

Front Page

Executive Director's Message

Homeownership Success Story 2
 Six-Layer Financing Cake Served by a First Lady

Homeownership 3
 A First-Rate Partnership in Second Mortgages

Agency 3
 2007 Board of Directors Meetings

Multifamily 4
 RDLP Develops a Following

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



Picking up the pace

Earlier this year, I watched 144 cyclists zip past our offices as part of the Tour of California, and it never ceases to amaze me just how rapidly they can propel themselves with a combination of determination, training, and a dedicated support team. Some of them get to the finish line before the others, and some have tattered shorts from falls and spills, but barring catastrophic injury, they all get there eventually.

This is how I feel about finding a home in California these days. It takes determination to get out on the road to finding a safe, decent, affordable place to live. It takes training to find out what options are out there and how you should approach the problem. Most importantly, it becomes so much easier if you have a dedicated team to help you figure out the financing, find the right home, and take care of the sometimes-messy details.

You can see a great snapshot of what it takes to buy a home by reading the story of the Dries family and how they used CalHFA financing and a knowledgeable loan officer to buy a good first home. You can also read some details about how CalHFA works on the national stage, and we have some great news about our newest program offering, the Residential Development Loan Program.

CalHFA is looking forward to a wonderful spring season as the flowers open up, the sun gets higher in the sky, and more folks get out into the sheer beauty of California. Whether you use a bicycle, an RV, a scooter, or just your own two feet, we hope to see you out there on the road to a great place to live.

Sincerely,



Theresa A. Parker
 Executive Director

Six-Layer Financing Cake Served by a First Lady

Jason Dries was your typical twenty-something professional; living in Silicon Valley, renting out a place with his wife Lisa, and making a pretty good go of it. He had originally been working in the private sector, but had chosen to give something back to the community by becoming an elementary school teacher. One day about five years ago, he had a flash of insight: “I was almost 30 years old, and I didn’t own anything!”

The more Jason thought about it, the more upset he was at not being able to buy a house with prices that never seemed to stop rising. He took an unusual step and wrote a letter to the mayor of San Jose, expressing his displeasure and disappointment in his inability to find a place to settle down with Lisa.



Jason and Lisa, and a freshly-mowed lawn.

Within a week, Jason received a letter from the San Jose Housing Authority, who set him up with Carolyn Mountain of American Home Mortgage. Carolyn was just starting to link up city housing programs with CalHFA, and Jason was a perfect candidate for the loans. Jason, Lisa and Carolyn sat down and realized that there was quite a bit of assistance available—it was only a question of putting all the pieces together.

With Carolyn’s help, and six layers of financing between CalHFA and San Jose, they were able to purchase a two-bedroom, two-bath condo in San Jose. They used CalHFA’s HiCAP, CHAP and CHDAP down payment programs, \$40,000 from city of San Jose, and \$6,500 from the Housing Trust of Santa Clara County. Even better, it turned out that Jason was the 200th teacher to use the city of San Jose program, so San Jose Mayor Ron Gonzales and then-First Lady Sharon Davis stopped by for hors d’oeuvres in their new living room.

“Carolyn is really fantastic,” says Jason. “She does everything!” The relationship has continued: the Drieses lived in their condo for three years and sold it, using the proceeds to buy a four-bedroom, two-bath house in Milpitas—through Carolyn—where they live now, only a mile and a half from where Jason teaches.

For her part, Carolyn continues to be dedicated to helping first-time homebuyers in the Bay Area. “I do a lot of these kinds of loans, and I keep telling other cities to copy what San Jose is doing. I also enjoy working with CalHFA, because everybody seems so dedicated—I’m a real fan!”

Jason and Lisa (who is also a teacher) love their current home, and are looking forward to starting a family in the near future. Carolyn continues to be a bright star in the constellation of CalHFA’s many dedicated loan officers, helping borrowers like the Dries family to find a place to call their own. CalHFA wishes the best of luck to all of them!

A First-Rate Partnership in Second Mortgages

Although the vast majority of CalHFA's business is conducted inside the state of California, occasionally the agency has an opportunity to collaborate with groups at the national level. CalHFA can help craft national policy and work on a larger stage while continuing to fulfill its mission of helping all Californians find safe, decent affordable housing. Earlier in the year, CalHFA had just such an opportunity.

Working with Fannie Mae, CalHFA was able to negotiate the sale of two types of subordinate mortgages: HiCAP, which helps families living in high-cost areas of the state, and CHAP, which assists homebuyers who choose to have an FHA-insured mortgage.

Fannie Mae agreed to purchase approximately 6,000 HiCAP and CHAP loans representing about \$60 million. CalHFA will recycle the proceeds from the loan sale to Fannie Mae to provide further down payment assistance to future HiCAP and CHAP borrowers, which will ease funding pressures on other CalHFA programs. Despite recent changes in the market, California continues to be at the top of the scale when it comes to housing costs. Because of our tough market, down payment assistance is the only way most California families can hope for homeownership; this partnership will help those families who need it most.

This sale is truly a win-win transaction for Fannie Mae and CalHFA. Not only will it help hundreds, if not thousands, of first-time homebuyers in the Golden State, but it was also very instrumental in Fannie Mae reaching its own housing goals. It would not have been possible, however, without some very long hours and intense dedication from many CalHFA staff members. Thanks to our staff and partners for investing much time and talent to make a plan on paper become a solid business deal.

2007 Board of Directors Meetings

CalHFA is governed by a board of directors appointed by the Governor. They serve four-year terms, volunteering their time to make sure CalHFA is fulfilling its mission to help Californians live in safe, decent affordable housing. The CalHFA Board of Directors meets every other month, alternating between Northern and Southern California, to discuss and approve financing of multifamily projects, Agency financial information and bond finance authority, operational budgets, business plans and other aspects of CalHFA.

CalHFA posts agendas for all meetings on our web site, at least seven days prior to the meeting. You can also peruse our archived board meeting calendars, dating back to 2000.

RDLP Develops a Following

Last year, CalHFA announced the new Residential Development Loan Program, or RDLP. This unique program helps cities, counties, redevelopment agencies, housing authorities and other community agencies in the development of affordable homeownership housing. CalHFA, through its innovative loan program, provides four-year, 3% interest rate loans for site acquisition and predevelopment expenses for new affordable owner-occupied housing developments. Most importantly, the loans will be made for infill housing to promote shorter commute times, walkable neighborhoods and more closely-knit communities.

In addition, CalHFA is a partner in these projects, as opposed to simply funding the loans. Working with other sources, the money lent by CalHFA is sometimes leveraged three or four times to multiply the benefit of the loan.

“With the shortage of affordable housing stock throughout California, CalHFA is forming partnerships with local governments and stakeholders to address the problem of creating more housing. RDLP financing is one way we are helping,” said Theresa Parker, CalHFA Executive Director. “Cities and counties will be able to use the low-cost funding to acquire infill sites, as well as cover predevelopment costs, for affordable home development promoting smarter urban growth. New owners and the communities will benefit through the development of these affordable homes that are closer to jobs and schools, and convenient to transit, shopping and public services.”

RDLP recently provided loans to three redevelopment agencies across the state, and the future looks exciting. The Davis Redevelopment Agency will receive \$658,000 in funding to assist with the predevelopment costs for 30 affordable condominiums and town homes within Mace Ranch III, a mixed-use development. The project will also include 10,000 square feet of commercial space, in addition to the for-sale units, with completion expected in March 2008.

The City of Bakersfield Redevelopment Agency will receive \$1 million to assist with the land purchase for the development of 35 affordable for-sale condominiums. The complex, located in the Mill Creek area near the city's downtown district, will be part of a new innovative urban community plan that will be oriented toward housing, retail and entertainment.

Finally, the City of Lindsay Redevelopment Agency will receive \$3.69 million in RDLP funds to assist with the purchase of land for the development of 128 for-sale units, of which 123 will be affordable, on three different sites. Olive Bowl Park will consist of 33 homes; the other two sites, Heritage Park and Golf Club Villa, are planned with 20 and 75 affordable units, respectively. Using a variety of other funding, the city will develop offsite public use recreational areas and a health center designed to complement these projects.

The momentum doesn't end there; CalHFA has just announced the next round of available funds. Originally slated to be \$10 million, the round has been doubled to \$20 million due to the passage of Proposition 1C by California voters. In addition to the increase in loan funds, the terms of the loans have been made more favorable also, there is now a maximum term of five years, and the maximum individual loan amount has been increased to \$5 million.