

MEMORANDUM

To: Board of Directors

Date: January 8, 2009



From: Bruce D. Gilbertson, Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY

Subject: AUTHORIZATION TO MAKE APPLICATION TO THE CALIFORNIA DEBT
LIMIT ALLOCATION COMMITTEE RESOLUTION 09-03

The California Debt Limit Allocation Committee (“CDLAC”) is the State entity which, under California law, allocates the federal volume cap for “private activity bonds” to be issued each year by State and local bond issuers. Private activity bonds are federally tax-exempt bonds which are issued to benefit non-governmental borrowers such as first-time homebuyers or owners of affordable rental housing developments.

Resolution 09-03 would authorize application to CDLAC for a maximum of \$900 million of single family allocation and \$400 million of multifamily allocation. Such authorization would be in effect during the period of time in which Resolutions 09-01 and 09-02, which authorize the issuance of bonds for the Homeownership Program and Multifamily Program, are themselves in effect.

At the December 3, 2008 CDLAC meeting the committee approved action to grant to CalHFA supplemental volume cap arising from the enactment of HR 3221 for use in our homeownership program. As of this writing, the amount of supplemental volume cap was \$878.3 million, but this amount is still subject to change. At the same meeting CDLAC approved action to carry forward 2008 volume cap totaling \$77.1 million for bonds to be issued to finance seven multifamily projects. This volume cap is available to the Agency to issue bonds until April 13, 2009. Loan commitments made to the developers of these projects assumed that cash flows of the projects would be sufficient to cover the cost of funds achieved by the Agency from the sale of bonds. It is uncertain today if bonds sold before the April expiration date will achieve this objective.

The amounts proposed in Resolution 09-03 are greater than we would expect to apply for. However, the presumption is that the Board would want CalHFA to be authorized to apply and eligible to do so under CDLAC rules if allocation is available.

The attached table shows the amount of volume cap allocated to housing purposes over the past five years and what portion of these amounts were allocated to CalHFA.

Attachments

CDLAC ALLOCATIONS 2004 - 2008

Year	Volume Cap for all Programs	MULTIFAMILY ALLOCATIONS			SINGLE FAMILY ALLOCATIONS		
		All Multifamily	To CalHFA	% of MF Total	All Single Family	To CalHFA	% of SF Total
2004	\$2,838,756,240	\$1,552,900,000	\$214,187,800 ⁽¹⁾	13.8%	\$782,650,000 *	\$695,804,851 ⁽²⁾	88.9%
2005	\$2,871,503,920	\$1,669,700,000	\$168,155,000 ⁽³⁾	8.9%	\$646,000,000 *	\$1,015,521,544 ⁽⁴⁾	157.2%
2006	\$2,890,571,760	\$1,635,000,000	\$56,550,000 ⁽⁵⁾	3.5%	\$610,000,000 *	\$618,625,729 ⁽⁶⁾	101.4%
2007	\$3,098,891,665	\$1,740,891,665	\$39,940,000	2.3%	\$640,000,000	\$468,257,154 ⁽⁷⁾	69.2%
2008	\$3,107,023,275	\$1,722,023,275	\$125,495,000	7.3%	\$610,000,000	\$450,000,000	73.8%
2008	\$1,144,564,324	\$194,575,935	\$0	0.0%	\$949,988,389	\$878,361,228 **	92.5%

* Includes MRBs and Extra Credit Teacher Home Purchase Program.

** Subject to change.

- (1) Includes \$21,610,000 of multifamily carry forward allocation.
- (2) Includes \$307,804,851 of single family carry forward allocation.
- (3) Includes \$20,365,000 of multifamily carry forward allocation.
- (4) Includes \$756,521,544 of single family carryforward allocation.
- (5) Includes \$12,165,000 of multifamily carry forward allocation.
- (6) Includes \$258,625,729 of single family carry forward allocation.
- (7) Includes \$158,257,154 of single family carry forward allocation.

1 RESOLUTION NO. 09-03

2 RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
3 APPROVING APPLICATIONS TO THE CALIFORNIA DEBT LIMIT ALLOCATION
4 COMMITTEE FOR PRIVATE ACTIVITY BOND ALLOCATIONS
5 FOR THE AGENCY'S HOMEOWNERSHIP AND MULTIFAMILY PROGRAMS

6 WHEREAS, the California Housing Finance Agency (the "Agency") has
7 determined that there exists a need in California for providing financial assistance to persons and
8 families of low or moderate income to enable them to purchase moderately priced single family
9 residences (the "Residences");

10 WHEREAS, the Agency has determined that it is in the public interest for the
11 Agency to provide such financial assistance by means of ongoing programs (collectively, the
12 "Homeownership Program") to make lower-than-market rate loans for the permanent financing
13 of Residences;

14 WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety
15 Code of the State of California (the "Act"), the Agency has the authority to issue bonds to
16 provide sufficient funds to finance the Homeownership Program;

17 WHEREAS, the Agency has by its Resolution No. 09-01 authorized the issuance
18 of bonds for the Homeownership Program and desires to authorize application to the California
19 Debt Limit Allocation Committee for private activity bond allocations to be used in connection
20 with the issuance of a portion of such bonds in order for interest on such bonds to be excludable
21 from gross income for federal income tax purposes;

22 WHEREAS, the Agency has also determined that there exists a need in California
23 for the financing of mortgage loans for the construction or development of multifamily rental
24 housing developments (the "Developments") for the purpose of providing housing for persons
25 and families of low or moderate income;

26 WHEREAS, the Agency has determined that it is in the public interest for the
27 Agency to assist in providing such financing by means of an ongoing program (the "Multifamily
28 Program") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans,
29 for the purpose of financing such Developments;

30 WHEREAS, pursuant to the Act, the Agency has the authority to issue bonds to
31 provide sufficient funds to finance the Multifamily Program; and

32 WHEREAS, the Agency has by its Resolution No. 09-02 authorized the issuance
33 of bonds for the Multifamily Program and desires to authorize application to the California Debt
34 Limit Allocation Committee for private activity bond allocations to be used in connection with
35 the issuance of a portion of such bonds in order for interest on such bonds to be excludable from
36 gross income for federal income tax purposes;

1 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the
2 “Board”) of the California Housing Finance Agency as follows:

3 **Section 1. Authorization to Apply to CDLAC for the Homeownership**
4 **Program.** The officers of the Agency are hereby authorized to apply from time to time to the
5 California Debt Limit Allocation Committee (“CDLAC”) for private activity bond allocations in
6 an aggregate amount of up to \$900,000,000 per year to be used in connection with bonds issued
7 under Resolution No. 09-01 or resolutions heretofore or hereafter adopted by the Agency for the
8 Homeownership Program. In the alternative, subject to the approval of CDLAC and under such
9 terms and conditions as may be established by CDLAC, any such allocation received is
10 authorized by this Board to be used in connection with a mortgage credit certificate program or
11 in connection with a teacher home purchase program.

12 **Section 2. Authorization to Apply to CDLAC for the Multifamily Program.**
13 The officers of the Agency are hereby authorized to apply from time to time to CDLAC for
14 private activity bond allocations in an aggregate amount of up to \$400,000,000 per year, to be
15 used in connection with bonds issued under Resolution No. 09-02 or resolutions heretofore or
16 hereafter adopted by the Agency for the Multifamily Program.

17 **Section 3. Authorization of Related Actions and Agreements.** The officers of
18 the Agency, or the duly authorized deputies thereof, are hereby authorized and directed, jointly
19 and severally, to do any and all things and to execute and deliver any and all agreements and
20 documents which they may deem necessary or advisable in order to effectuate the purposes of
21 this resolution, including but not limited to satisfying in the best interests of the Agency such
22 conditions as CDLAC may establish for private activity bond allocation applications. Such
23 officers and deputies are also hereby expressly authorized to accept on behalf and in the best
24 interests of the Agency any private activity bond allocations offered by CDLAC over and above
25 those which may be granted pursuant to any application authorized hereinabove or in any prior
26 resolution of the Board.

1 SECRETARY'S CERTIFICATE

2
3 I, Thomas C. Hughes, Secretary of the Board of Directors of the California
4 Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of
5 Resolution No. 09-03 duly adopted at a regular meeting of the Board of Directors of the
6 California Housing Finance Agency duly called and held on the 22nd day of January, 2009, of
7 which meeting all said directors had due notice; and that at said meeting said Resolution was
8 adopted by the following vote:

9
10 AYES:

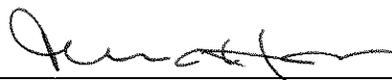
11
12 NOES:

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14 ABSTENTIONS:

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16 ABSENT:

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18 IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of
19 the Board of Directors of the California Housing Finance Agency hereto this 22nd day of
20 January, 2009.

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23
24 [SEAL]



Thomas C. Hughes
Secretary of the Board of Directors of the
California Housing Finance Agency

SECRETARY'S CERTIFICATE

I, Thomas C. Hughes, Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 09-03 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 22nd day of January, 2009, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

AYES: PETERS (for Bonner), CAREY, GALANTE, JACOBS, JAVITS, SHINE,

REDWAY (for Lockyer), GAY

NOES: NONE

ABSTENTIONS: NONE

ABSENT: SMITH

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this 22nd day of January, 2009.

[SEAL]



Thomas C. Hughes
Secretary of the Board of Directors of the
California Housing Finance Agency