing developments or residential structures.