

Section 8 Loan Portfolio Financing Guidelines

Portfolio Goals

- **Preserve and extend project affordability up to 50 years from the date of the new financing**
- **Recapitalize the projects through increased debt and project reserves**
- **Approve ownership transfers to motivated and experienced affordable housing sponsors**
 - **Actively seek the involvement of local non-profits as part of the ownership structure**

Portfolio Goals

- Allow reasonable net sales proceeds to sellers subject to appraised values and other valuations for similar types of projects
- Obtain approval from **HUD** for portfolio and individual project financings
- Mitigate reduced loan income through prepayment fees, loan pricing, residual receipt loans

Loan Financing Guidelines

- Finance the projects with new 30 year primary loans underwritten to 50% and 60% AMI level, or as determined by the other program restrictions
- Offer a second loan ("B" piece) underwritten to the **HAP** contract increment for the remaining term of the original contract
- Regulate the projects for 50 years, 50% and 60% AMI levels after the primary loan matures

Loan Financing Guidelines

- Establish a multi-use reserve for operating shortfalls, transition or general project purposes
 - Reserve is intended to extend past the payoff of the new loan
- Accept reduced yield, up to \$10K net present value per unit for projects in high cost areas
- Employ prudent underwriting where the HAP contract exceeds comparable rents
 - Require a transition reserve, conservative escalators, discounted underwriting rents

Mis-Matched Portfolio Loans

- Refinance loans at the current preservation program rates and terms
- Proactively encourage the renewal of HAP contracts
 - Seek contract increases under "Market-up-to-Market"
- Insure under FHA Risk Share
- Utilize FAF or earned surplus funds to facilitate 501(c)(3) financing

CHFA Board of Directors Presentation for

2002 Communications Campaign

September 12, 2002



Public Relations Objectives

- Create a stronger, more cohesive brand identity for CHFA.
- Define CHFA's role in the complex housing industry.
- Establish regular communication to educate target audiences on a variety of issues.

Overview of Recommendations

(Based on Research Findings)

Key message development/consistency.

- a Outreach to key target groups.
- a Raise CHFA's media profile.
- Bolster on-line presence.
- Embark on an aggressive branding effort.

Where We Began

Aggressive Branding Effort:

- Create an updated, more refined look for the agency.
 - Re-branding of existing acronym
 - Tag line/Benefit statement
- Consistency of message/image across all divisions.
- Messages for individual programs support/strengthen identity of the agency as a whole.

Key Milestones

- Re-branding of acronym from CHFA to CalHFA.
- New logo and tag line/benefit statement tested and refined.
- Extensive materials/web audit complete.
- Development of new business package and collateral materials.

What's Next

- Collateral and business materials to be finalized in October.
 - Development of branding Q&A
- Campaign roll-out planned for November '02 to coincide with **Annual Report.**
- Trade show presence to become more targeted.
- **Earned media effort.**



Affordable Housing is our Business

State of California

CalHFA™ California Housing Finance Agency

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MEMORANDUM

To: CHFA Board of Directors

Date: 9-13-02

cc: Theresa Parker

Act

From: Tom Hughes, General Counsel
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Basis for Closed Session

Pursuant to California Government Code section 11126, I **am** required to provide the Board with a memo stating the specific reasons for the holding of a closed session meeting, and the legal basis for the meeting, within one week of the closed session. The closed session held at the September 12, 2002 Board meeting (agenda item 6), **was** held in order to permit the Board to confer with counsel, and to receive advice, concerning the pending litigation in CHFA v. Hanover California Management and Accounting Center Inc, Orange County Superior Court #02CC 10634. The legal basis for the closed session is Government Code section 11126(e)(1).