



Affordable Housing is our Business

Housing Matters

CALIFORNIA HOUSING FINANCE AGENCY

SPRING 2004

Front Page

- Executive Director's Message
- Tune in to CalHFA's PSA

Homeownership 2

- Homeownership for Southern California
- Affordable Housing Gets Triple Boost

Multifamily 3

- New Construction Lending
- Plaza del las Flores

Mortgage Insurance 4

- Creating Partnerships

Board of Directors 5

- New members

Stay connected with CalHFA and receive product and program updates as they occur. To stay informed, please register your email address at our web site: www.calhfa.ca.gov. It will be kept confidential.

CalHFA Housing Matters is produced quarterly with the goal to provide stakeholders, customers, and clients with updates on affordable housing issues and highlights of CalHFA programs. Comments or suggestions can be directed to 800.789.2432, or email marketing@calhfa.ca.gov. Additional information is available on the full complement of CalHFA programs and newsletters at www.calhfa.ca.gov

Governor Arnold Schwarzenegger

Theresa A. Parker - Executive Director



Our Agency's commitment to create and expand opportunities for California's first-time homebuyers extends from one end of our vast state to the other. This pledge has recently been dynamically illustrated with a unique bond-issuing partnership between CalHFA and the Southern California Home Financing Authority (SCHFA), a

joint powers authority comprising the counties of Los Angeles and Orange.

By extending our double-A credit to \$100 million of SCHFA's bonds and adding some of our own bond proceeds, CalHFA has initially been able to offer an additional \$131 million in affordable housing lending to working families in the state's most populous region. As part of this state/local partnership, CalHFA has raised the borrower income limits in Los Angeles County and reduced the interest rate for all low-income families in the two counties to levels as low as our current rate of 4.0%. The net result adds up to greater savings and greater opportunities for hundreds of Southern California families.

Since the partnership began on December 1, 2003, 290 loans have been closed or are in process, totaling \$66.8 million, just over half of the moneys originally available. As a result of the success of this first phase, CalHFA and SCHFA are already exploring the possibility of continuing the program through additional joint bond issues. Also, the City of Los Angeles will soon be taking action to approve a similar partnership with CalHFA. (SCHFA program details are on page two of this newsletter).

The SCHFA/CalHFA agreement is one of the newest partnerships we have forged, but it is certainly not the only one. In fact, for the last nine years, CalHFA's Affordable Housing Partnership Program has enabled our Agency to work hand in hand with hundreds of California cities, counties, redevelopment agencies, and housing authorities to offer even greater assistance to first-time homebuyers across our state.

At CalHFA, we realize the value, strength, and expansion that these partnerships can bring. Even as our growth continues, our roots will remain imbedded in our mission to create safe and affordable housing, and to assist first-time homebuyers in achieving the dream of homeownership.

Theresa A. Parker
Executive Director

TUNE IN TO CalHFA Radio and TV Spots Promote Homeownership Programs

A new series of public service announcements sponsored by the California Housing Finance Agency are receiving considerable airplay on both Spanish and English language television and radio stations. The PSAs focus on the benefits of homeownership and the innovative loan programs offered by CalHFA.

CalHFA launched the statewide media outreach campaign in February. In the first stage of the campaign, 30-second radio spots, in both English and Spanish, were distributed to radio stations throughout the State. Many stations have chosen to not only air the PSA, but have contacted CalHFA with requests for additional information or interviews.

In the next few weeks, CalHFA will expand the outreach efforts to include television stations. Thirty-second English and Spanish television spots will be distributed to stations in every media market.

Purchasing a 30-second radio spot in Sacramento normally costs between \$250 and \$600 per spot; a 30-second television spot in Los Angeles can cost upwards of \$5,000. The current media outreach effort eliminates these costs but accomplishes the same goal: affordably spreading the word about CalHFA's first-time home financing options.

To view the 30-second television spots, please go to the *Publications* area of *About CalHFA* on our web site at www.calhfa.ca.gov.

Sacramento Office
PO Box 4034
Sacramento, CA 95812
916.322.3991

Los Angeles Office
100 Corporate Pointe, Suite 250
Culver City, CA 90230
310.342.1250

To be removed from future mailings, please call 800.789.2432 or email marketing@calhfa.ca.gov

Housing Becomes More Affordable for Southern California Families

An historic agreement between the California Housing Finance Agency and the Southern California Home Financing Authority (SCHFA) pumps an additional \$131 million into the affordable home lending economy. This means more Southern California families will be able to realize the dream of homeownership for the first time.

"For too long, working families have been squeezed out of the Southern California housing market because their income didn't qualify for first-time homebuyer loans at below market interest rates," said Theresa Parker, CalHFA Executive Director. "This unique partnership between our two entities will allow income limits to be adjusted and interest rates lowered, thereby expanding the sphere of affordable housing within their reach."



Under the terms of the SCHFA-CalHFA agreement, the borrower income limits were raised in Los Angeles County, enabling more families to qualify for first-time lending. Plus, CalHFA reduced the interest rate for low-income borrowers in Los Angeles and Orange counties to the current rate of 4.0% -- one of the lowest levels in the state's history.

"We are pleased to partner with CalHFA on this worthy endeavor," said Carlos Jackson, Executive Director of the Los Angeles County Community Development Commission. "With this innovative agreement, we estimate that hundreds of additional first-time homebuyers will receive the loans they need for new and existing housing in areas where they work."

The agreement calls for CalHFA to provide the credit for and utilize the proceeds of SCHFA's bonds. CalHFA will purchase new first-time homebuyer loans in SCHFA's jurisdiction of Los Angeles and Orange counties with the proceeds of the new bonds.

All other CalHFA loan programs and policy requirements under CalHFA's standing programs will apply to homebuyers in this special SCHFA-CalHFA partnership program. CalHFA will also continue to make available all applicable down payment assistance programs currently available through CalHFA in SCHFA's jurisdiction, such as the Extra Credit Teacher Program, the California Homebuyer's Downpayment Assistance Program, and the CalHFA Housing Assistance Program.

For additional information, contact CalHFA's Marketing Division at 916.322.0249 or Gregg Kawczynski at the Los Angeles County Community Development Commission at 323.838.7761.

CalHFA Gives Triple Boost To Affordable Housing Market

Recently the California Housing Finance Agency made three significant changes that are positively impacting the first-time homeownership program - a record increase in income limits, newly revised sales price limits, and a mortgage interest rate reduction. All add up to more affordable housing opportunities for California's first-time homebuyers.

Raising the income limits means elevating the amount a borrower can earn and still qualify for most of CalHFA's low interest rate financing. For instance, under the former guidelines, a moderate income family of one or two living in Sacramento County could earn no more than \$60,300 per year to qualify for CalHFA financing. Now, that same family can earn \$76,920 per year and still qualify for a low rate CalHFA loan. Some of the highest increases - nearly \$22,000 per year - were in San Diego and San Francisco counties, where a one or two person family can earn \$82,200 and \$113,100, respectively. The income limits for families of three or more typically increase in every county by about 15 percent.

The changes to CalHFA's sales price limits are the highest allowable by federal law and vary depending on where in the State the home is located. The new sales price schedule shows an increase over the 2003 standards for most of the State's 58 counties.

To make first-time homeownership even easier, CalHFA is reducing its already low mortgage interest rates by a ¼ point, making them one of the lowest cost mortgage programs in the State. This reduction will save CalHFA borrowers thousands of dollars over the course of their 30-year loan.

"We're thrilled to be able to triple the advantages for many first-time homebuyers in our State with our revised income and sales limits and interest rate reduction," says California Housing Finance Agency Executive Director, Theresa A. Parker. "Homeownership continues to be one of the most solid and durable investments a California family can make. And our recent revisions give even more strength and versatility to our homeownership programs."

The response to these changes has been enthusiastic. Within the first two weeks, the CalHFA Homeownership Division saw a dramatic increase in loan reservations. More information on the increased income and sales limits, interest rate reduction, and the full complement of CalHFA Homeownership programs is available at 1.800.789.2432 or www.calhfa.ca.gov.



CalHFA's Multifamily New Construction Lending Program Grows Affordability

The California Housing Finance Agency's new Construction Loan Program is expected to issue loan commitments for 11 new projects, totaling over 760 units, for \$118,000,000 by the end of June 2004. The CalHFA Construction Loan Program provides construction loans, either tax-exempt or taxable, for developments that are approved for CalHFA permanent financing.

Murphy Ranch Apartments, Phase II, located in Morgan Hill, was one of the first multifamily projects to receive CalHFA construction loan financing, in the amount of \$7,235,000, through the Agency's Construction Loan Program. Murphy Ranch Apartments is a 100% affordable project that will include 100 units (Phase I and Phase II combined) with private backyards, children's tot-lots, solar heated swimming pool, and community building. Phase II of the project is slated for completion by summer 2005.

To learn more about CalHFA's Construction Loan Program, please visit our web site at www.calhfa.ca.gov

Housing Affordability Secured For Seniors at Plaza de las Flores



In Sunnyvale, seniors at Plaza de las Flores can now rest easy knowing that their housing will remain affordable for years to come. Utilizing the Preservation Acquisition and Preservation Opportunity Programs offered through California Housing Finance Agency's Multifamily Division, the Plaza de las Flores' new owner and long-time property manager,

Christian Church Home of California (CCH), was able to finance the purchase of the property and preserve the affordability of all of the units.

Plaza de las Flores is a 101-unit senior housing development with 12,000 sq.ft. of commercial space. When the project was built in 1983, it was awarded a 20-year project-based Section 8 HAP contract from the U.S. Department of Housing and Urban Development (HUD). The pending expiration of the HAP contract put the project's affordability in jeopardy. Christian Church Homes of California retained the financial consulting services of the California Housing Partnership, a statewide nonprofit organization, to assist CCH with low cost 100% acquisition financing through CalHFA's preservation acquisition program.



The Preservation Opportunity Program was created and funded by Proposition 46, in conjunction with the Agency's bond funded Preservation Acquisition Program, for the express purpose of enabling purchasers of at-risk properties to close quickly without the necessity of having a permanent take-out commitment in place. The two-year Program loans are typically funded using 70% of CalHFA funds, with a short-term interest rate of 4%, with interest only payments, and 30% Proposition 46 bond funds at 3% deferred interest through the Department of Housing and Community Development (HCD).

Even though the property was in good condition, CCH and CalHFA agree that the permanent financing plan should budget approximately \$10,000 per unit for capital improvements to upgrade the building's systems.

The purchase of Plaza de las Flores was financed with 100% of the Acquisition Program funds. The permanent financing will likely include a CalHFA 30-year 501(c)(3) loan and funding from these other agencies: HCD's MHP Program, City of Sunnyvale and the Santa Clara County Housing Trust Fund. To learn more about the Preservation Acquisition and Opportunity Programs, please visit our web site at www.calhfa.ca.gov.

CalHFA Mortgage Insurance Creating Home Buyer Opportunities Through Partnerships

Making mortgage financing affordable for more Californians is a priority for California Housing Finance Agency's Mortgage Insurance Services Division. This is accomplished through CalHFA's ongoing development of strategic partnerships. Mortgage Insurance Services is actively enhancing and developing programs like the CALPERS 97/3 program with Citimortgage and the Economic Opportunity Mortgage Program with Union Bank of California.

The CALPERS 97/3 program provides enhanced affordability and homeownership opportunities to CALPERS members who are interested in buying a home. The program offers 100% financing to CALPERS members who qualify under specified income limits. This is achieved by combining a 97% fixed-rate first loan with a 3% second loan through CalHFA's Silent Second Loan Program (SSLP). The second loan can be used for the down payment and/or closing costs at a simple interest rate, currently 5%. CalHFA's SSLP loan has a 30-year term while deferring payments during the life of the first loan.

A recent partnership between Union Bank of California and CalHFA also provides 100% financing for borrowers whose incomes are 80% or less than their area median income levels. Union Bank, with CalHFA's mortgage insurance, has expanded their Economic Opportunity Mortgage Program. Prior to this partnership, Union Bank offered maximum financing of 95% in this program, requiring the borrower to contribute at least 5% down payment.

To learn more on the CALPERS 97/3 and Economic Opportunity Mortgage Programs, please visit our web site at www.calhfa.ca.gov.



Sacramento Office
PO Box 4034
Sacramento, CA 95812
916.322.3991

Los Angeles Office
100 Corporate Pointe, Suite 250
Culver City, CA 90230
310.342.1250

To be removed from future mailings, please call 800.789.2432 or email marketing@calhfa.ca.gov

New CalHFA Board Members Bring Wealth of Industry and Business Experience

California Housing Finance Agency is pleased to welcome new members to its Board of Directors. At the March 2004 Board meeting, John A. Courson, the new Chairperson, Peter N. Carey, and John G. Morris were introduced. Here are their professional highlights:



John A. Courson has served as the Chairman, President, and CEO of Central Pacific Mortgage Company of Folsom for the last 14 years. Since 1964, he has worked in the mortgage industry and was the CEO for both Fundamental Mortgage Company in Dallas, TX and Westwood Mortgage. In addition, Mr. Courson was the chairman of the Mortgage Bankers Association of America from 2002-2003. He studied business and finance at the University of Colorado, Boulder where he earned his Bachelor of Science degree.

Peter N. Carey serves as the President and CEO of Self-Help Enterprises, a nonprofit housing and community development organization, with which he has 29 years of involvement. He is a member of the National Rural Self-Help Housing, Tulare-Kings Building Industry Association, Visalia Chamber of Commerce, and Tulare-Kings Hispanic Chamber of Commerce. Mr. Carey earned his Masters of Public Administration from the University of San Francisco and a Bachelor of Arts in Literature from Lehigh University.



John G. Morris is the President of John Gilbert Morris, Incorporated, a firm managing and investing in commercial real estate, venture capital, leveraged acquisitions, public global equities, and fixed income. Mr. Morris is a member of the Board of Overseers of the Hoover Institution at Stanford University and the University of California at Los Angeles Campaign Cabinet. Mr. Morris earned his Masters degree in Business Administration at the University of Southern California and a Bachelor of Arts degree in Economics at the University of California, Los Angeles.

Also in late 2003, appointments by the Governor brought four new members to the Board: Donna Arduin, Jan Boel, Dora L. Gallo and Sunne Wright McPeak. The new Board members will join the existing CalHFA Board of Directors - Phil Angelides, Edward W. Bayuk, Edward M. Czucker, Matthew O. Franklin, Theresa A. Parker and Jack Shine.