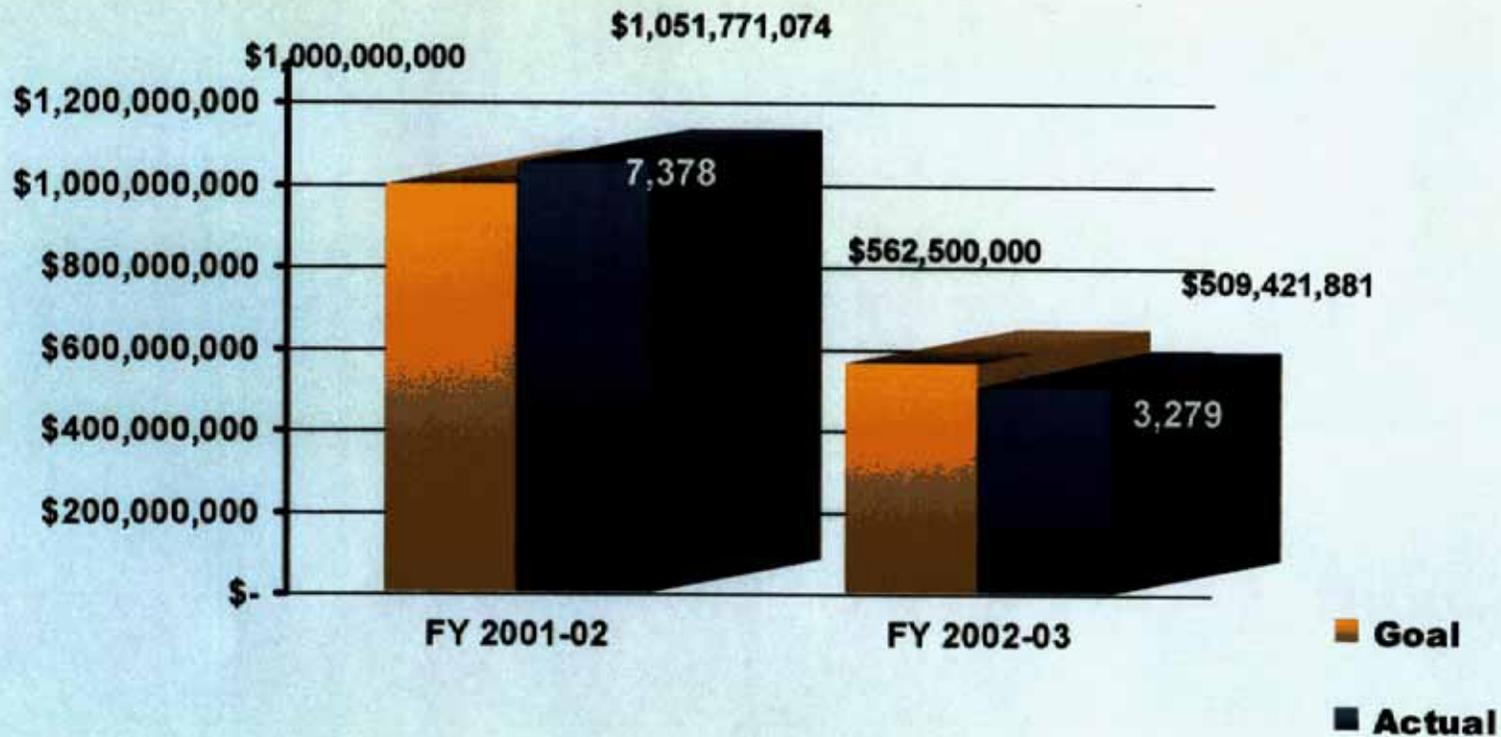


**Homeownership Programs  
CalHFA Mid-Year Business  
Plan Update  
Fiscal Year 2002-03**

# Accomplishments

## Homeownership Production

### By Fiscal Year



# Mid-Year Accomplishments

## First Mortgage Loan Programs (as of 12/31/02)

- Purchased 3,279 first mortgages for \$509,421,881 - an average of \$155,359
  - 1,141 new constructions loans (34.8%); 2,138 resale loans (65.2%)
- 1,591 loans (48.5%) were made in high-cost areas
- 1,286 loans (39.2%) were made to low-income households (HCD defined)

# CalHFA Second Loan Programs

- CHAP (100% Loan)
  - 2,315 second mortgage loans (\$11,304,452) –an average of \$4,883
  - 70.6% of all CalHFA mortgages have a CHAP second
- ECTP
  - 130 first mortgage loans (\$24,947,098)
    - 108 second mortgage loans (\$810,000)

# CalHFA Second Loan Programs

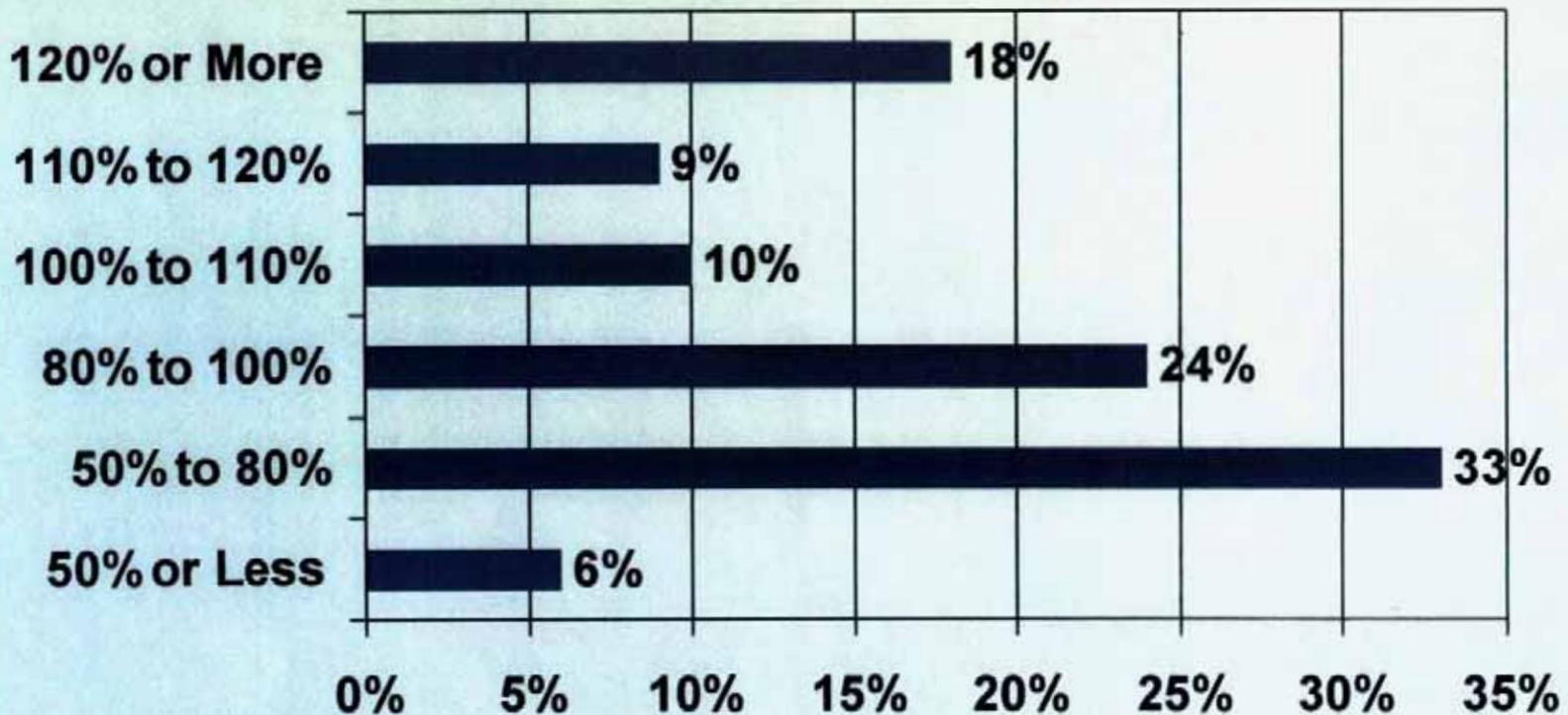
## (continued)

### ■ HiCAP

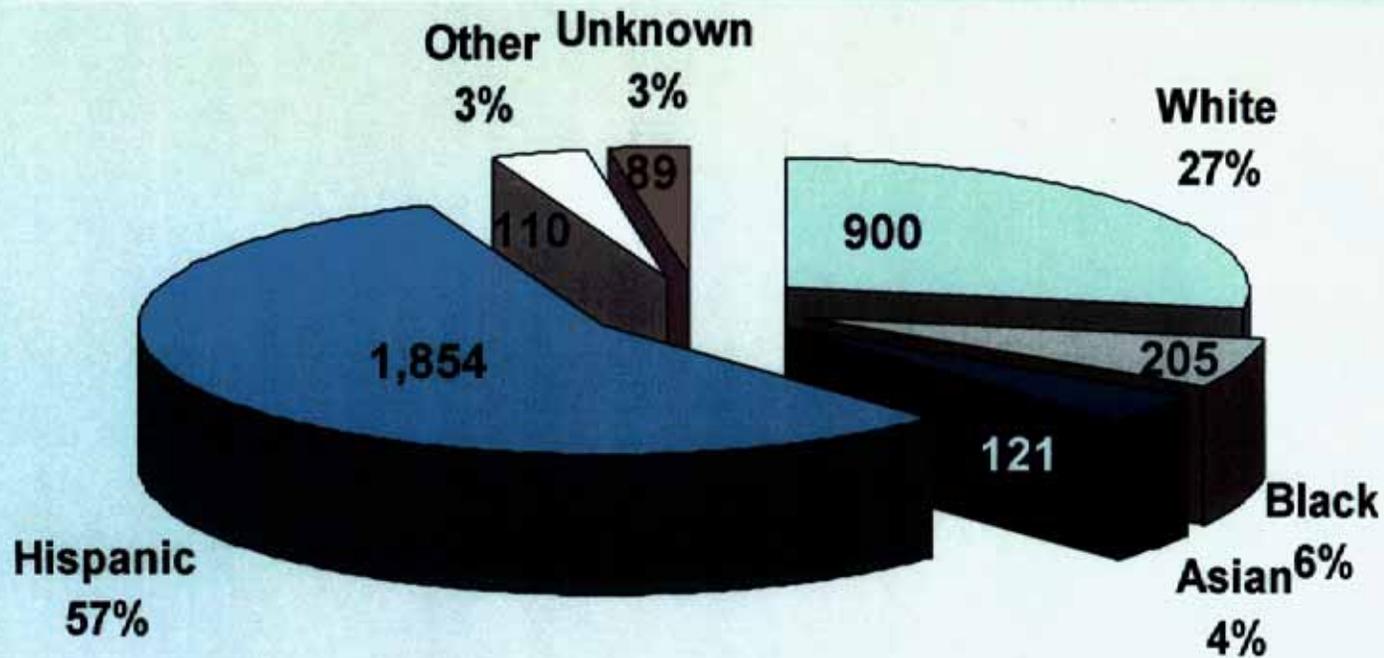
- All six counties have originated loans
- 98 first mortgage loans (\$26,225,132)
  - ♦ 77 second mortgage loans (\$1,916,300)
- Pipeline \$35,138,035 first mortgage loans with \$4,815,000 in seconds

# Borrower Incomes - FYTD 2002-2003

County Median Income by Family Size



# Borrower Demographics

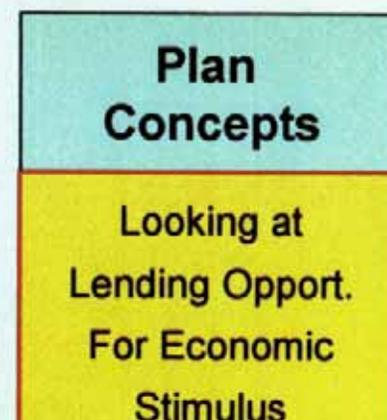
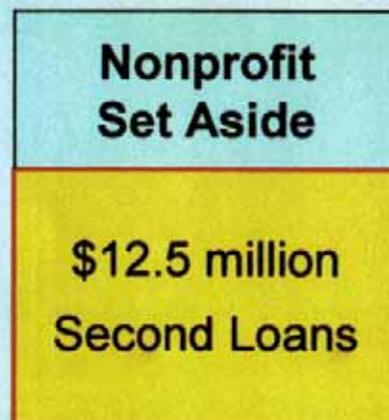
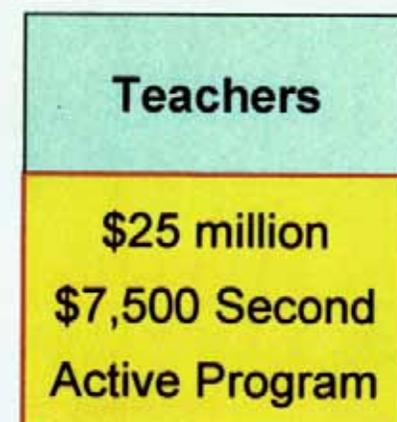
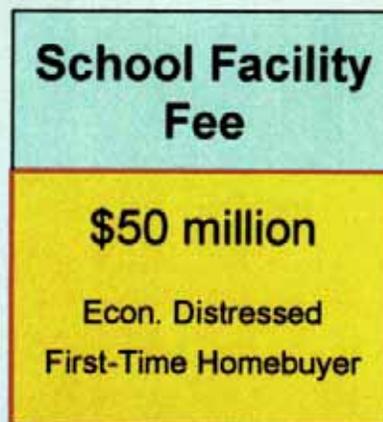
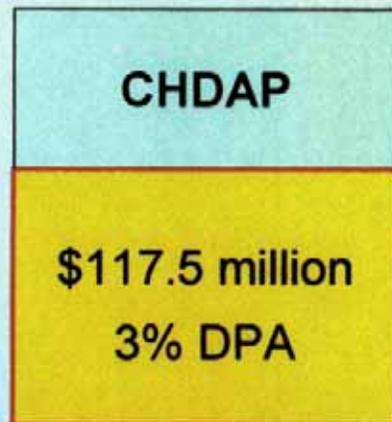


# Self-Help Builder Assistance Program Loans

- FY 2002-2003 SHBAP  
Development Loan  
Allocation: \$2,500,000
  - One Application in  
Process for \$500,000
  - Applications  
Expected by April,  
2003: Two @  
\$500,000 each
- 24 first mortgages were  
closed since 7/1/02



# Homeownership Proposition 46 Implementation and Plan Concepts



# Mortgage Insurance Services

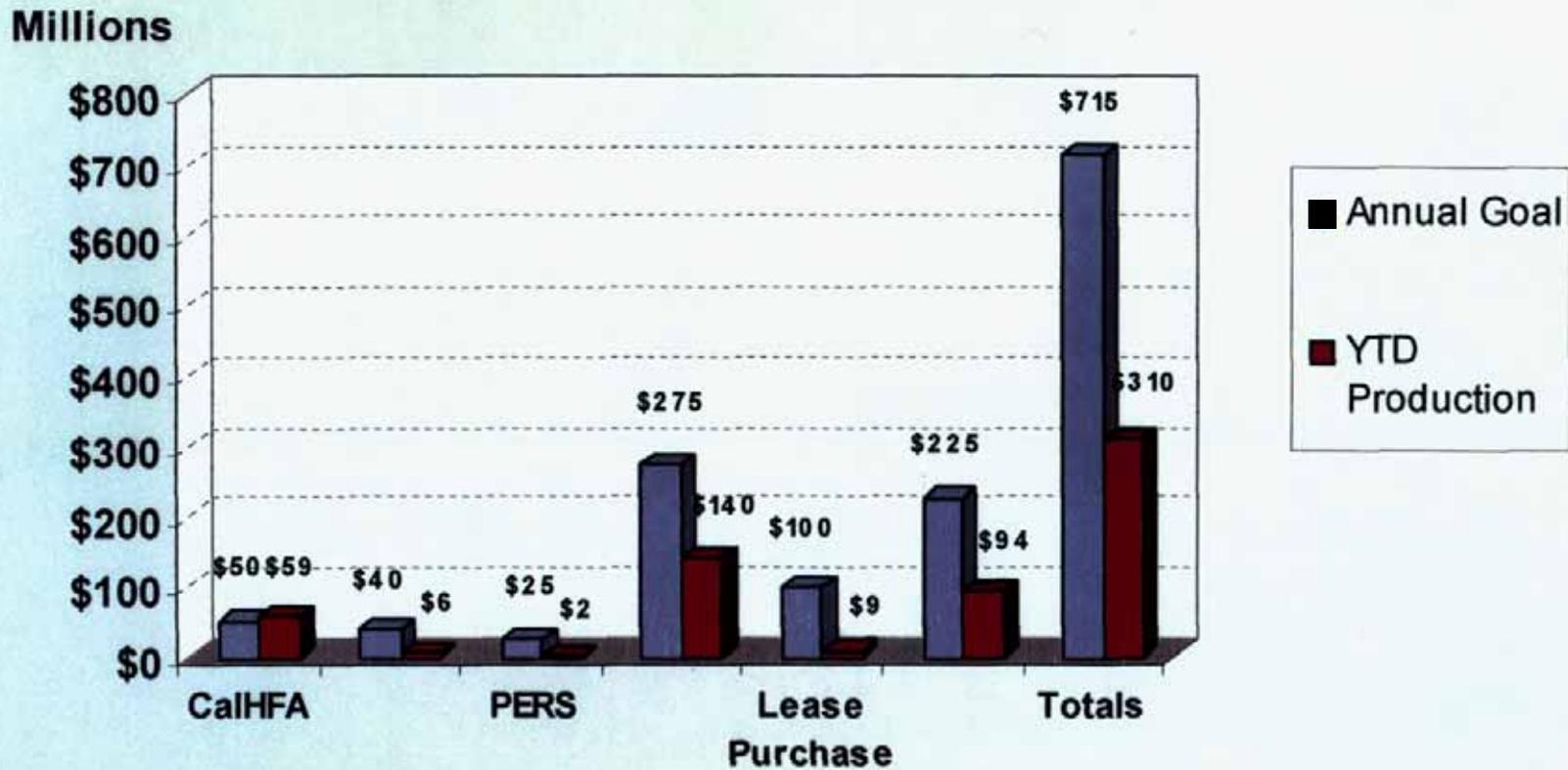
CalHFA Mid-Year Business Plan Update  
Fiscal Year 2002-2003



*Affordable Housing is our Business*



## CalHFA Mortgage Insurance Services FY 2002-2003 YTD Production to Annual Goal Comparison



# Accomplishments

- Selected and in process of implementing strategic alliance with GEMICO to provide agency with reinsurance and related services
- Finalizing the revisions to the Master Policy and related endorsements
- Reviewed all programs/products and streamlined offering as appropriate; upgrade reporting process and product codes
- Completing review of premium pricing structure including determining monthly premium for agency products
- Proceeding to standardize the insurance provided to support agency bond transactions
- Hired manager for Product Development and Outreach
- Working to expand Workforce Housing Initiative with CSU system

# Proposition 46 Implementation

- Met with CAR to solicit input for potential gaps in market coverage and program enhancements
- Currently meeting with executives of KB Homes and KB Mortgage to discuss current agency partnership and potential expansion leveraging \$85 million in funds
- Discussions to take place with CBIA, GSE's, and several non-conforming investors in regards to opportunities to provide mortgage insurance coverage that is not available today from the private mortgage insurance companies
- Meet with both GEMICO and Milliman USA to discuss product voids and opportunities
- Convene a focus group or roundtable to include companies listed above along with realtors, lenders, consumers, and non-profits to determine best opportunities and areas of need to leverage the \$85 million
- Continue work with Federal Home Loan Bank of San Francisco on Workforce Housing Initiative for San Francisco and California State University System
- Explore with CalHFA alternative bond structures

# Mortgage Insurance Services

Transition to  
New  
Reinsurance  
Partner

Legislative  
and  
Statutory  
Changes

Expand  
Workforce  
Housing  
Initiative

Program  
Design and  
Implementation  
for Prop. 46

Continued  
Infrastructure  
Redesign



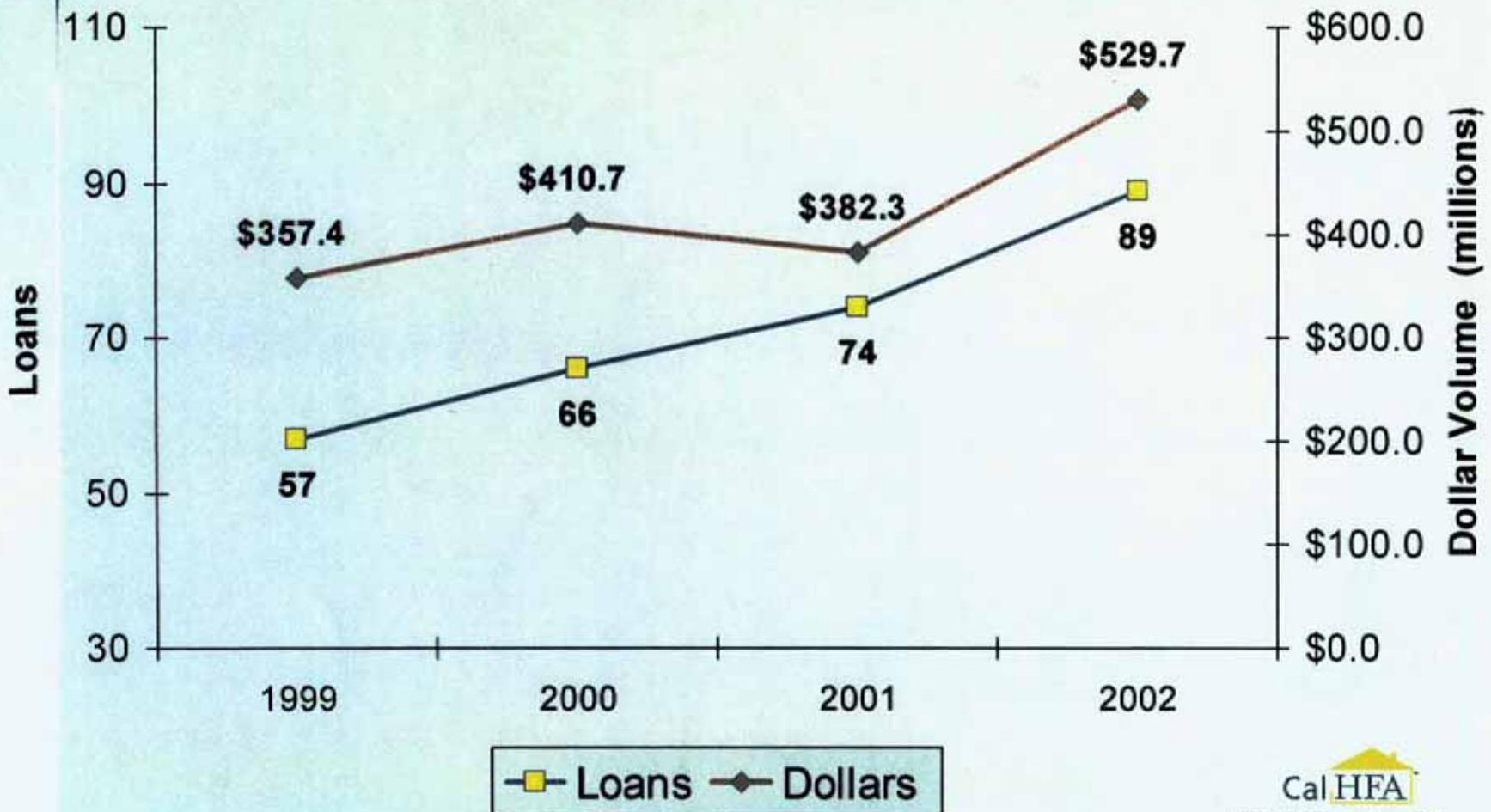
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# **MULTIFAMILY PROGRAMS**

**CalHFA Mid-Year Business Plan Update**

**Fiscal Year 2002-03**

# Loans and Dollar Volumes In Process Mid-Year 1999 - 2002



# Multifamily Programs Mid Year Accomplishments

- Finalized the 202 Lending Program
  - Five projects in process
- Completed the Section 8 Portfolio finance policy and program
- Hired seven new staff including a deputy director and staff with expertise in senior projects and construction financing
- Issued HELP commitments for \$10.6 million in the first round
  - Total HELP commitments to date equal \$90 million representing 9,708 units

## Multifamily Programs Mid Year Accomplishments (continued)

- Processed 13 new loans totaling \$112.5 million, representing 1,322 units equaling 55% of goal
- Responded to lending opportunities and initiated several new program areas:
  - HOPE VI
  - Brownfields
  - U.C. Student Housing
  - Assisted Living Projects
- Processed five loans under the \$4 million delegated authority

# Multifamily Programs

## Prop 46

### Preservation Opportunity Fund

- Acquisition fund targeted to at-risk assisted projects
  - Short term funds, individual loans recycle within two years after being repaid through permanent financing
  - Bond funds leveraged with Agency monies to comprise the acquisition loan
  - Administered under an agreement with HCD
  - Loan underwriting pursuant to CalHFA guidelines

# MULTIFAMILY

## Program and Business Plan Concepts

**New  
Construction**

MHP  
Construction  
Lending

**Preservation**

HUD 202  
CalHFA 236  
Sec 8 Portfolio  
Prop 46 Fund

**Mixed Income**

U.C. Housing  
80/20 Infill  
Assisted Living

**Supportive  
Housing**

Special Needs  
Housing  
Coordination

**Special Lending**

HELP  
Tax Increment  
Small Project  
Infill

# **Asset Management**

CalHFA Mid-Year  
Business Plan Update  
Fiscal Year 2002-2003

# Accomplishments

- Purchased new software to improve processing the subsidy for our Section 8 projects. Additions to the system are intended to improve communication between project sites and CalHFA.
- 12 active loan modifications due to bond refundings (projected 6-12 for the fiscal year).
- 2 Section 8 mis-match projects actively being restructured through OMHAR (HUD's Office of Multi Housing Assistance Restructuring). Two more in application stage.
- All Section 8 properties receive passing REAC scores from HUD (Real Estate Assessment Center).
- 6 REOs all operating well.
- 17 TPAs (Transfer of Physical Assets) in progress.
- 2 work outs in progress.

# 2003-2008 Business Plan Concepts

- Restructuring will be the major focus for remainder of 2003-2005:
  - 19 Section 8 mis-matches have contracts that expire in 2003
  - 3 expire in 2004 and 6 expire in 2005 or later.
- Section 8 coterminous owners are looking for ways to improve financial stability at projects while remaining in program.
- With much of CalHFA's portfolio over 20 years old, owners with inadequate Reserve for Replacement funds are looking for financial assistance with rehabilitation and project improvements.
- REO status:
  - High interest by parties wishing to purchase our six REOs.
  - Olive Tree, located in Livingston requires major repairs to siding.
  - Perform hold/sell analysis and revisit CalHFA's position to hold properties in-house.

# **Administration**

CalHFA Mid-Year  
Business Plan Update  
Fiscal Year 2002-2003

# Administration

## ■ Mid Year Update

### ■ Space

- Meridian Plaza lease finalized and ready to sign
- Occupancy anticipated by mid-Summer 2003
- Will accommodate current overflow and anticipated growth
- Coterminous with Senator Hotel lease which expires in August 2009

# Administration Mid Year Update

- Proposition 46 impact
  - 4 positions added by fiscal year end
    - 2 Homeownership and 2 Multifamily Programs
  - Budget will not be augmented
    - Costs can be absorbed with salary savings

# Administration Mid Year Update

- 10 new employees hired since July
- Document Management and Imaging System
  - Successful pilot project in Office of General Counsel
  - Agency-wide implementation by end of calendar year 2003

# Financing Agenda Items

**Item 5**                    **Single Family Bond Authorization**  
**Resolution 03-05**

**Item 6**                    **Multifamily Bond Authorization**  
**Resolution 03-06**

**Item 7**                    **Authorization for Application to CDLAC**  
**Resolution 03-07**

**Item 8**                    **Authorization to Invest in Bonds**  
**Resolution 03-08**

# **Single Family Bond Authorization Resolution 03-05**

## **Volume Limits**

- **\$ Amount Being Retired**
- **\$ Amount of New CDLAC Allocations**
- **\$ 900 MM of Taxable Bonds**

# **Single Family Bonds Financing Plans in 2003**

- **Six BiMonthly Issues of Home Mortgage Revenue Bonds**
- **Various Issues of Drawdown Bonds/Notes**
- **Bonds for Downpayment Assistance**
- **Continued Borrowing from State Investment Fund for Warehousing**
- **Expansion of Bank Line of Credit**

# **Multifamily Bond Authorization Resolution 03-06**

## **Volume Limits**

- **\$ Amount Being Retired**
- **\$ Amount of New Allocation**
- **\$ 400 MM for 501(c)(3) and taxable**
- **\$ 300 MM for loan acquisitions**

# Multifamily Bonds Financing Plans in 2003

## CDLAC Meetings

Round 1    March 26  
Round 2    June 25  
Round 3    September 24

## Proposed Issues

June  
September  
December

**Authorization to Apply to the  
California Debt Limit Allocation Committee  
Resolution 03-07**

**Single Family Bonds**

**\$600 Million**

**Multifamily Bonds**

**\$400 Million**

# **Authorization to Invest in Unrated Bonds Resolution 03-08**

- **Sec 51003 requires Board to approve**
- **Unrated bonds to be backed by special purpose loans such as second mortgages for down payment assistance**
- **Convenient mechanism for sharing the funding**

# Interest Rate Swaps

(Millions of \$)

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
Single family	\$1,088	\$1,481	\$2,569
Multifamily	<u>511</u>	<u>0</u>	<u>511</u>
<b>TOTALS</b>	<b>\$1,599</b>	<b>\$1,481</b>	<b>\$3,080</b>