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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 published periodically 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 877.9.CalHFA (877.922.5432), or email marketing@calhfa.ca.gov. Additional information on the full complement of CalHFA programs and newsletters is available at www.calhfa.ca.gov.

Theresa A. Parker, Executive Director
Governor Arnold Schwarzenegger



January came in like a lion here in Sacramento, as heavy rains had homeowners and renters alike worrying about the possibility of a West Coast Katrina. Fortunately, the skies cleared and the waters receded before there was the need for sandbags and evacuations, but it served to highlight an important point about California housing: there are always threats from one area or another.

Last year was a very successful one for the California Housing Finance Agency, we did our utmost to fend off existing threats to affordable housing, while anticipating future challenges. Chief among our solutions has been our *interest only PLUS*SM loan working in combination with the HomeOpeners^{®*}, a Mortgage Protection Program.

Programs like HomeOpeners are groundbreaking in that they are offered in conjunction with private businesses, in partnerships where both members benefit. In 2006, we will be looking to expand our base of public/private partnerships—without our partners, our efforts to provide affordable housing to Californians would certainly not be as advanced as it is.

CalHFA hopes to introduce more new products, keep our loan volume solid and provide even more funding for Multifamily projects in 2006. I look forward to working with our private industry partners in the coming year, as well as with the other public agencies who help us sail ahead in these turbulent times for affordable housing.

Best wishes,

Theresa A. Parker
Executive Director

P.S. I'd also like to congratulate Dick LaVergne, our recently retired Deputy Director, on his 21 years of service to CalHFA. His support and knowledge have been invaluable in my time at the agency, and we all wish him the best in this next phase!

*"HomeOpeners" is a registered trademark of Genworth Mortgage Holdings, LLC.

Meet the new Special Advisor to the Director

When Steve Spears, who is taking over the Deputy Director duties of the California Housing Finance Agency, was growing up, his father decided to go back to school. Since they were trying to stretch every penny, his parents decided to live in campus housing. Steve has two siblings, so five people crammed into a 2-bedroom student apartment. Says Steve, “Believe me—I know about affordable housing!”

Since those crowded days, Steve has expanded his space exponentially. He graduated from Southern Adventist University, and then received his MBA from the University of Tennessee. After travels hither and thither, he settled in California in 1976. Deciding that more education was never a bad thing, he moved to Sacramento in 1984, and earned a Law Degree from McGeorge. To put the icing on the cake, he is also a member of the California Bar and a licensed CPA.

Steve also has a diverse resume on the employment side. He has taught accounting and finance at the college level, worked in the private sector for KPMG Peat Marwick and was Deputy Treasurer for Public Finance for the State of California. Most recently, he worked for the SAER Group, a research-based public affairs and financial consulting firm.

Steve knew of CalHFA from his Deputy Treasurer days: “CalHFA has a tremendous mission and a great reputation. The thing is, we have to offer products people want—we don’t have a monopoly, so unless we come up with good products over a good financial structure, we lose business!”

Steve adds, “Given this, CalHFA’s challenge is to

keep up with the changes going on in the marketplace, and make sure the whole organization understands what’s going on. I don’t run from challenges—there’s a lot at stake when it comes to affordable housing, and the Agency has business partners and a dedicated staff who care deeply about it.”

The California Housing Finance Agency welcomes Steve Spears to the CalHFA family, and we hope that our business partners and stakeholders welcome him with equal enthusiasm!

Recent CalHFA Products Keep Growing

CalHFA’s *interest only PLUS*SM program continues to be a big player in the mortgage side of our business. Since its launch in April of last year, *interest only PLUS* has accounted for 26% of the overall units funded by CalHFA, and 29% of the dollar volume: over \$340 million worth of business. With its favorable terms and low interest rates, *interest only PLUS* is sure to keep growing!

HomeOpeners^{®*}, a Mortgage Protection Program which debuted at the same time, has met with similar success: more than 2,300 people are now secure in the knowledge that if they lose their job involuntarily, they will have help making mortgage payments for up to six months while they look for new employment.

CalHFA has more new products in store for 2006, including a ground-breaking 40-Year Fixed Mortgage. Keep an eye out as we continue to develop and improve our suite of products to help first time homebuyers and those who are looking for affordable rental housing.

HELP Program Recipients Get Creative

Each year since 1998, the California Housing Finance Agency (CalHFA) has awarded approximately \$20 million annually to local government agencies to help them provide their residents with affordable housing. This money is provided through the aptly named Housing Enabled by Local Partnerships (HELP) program, and qualifying organizations are announced biannually. A spring announcement and application for the availability of roughly \$10 million is just around the corner, and CalHFA is encouraging localities to take advantage of this valuable resource.

Disbursed in the form of a ten-year, 3% loan, the funds are used by local entities to assist with the acquisition, development, rehabilitation, or preservation of affordable housing. Since the first funds were awarded in 1999, HELP has sent nearly \$138 million in financing to local governments, that will assist in the production of nearly 18,000 units.

The most recent round of funding led to eight California localities receiving loans to address otherwise-unmet affordable housing needs. Most HELP funds are combined with other sources of housing assistance funds, so as to maximize the benefit to the local residents.

For instance, the Emeryville Redevelopment Agency received \$1.5 million to help homebuyers purchasing below market rate units under the city's Affordable Housing Set-Aside Program. These units are located in infill developments in an urban area with easy access to jobs, public transportation, social services and retail businesses. The HELP funds will provide purchasers with loans for down payment and non-recurring costs at a 3% simple interest rate and will be deferred for thirty years. These funds, in conjunction with RDA funds, will be supplemented by other homebuyer program monies to achieve affordability for households with annual incomes ranging from \$17,400 to \$76,850. The city of Rialto has taken a different approach to the use of HELP funds. Rialto's \$1 million will be

leveraged by pooling it with RDA and other Housing Authority sources of affordable housing funds to acquire 160 units of a blighted 196-unit condominium complex. A nonprofit developer will be responsible for the conversion of the project from an ownership property to 156 units of affordable rental housing that will be reserved for low-income households with annual incomes ranging from \$11,700 to \$44,100 (depending upon household size). There will also be an onsite community/learning center where supportive services will be offered by service providers to the residents of the complex.

Yet another strategy in solving the affordability challenge in California is being implemented by the city of San Luis Obispo. The City's Housing Authority plans to utilize its \$1 million from HELP by providing a low-interest loan to a developer that will build a 16-unit rental housing complex for persons with mental disabilities. The units will be available for the special needs clients, whose annual household incomes are below \$25,920.

HELP funds provide flexibility for the local agency to determine the specific housing activity and use of the funds in providing for the acquisition, development, rehabilitation or preservation of affordable housing. There are many ways to use HELP funding to ease the crunch for California renters and homebuyers, and CalHFA is eager to assist localities in using HELP funds. If your local government might be able to take advantage of these funds, visit the web site at www.calhfa.ca.gov, or call Amanda Rose, HELP Programs Manager, at (916) 445-9313 for more information and an application packet.

Partners in Finance and Labor

On December 21, 2005, CalHFA authorized the expenditure of up to \$5 million for the purchase of homeownership first mortgages originated by Habitat for Humanity affiliates in California. The affiliates will utilize the capital from the sale to build additional affordable housing in California.

“The California Housing Finance Agency is helping to spread homeownership throughout the state with its new loan purchase program,” said Stephen Seidel, Director of Urban Programs at Habitat for Humanity International. “California’s Habitat affiliates participating in this program could greatly increase their building capacity and produce even more affordable housing in a state where it is greatly needed.”



CalHFA staff, Susan, Janis, Reggie (Angela in background) filling sand bags at the corner of the new house site.

The CalHFA Habitat for Humanity Loan Purchase Program will purchase up to \$5 million of these mortgages from the California Habitat for Humanity affiliates without impacting the terms of the loan for the homeowner. Habitat for Humanity affiliates benefit by having immediate access to funds they normally would collect over the life of the mortgages.

CalHFA’s commitment to Habitat for Humanity, however, goes beyond the purely financial. On a clear winter weekend in January, six CalHFA employees from the Culver City office spent a day working with Habitat for Humanity. Side by side with members of the families who will be occupying the homes, Susan Murtishaw, Reggie Wong, Sabrina Saxton, Janis

Tanaka, Angela Yee, and Jennifer Lew hauled sandbags and dug ditches for the foundations of two new houses.

“Overall, it was a wonderful experience. I learned a lot about the construction side when we usually only get to see drawings in the office”, says Jennifer Lew, one of two department interns studying architecture at USC. Besides donating their time, the CalHFA employees made a single donation of \$150 to help with construction costs. The group plans on participating in future Habitat construction days and welcomes all support.

CalHFA intends to award commitments to the successful applicants by March 24, 2006. In the meantime, the houses begun by our Culver City employees will evolve from dirt, pipes and sandbags to a cozy home for a deserving family. CalHFA is proud to work with such a dedicated organization, and even prouder to have such dedicated employees.