

# MEMORANDUM

**To:** Board of Directors

**Date:** January 13, 2004

**From:** Tom Hughes, General Counsel  
**CALIFORNIA HOUSING FINANCE AGENCY**

**Subject:** Board Luncheon

On January 22, 2004, the law firm of Orrick, Herrington & Sutcliffe is sponsoring a luncheon honoring former Board members Clark Wallace, Carrie Hawkins and Robert Klein. The luncheon will be held at Kuleto's Trattoria in Burlingame. Because certain aspects of this event are subject to both the Political Reform Act and the Bagley-Keene Open Meeting Law, I would like to make sure that Board members who attend are aware of the requirements of those laws.

The value of the luncheon is a gift to the recipient under the Political Reform Act. Gifts in excess of \$50.00 received from certain sources need to be reported on the annual Statement of Economic Interest (Form 700) filed by each Board member. Gifts from a single source that cumulatively do not exceed \$50.00 in value do not need to be reported. The value of all gifts to a Board member from any covered non-lobbyist donor is also subject to a 12 month cap of \$340.00. I have been informed that the value of the luncheon is \$36.00. Since the value is under \$50.00, the luncheon does not need to be reported on the 2004 Form 700 (unless the recipient has received other gifts from this source that when cumulated, would cause the \$50.00 limit to be exceeded, in which event all such gifts should be reported), but will count towards the 12 month cumulative cap. Board members should maintain records of all gifts to determine their compliance with these rules.

In addition, meetings or events attended by a majority of the Board members are subject to open meeting law rules, unless there is a specific exception. The Bagley-Keene Act does exempt "purely social or ceremonial occasions" attended by a majority of the Board, so long as the members "do not discuss among themselves business of a specific nature" relating to CalHFA. The law is intended to prevent Board members from forming a consensus on an issue at any place other than a public meeting. Thus, Board members should take care to not discuss CalHFA business matters at the luncheon.

# Financing Agenda Items

**Item 5**

**Single Family Bond Authorization  
Resolution 04-03**

**Item 6**

**Multifamily Bond Authorization  
Resolution 04-04**

**Item 7**

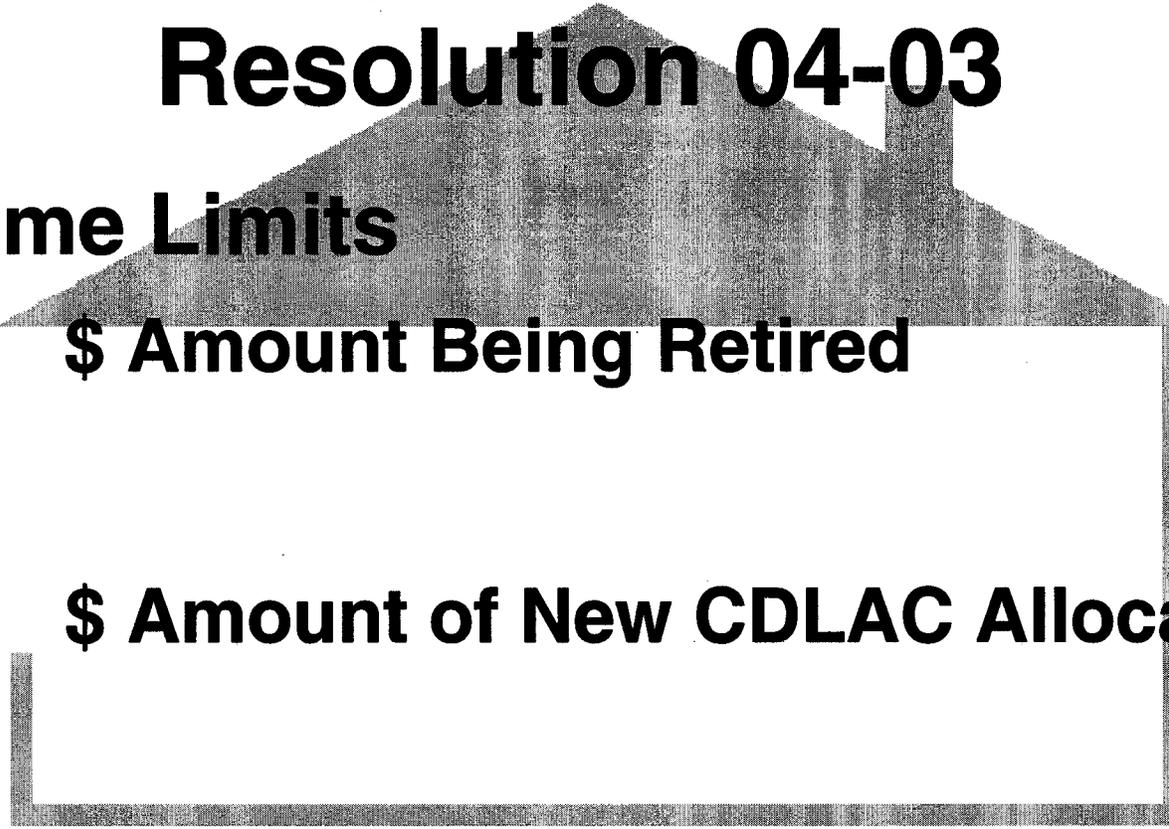
**Authorization for Application to C  
Resolution 04-05**

*Affordable Housing*



# **Single Family Bond Authoriz Resolution 04-03**

## **Volume Limits**

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

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# Single Family Bonds Financing Plans in 2004

- Continued Use of Aa2/AA- HMRB Indenture
- Cooperation with Local Agency MRB Issuance
- Various Issues of Draw Down Bonds/Notes
- Long-Term Credit Facility for Downpayment Assistance
- Continued Borrowing from State Investment for Warehousing

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# Multifamily Bond Authoriza

## Resolution 04-04

### Volume Limits

- **\$ Amount Being Retired**
- **\$ Amount of New Allocation**
- **\$ 800 MM for 501(c)(3) and Taxabl**
- **\$ 300 MM for Loan Acquisitions**
- **\$ 300 MM for Long-term Credit Fa**

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# **Multifamily Bonds Financing Plans in 2004**

**Law Down Bonds in February**

**Continued Use of MFHRB III Indenture**

**Two Pooled Issues of Insured Auction Bonds  
One for Each CDLAC Round**

**Long-Term Credit Facility for Loans to Local  
Agencies**

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**Authorization to Apply to the  
California Debt Limit Allocation Co  
Resolution 04-05**

<b>Single Family Bonds</b>	<b>\$600 Million</b>
<b>Multifamily Bonds</b>	<b>\$400 Million</b>

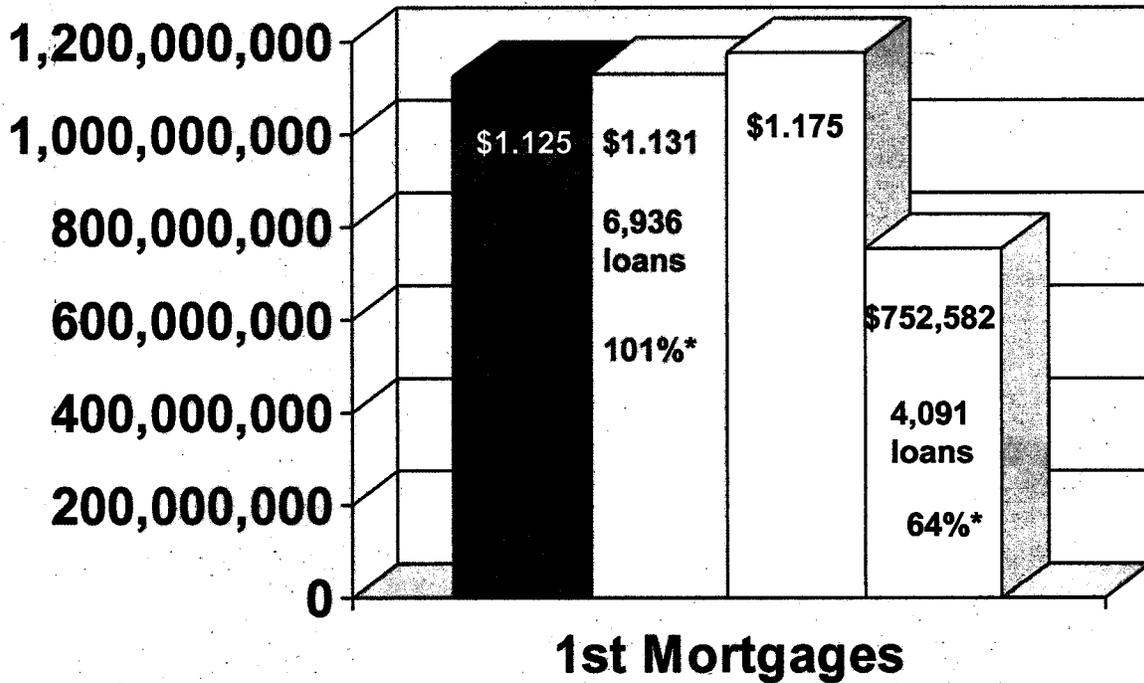
*Affordable Housing*

**Homeownership Program  
CalHFA Mid-Year Business  
Plan Update  
Fiscal Year 2003-04**

# CalHFA Homeowners

## 2003-2004 YTD First Mortgage Production

### Annual Goal Comparison



- Goal for 2003
- Totals 2003
- Current
- YTD Production
- Percent of YTD Goal

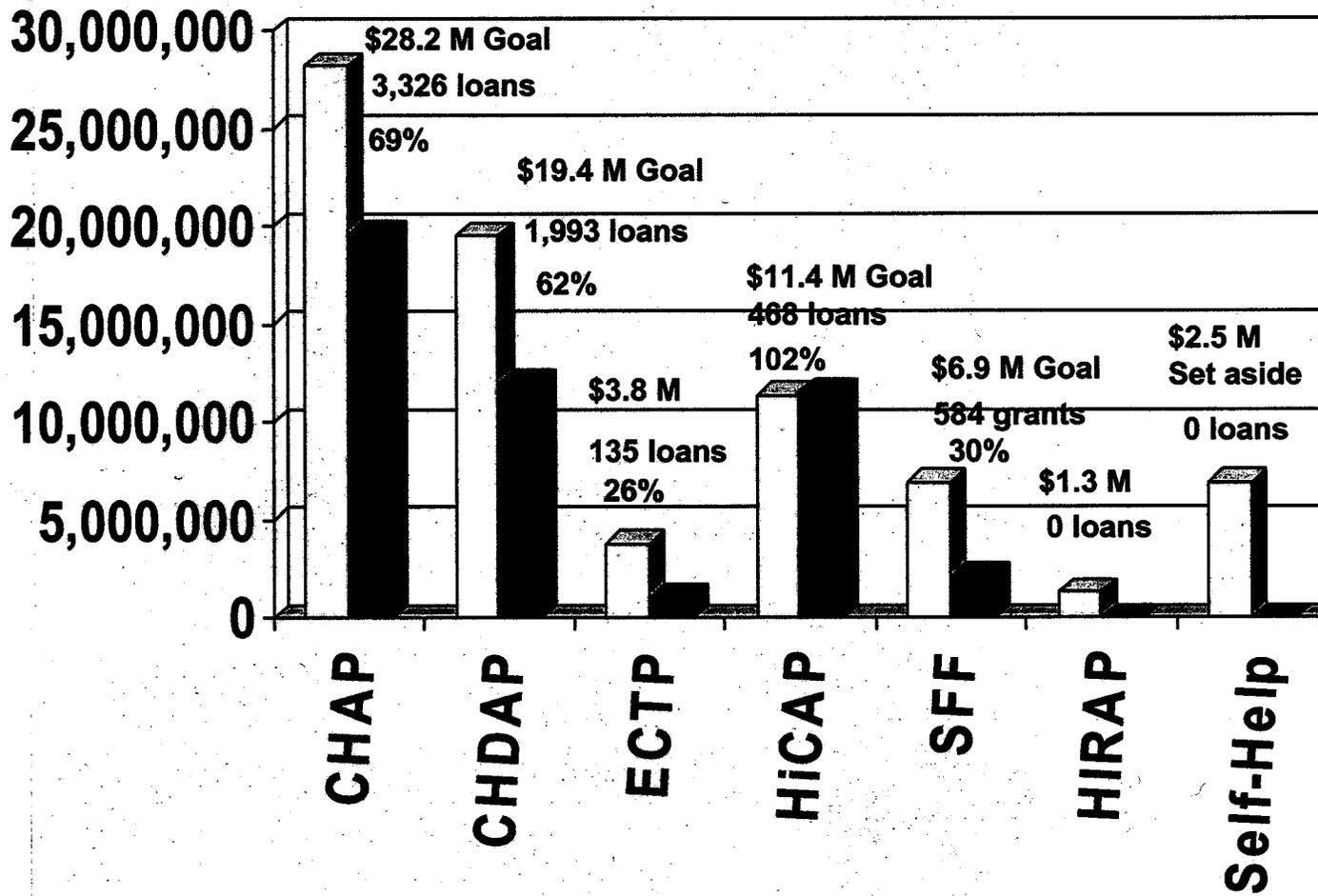
\*Percent of YTD goal

# CalHFA Homeownersh

## 2003-2004 YTD Production vs Annual C

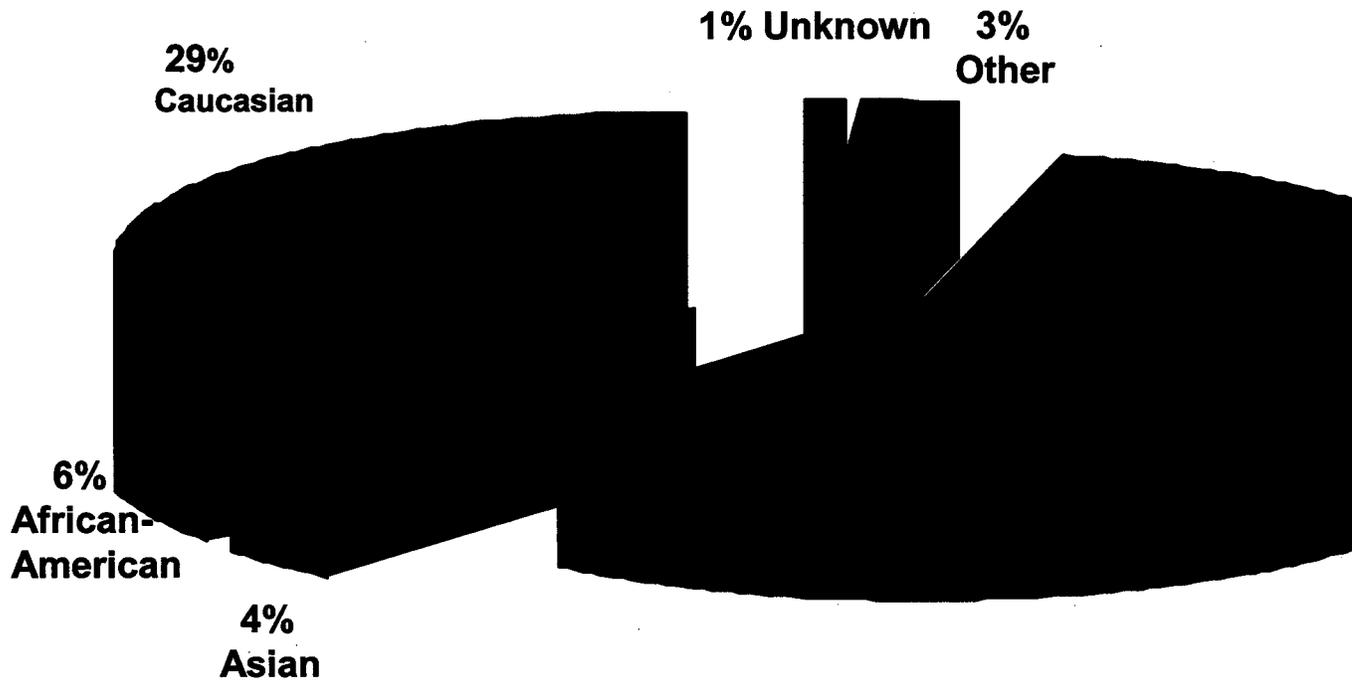
### Comparison

#### Down Payment Assistance Program

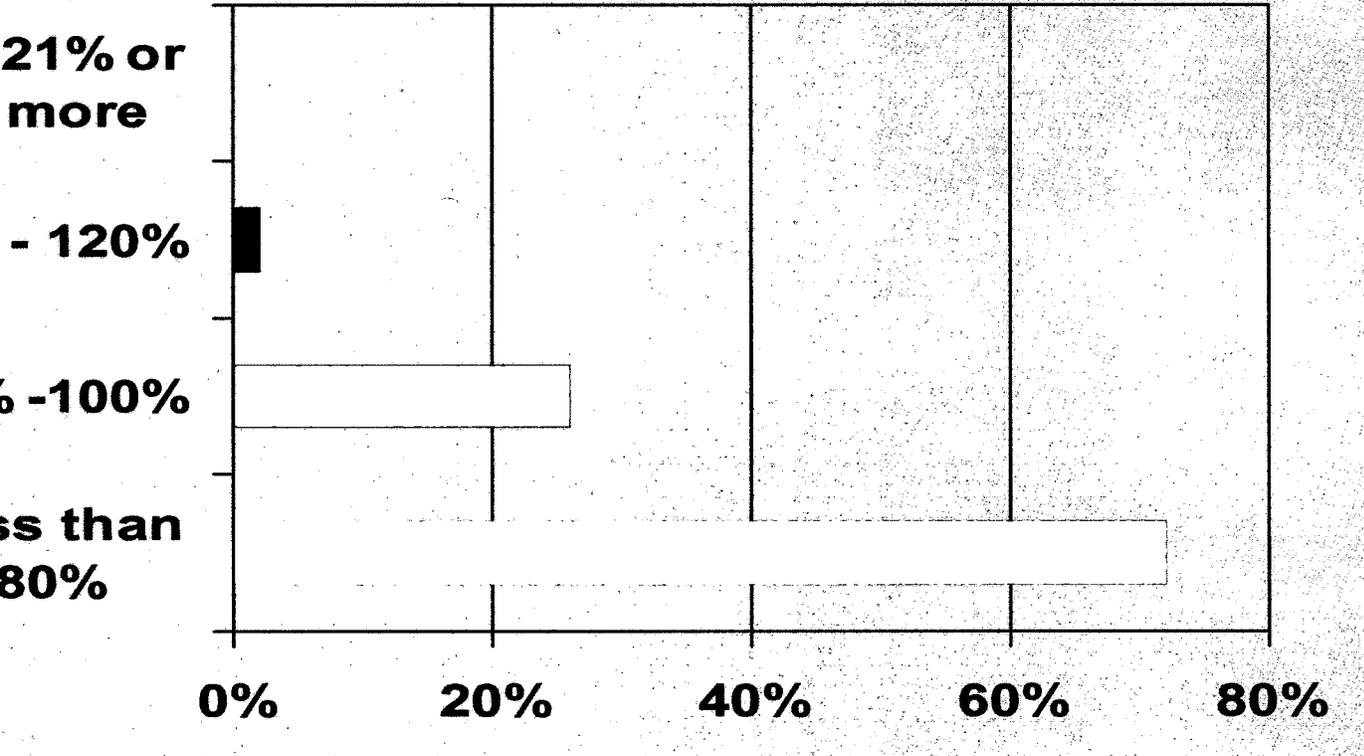


# CalHFA Borrower's Ethn

## Mid-Year 2003-2004



# CalHFA Borrower's Income Distribution FY 2003-2004



\*Based on MRB greater of area or statewide median income



# Accomplishments

- Developed partnership with the Southern California Financing Authority (SCHFA) to assist affordable housing in Los Angeles and Orange Counties.
- Sustained minority lending for first-time homebuyers of volume.
- Provided outreach efforts at over 30 conferences, fairs, Prop.46 workshops, and special events.
- Increased AHPP participating local entities to 205.

# Homeownership Mid-Year Plans

Continue  
p. 46  
rollout

Homeownership  
Mapping  
Process

Development  
of On-line  
Lender  
Training

Partnerships  
with  
Local Agencies  
(SCHFA and  
others)

Continuing  
with  
Outreach  
and Training

# **Mortgage Insurance Ser**

Nancy Abreu

Director of Mortgage Insurance Se

# **Accomplishments 2003 - 2004**

**Partnership with GEMICO**

**GEMICO's technology**

**Maintained legislative authority to adapt to changing market  
dynamics**

**Expanded outreach activities**

**million Proposition 46 funds:**

**Developed New High Cost Area Program**

**Ready to Introduce Emerging Market Programs**

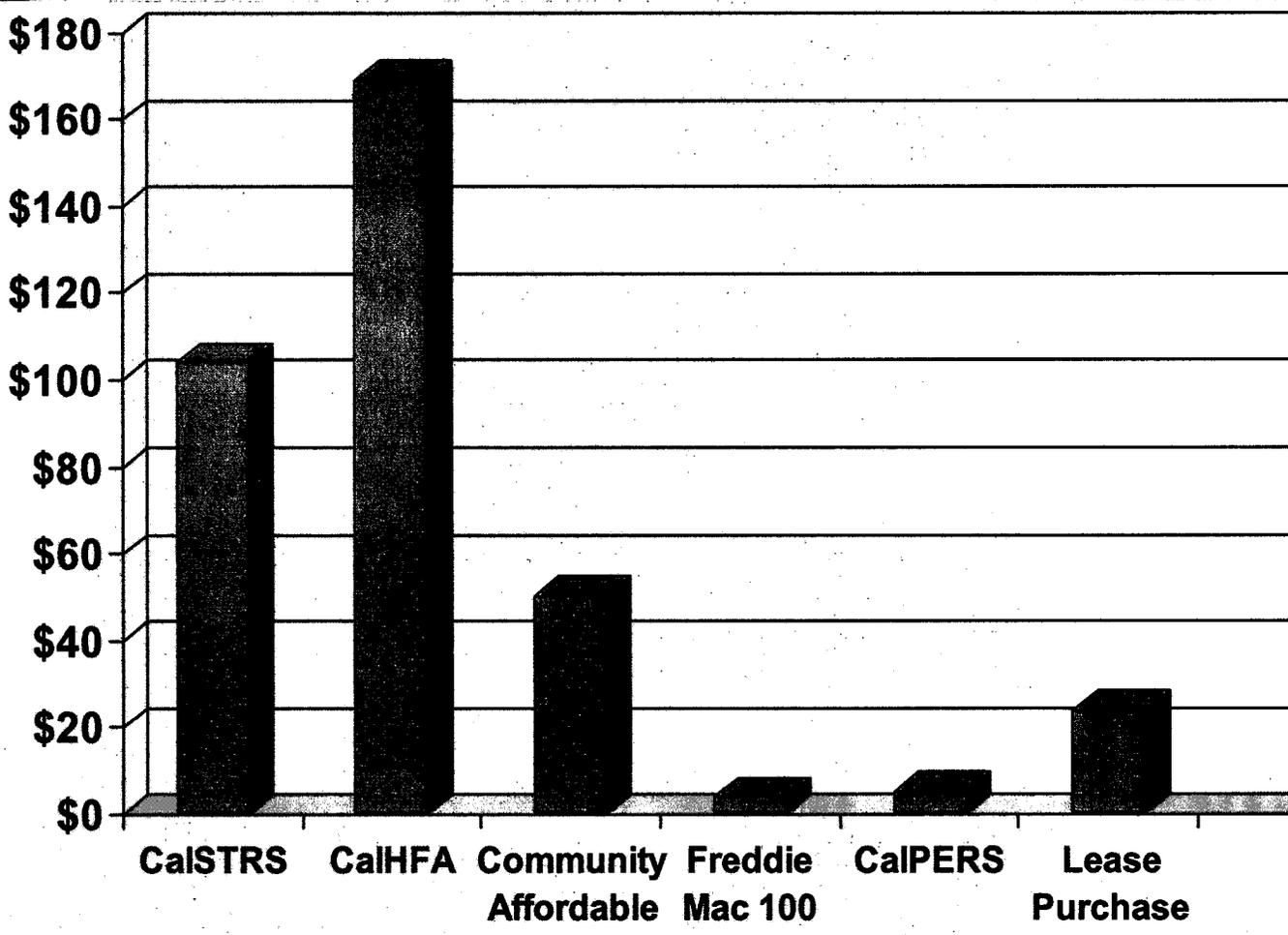
**Continuing development of programs and partnerships**

**Updated Master Policy and Endorsements Issued**

**Updated Product Description Published**



# 2003 Mortgage Insurance By Product (In Millions)

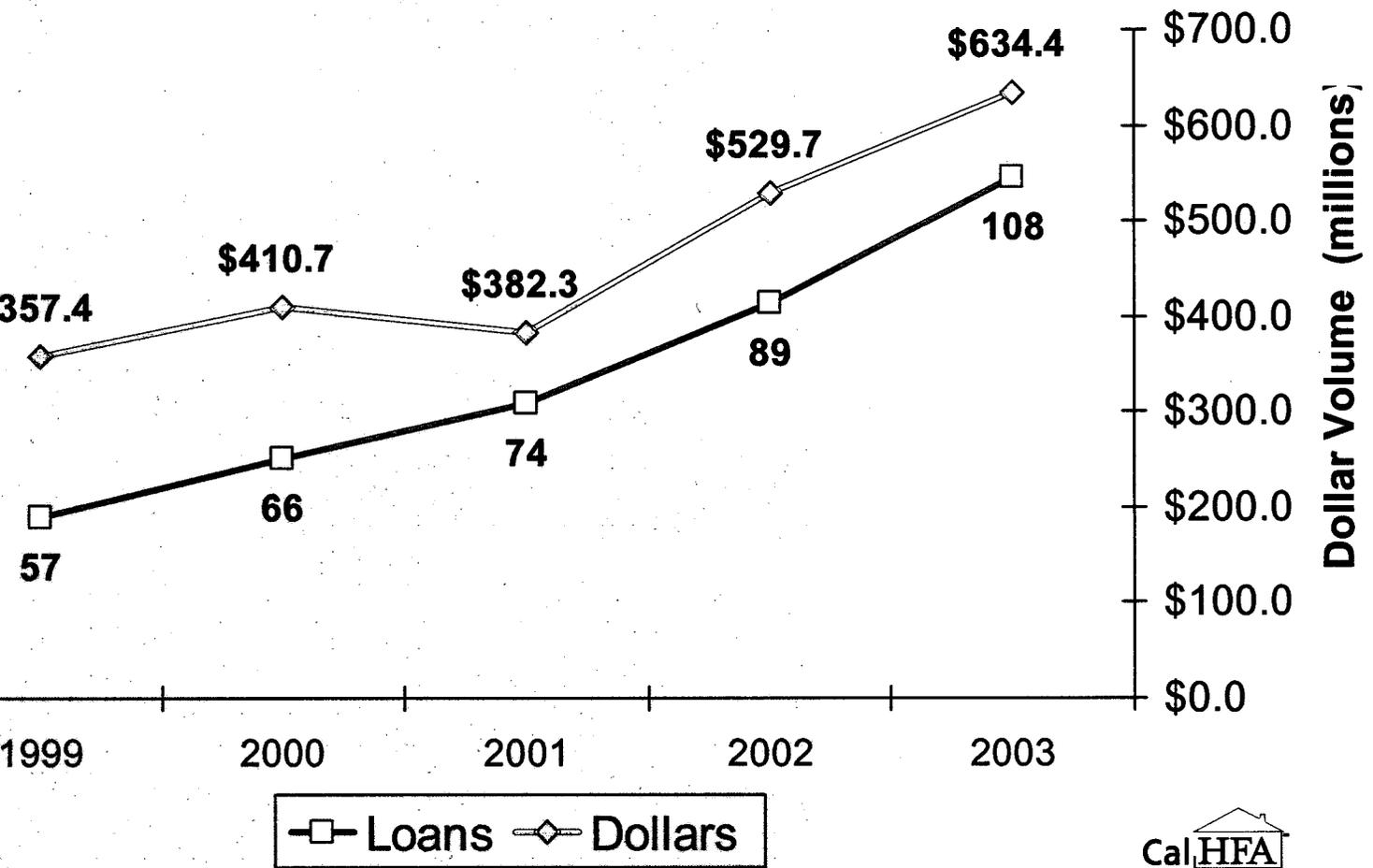


# **MULTIFAMILY PROGRAMS**

**CalHFA Mid-Year Business Plan Update**

**Fiscal Year 2003-04**

# Loan and Dollar Volumes In Process Mid-Year 1999 - 2003



# Multifamily Programs Mid-Year Accomplishments

- Issued loan commitments for 16 projects totaling \$110 million equaling 56% of annual program goal
- Completed first round of HELP commitments for \$110 million
  - Program totals equal \$110 million, representing 109 municipalities for an estimated 17,000 units
- Closed 21 multifamily loans totaling \$121 million
  - 8 loans for \$61 million
- Implemented the Construction Loan Program
  - Eight loans in process for \$76.6 million

# **Multifamily Programs Mid Year Accomplishments (continued)**

- **Increased the emphasis on Special Need / Support Housing**
  - Current loan pipeline of \$30 million, up from \$8 million
- **Implemented the Earthquake Insurance Waiver**
  - 17 projects under design review

# Multifamily Programs

## Mid – Year Initiatives

- **Portfolio refinancing program for non-profit owners**
  - Expiring and early exit tax credit projects
  - Federally assisted developments
  - New loan products including variable rate debt
- **Supportive and special needs housing**
  - Better coordination with MHP funding and program creation
  - Increased emphasis on construction lending and project vouchers
- **Homeownership development lending**
  - Low cost construction loans to increase affordability
  - Mezzanine financing by the Agency
  - Linkage to the Agency's homeownership programs

# **Asset Management**

**CalHFA Mid-Year  
Business Plan Update  
Fiscal Year 2003-2004**

# **2004-2009 Business Plan Concepts**

- **Technology Improvements**
  - Purchased new software system for Asset Management Division
  - Goal is to improve oversight abilities and ability to interact with management agents via internet
    - Audits
    - Monthly financial statements
  
- **Section 8 restructuring of mismatches will re-focus between now and end of 2005 when many of renewals occur**

# **2004-2009 Business Plan Concepts**

- **Preparing in-house report assessing the  
and risks of our Section 8 portfolio which  
over 20 years old**
  - Began pilot program to provide financial assist  
for Section 8 owners with inadequate reserve  
need of rehabilitation and project improvement
  
- **REO Status – Continued high interest by  
wishing to purchase the properties**
  - Perform hold/sell analysis and revisit CalHFA  
position to hold properties in-house

# **2004-2009 Business Plan Concepts**

- **Active Portfolio in 2003**
  - 14 TPAs (Transfers for Physical Assets)
  - 7 loan modifications (bond refunding)
  - 2 loan modifications (physical needs)
  - 1 work out in progress (County of L)
  - 1 80/20 transferred (Deed in Lieu of foreclosure)

# **Administration**

**CalHFA Mid-Year  
Business Plan Update  
Fiscal Year 2003-2004**

# Administration Mid Year Update

## ■ Space

- Meridian Plaza occupied October 18, 2000
- Senator space undergoing tenant improvements in order to reunite work units
- Both sites will accommodate current operations and anticipated growth
- Spring 2004 – Begin planning for consolidation of whole Agency in one location

# Administration Mid Year Update

## ■ Staffing

- 18 new employees hired since July
- Slowed by state hiring conditions

## ■ Budget

- Agency right on target at mid-year
- Unforeseen factors beyond our control (i.e., increased expenses) could change budget picture prior to 7/1/04
- No direct impact from State Budget