

2014

Annual Report 2013-2014: Everyday Heroes

California Housing Finance Agency

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13/14
Annual Report



EVERYDAY Heroes

California Housing Finance Agency



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EVERYDAY Heroes

California Housing Finance Agency
2013-2014 ANNUAL REPORT

Contents

- 1 Members of the Board
- 3 Chair and Executive Director's Message
- 5 Multifamily Programs
- 7 Single Family Programs
- 9 Support Services
- 14 CalHFA Staff

Our mission is to create and finance progressive housing solutions so more Californians have a place to call home.

Members of the Board (FY 13/14)



(Left page - pictured left to right, top to bottom)

Matthew Jacobs**	CalHFA Board Chair Co-Managing Partner, Bulldog Partners, LLC
Claudia Cappio*	Executive Director, California Housing Finance Agency, State of California
Ken Alex*	Director, Office of Planning and Research, State of California
Anna Caballero***	Secretary, Business, Consumer Services and Housing Agency, State of California
Michael J. Cohen*	Director, Department of Finance, State of California
Randall Deems	Acting Director, Department of Housing and Community Development, State of California
Janet Falk***	
Peter J. Gravett	Secretary, Department of Veterans Affairs, State of California
Michael A. Gunning**	Vice President, Personal Insurance Federation of California
Jonathan C. Hunter	Consultant, JCHunter Consulting
Bill Lockyer	State Treasurer, Office of the State Treasurer, State of California (<i>not pictured</i>)
Tia Boatman Patterson**	General Counsel, Sacramento Housing and Redevelopment Agency
Preston Prince	CEO and Executive Director, Fresno Housing Authority
Dalila Sotelo	Principal, The Sotelo Group

* Non-voting **Audit Committee Member ***Executive Evaluation Committee Member



Chair & Executive Director's Message

Over the past year, the California Housing Finance Agency continued its efforts to provide more housing opportunities for California residents.

So much work is invested every day that we often overlook the heroes who make quality, affordable housing a reality for so many Californians.

This year, we want to celebrate those heroes—and those who work together to produce heroic outcomes.

Heroes like Michael, an Orange County Realtor who partnered with CalHFA to help an Orange County couple purchase their first home.

Heroes like Tabitha, a Marin County mother of two who is now advocating for affordable housing while living in a Mental Health Services Act-funded apartment complex herself.

Heroes from four state agencies and dozens of affordable housing developers who worked together on a comprehensive examination of the costs of affordable housing in California.

Heroes from another collaboration with the Departments of Transportation and Housing and Community Development who are helping give renters in the Pasadena Freeway corridor the opportunity to purchase their longtime homes at an affordable price.

And heroes from more than 200 mortgage servicers who work with Keep Your Home California to help unemployed homeowners and thousands of other Californians struggling to pay their mortgages, despite the economic recovery.

We celebrate these heroes and their accomplishments.

For CalHFA, rising home prices challenged us to find new ways to help low to moderate income Californians, including our important step to remove the requirement that our CalHFA borrowers be first-time homebuyers.

We also partnered to launch new programs to assist veterans and homeless Californians. Our collaboration with the California Department of Housing and Community Development and CalVet allows us to improve housing options for veterans who need a safe, affordable and permanent place to live.

An important key to our efforts is the financial stability of CalHFA. After years of managing the effects of the real estate downturn, we achieved an upgrade in our credit ratings—changes that will make it easier and more affordable for us to borrow money to help Californians.

Fortunately, we at CalHFA have the ability to partner with these heroes every day. Our employees and partners are responsible for working together to expand our presence and serve the housing needs of Californians, and we are grateful for their work.

As we embark on a new fiscal year, we know these individuals and our partners will keep working hard, providing heroic results for the Californians we serve.



Matthew Jacobs
Board Chair

Tia Boatman Patterson
CalHFA Executive Director



Multifamily Programs

The Multifamily Programs division provides acquisition, rehabilitation and permanent financing to preserve, improve, maintain and increase the affordability of rental housing for very low and low income families in California. In addition to lending, Multifamily Programs administers funds from other governmental and third-party sources and works closely with these agencies to monitor and regulate these affordable units.



ACCOMPLISHMENTS

- Closed on three projects, representing 383 units for \$39 million in loan commitments.
- Revised the CalHFA Multifamily Portfolio Loan Prepayment Program.
- Obtained a two-year regulatory waiver from the U.S. Department of Housing and Urban Development (HUD) to allow balloon payments on HUD Risk Share loans.
- Collaborated with Department of Housing and Community Development and CalVet on AB 639/Proposition 41 to establish the Veterans Housing and Homelessness Prevention Program.

Asset Management

The Asset Management division plays a major role in preserving and maintaining affordable housing for CalHFA. The division manages the multifamily housing portfolio throughout the life of the loans, protecting CalHFA's real property assets from loss and ensuring regulatory compliance. The division also works with building owners and managers to ensure properties are well-operated, fiscally sound, clean and safe for tenants.

ACCOMPLISHMENTS

- Transitioned 38 Mental Health Services Act (MHSA) Housing Program projects worth \$60 million to Asset Management.
- Performed 400 physical inspections and approximately 100 Management and Occupancy reviews for the Section 8 portfolio.
- Submitted an application to HUD in collaboration with the Department of Housing and Community Development, the Department of Health Care Services and the Tax Credit Allocation Committee for Section 811 Project Rental Assistance funding.



Tabitha EVERYDAY HERO



Tabitha has lived in an MHSA-funded apartment for several years, and she's grateful for the opportunities their services have provided for her and her children. So grateful, in fact, that she's become a zealous advocate for supportive housing in the community.

She has spoken in front of the county Board of Supervisors, written letters, and worked with local housing agencies, including the Nonprofit Housing Association, to spread the word: "I wanted...to be a part of something to show the positive side of affordable housing."

Single Family Programs

Single Family Lending

The Single Family Lending division works to help low to moderate income homebuyers and others purchase homes in California. Traditionally, this has been accomplished through the financing of first mortgages and down payment assistance. The division also works with lending partners, municipalities and others in the private and public sectors to facilitate homeownership.

Ryan & Lois EVERYDAY HEROES



Ryan and Lois are parents who put in hard work to buy their condominium using the Extra Credit Teacher Program as down payment assistance.

Ryan is a budding graphic artist whose main medium is chalk; he specializes in inspiration and works all over the country. Lois teaches all four grades of English at a high school in Southern California, meaning she read 24 books over the summer so she could be fully prepared. They went through the homebuyer education together, trading tests, although Ryan does concede, "She did most of the work."

ACCOMPLISHMENTS

- Processed more than 6,300 reservations including first mortgages, down payment assistance and mortgage credit certificates.
- Rebuilt its lending network to include more than 85 approved lenders and reinstated its first mortgage program.
- Received \$28.8 million in repayments from Housing Enabled by Local Partnerships (HELP) and Residential Development Loan Program (RDLP) loans.
- Distributed more than 3,580 leads to CalHFA Preferred Loan Officers.





Single Family Loan Servicing

The Loan Servicing division services CalHFA's portfolio of single family loans. The division receives and processes payments, manages loans to minimize delinquencies and communicates with existing CalHFA borrowers.

ACCOMPLISHMENTS

- Serviced more than 7,700 first mortgage loans and more than 37,000 subordinate loans.
- Received USDA approval to service USDA loans.
- Completed four Bank of America bulk loan transfers totaling 1,701 loans with principal balances of \$239 million. The delinquency rate on these loans has already been reduced by 1.5%.
- Ranked Tier 1 and received a grade of "A" on the FHA scorecard.

Portfolio Management

The Portfolio Management division works with all single family loan servicers and oversees servicing performance and loss mitigation efforts. Additionally, the division oversees the maintenance, preparation for market and sale of single family REO properties. The division reaches out to mortgage servicers to provide loan modifications to financially challenged families to make them aware of their loss mitigation options.

ACCOMPLISHMENTS

- Modified 797 loans and closed 441 short sales, leading to lowered overall delinquency rate.
- Sold 424 REO properties, lowering inventory to just 55 properties.
- Recovered \$1.25 million in property taxes as part of closing out REO financial files.
- Performed 15 onsite servicer audits and collected \$80,275 in fees.
- Increased outside servicer use of Keep Your Home California.



Support Services

John
EVERYDAY HERO



John is a dedicated and passionate loan officer at Broadview Mortgage, which is fully committed to the CalHFA line of products. He collaborates with real estate agents, escrow agents and homebuyers all across the spectrum, and says, "I love working with CalHFA because it gives the client an opportunity to purchase a home when they thought they would never be able to."

Information Technology

The Information Technology division is responsible for providing secure, responsive and innovative technical infrastructure, systems and services that enable the Agency to achieve its strategic objectives and fulfill its mission.

ACCOMPLISHMENTS

- Implemented new hardware and software to increase information security.
- Expanded use of SharePoint as a secure external inter-agency collaborative site.
- Successfully worked over 2,000 IT Help Desk tickets providing support to Agency staff.
- Created and implemented new systems to support the Agency's new Single Family lending and grant programs and implemented 300 modifications, upgrades, and/or enhancements to existing system applications.

Financing

The Financing division manages the capital used to finance CalHFA's affordable housing programs. It also handles the Agency's outstanding debt obligations and non-mortgage investments. The division frequently evaluates various alternatives for generating low-cost capital, including balancing risk versus benefit. CalHFA's tax-exempt issuance authority allows it to serve the affordable housing needs of Californians in a way that the general market does not.

ACCOMPLISHMENTS

- Reduced the amount of variable rate debt outstanding by \$625.8 million.
- Reduced the notional amount of interest rate swaps outstanding by \$418 million.
- Closed \$26.4 million of Multifamily Conduit Issuer financing and issued \$38.9 million under the Multifamily Housing Revenue Bonds III Indenture.
- Worked with Moody's and S&P as they reviewed and ultimately upgraded the Agency's credit ratings.
- Established an internal warehouse line to be used for single family and multifamily lending.

Administration

The Administration division is responsible for the administrative function of CalHFA, including developing and maintaining the operating budget, establishing policies, maintaining facilities and procuring equipment, furniture and supplies. It also serves as the Human Resources hub, establishing policies and working with all aspects of personnel.

ACCOMPLISHMENTS

- Replaced and updated redundant forms and signature requirements, reducing chance for lost or misplaced documents by 50%.
- Worked to reduce assessment of central administrative services costs, saving the Agency \$1.5 million.
- Launched a new comprehensive contracting process, streamlining and clarifying roles and responsibilities resulting in efficiencies in time and resources.



Support Services (cont.)

Fiscal Services

The Fiscal Services division safeguards CalHFA's cash and investments. The division reports financial information to the executive team that is critical to the management of the Agency's programs in accordance with federal and state requirements. The division works closely with an independent accounting firm during the Agency's yearly financial audit.

ACCOMPLISHMENTS

- Purchased or funded loans totaling \$63.2 million.
- Assisted with securitization of \$10.8 million of first mortgages.
- Coordinated bond debt service and redemption payments totaling \$1.1 billion.
- Paid swap payments of \$72 million.
- Processed more than 9,000 check and wire remittances.

Legislation

The Legislative division works with various federal and state legislative, housing, business and other interest groups to identify and maximize opportunities to meet the housing and mortgage lending needs of low to moderate income families in California, and further the long-term business objectives of CalHFA.

ACCOMPLISHMENTS

- Worked with California Legislature, the Department of Housing and Community Development and CalVet to achieve passage and signing of the California Veterans Housing and Homelessness Prevention Bond Act.
- Continued working with the California Legislature and U.S. Congress on issues affecting affordable housing, foreclosure prevention and mortgage lending throughout the state.
- Implemented a number of changes to improve the efficiency and effectiveness of the Keep Your Home California foreclosure prevention programs.



General Counsel

The Office of General Counsel manages the legal affairs of CalHFA by providing counsel on day-to-day operations and strategic initiatives. The office also supports CalHFA's lending and insurance programs.

ACCOMPLISHMENTS

- Advised on the development of single family first mortgage loan product, including negotiating agreements for the financing of the loans, and administration of the program, and updating the Agency's Servicers Guide.
- Processed 97 new and amended contracts.
- Assisted with 20 multifamily HUD Risk Share, MSHA and conduit loans.
- Trained various Agency divisions in ethics, privacy, the Public Records Act and Information Practices Act, as well as bankruptcy and foreclosure laws and practices.

Marketing

The Marketing division uses advertising, promotion and public relations to increase awareness of and accessibility to the Agency's products among lenders, real estate agents, builders, developers, localities and homebuyers.

ACCOMPLISHMENTS

- Secured 150 newspaper and media stories reaching about 5 million Californians.
- CalHFA Leads Program Call Center responded to 2,669 incoming calls.
- CalHFA website had more than 3.8 million page views.
- Completed more than 950 marketing projects and communication requests.
- Continued focused collaboration with Department of Housing and Community Development's Communications division.

Michael EVERYDAY HERO



Real estate agents don't come much more enthusiastic than Michael. He goes the extra mile for his clients, using his wisdom and creativity to help them find the right home instead of just making a sale. He's a big supporter of CalHFA because he knows that a dependable home loan is key to making homebuyers happy.

"CalHFA was really, truly, seriously fantastic to work with...and I'm not the kind of guy who just goes around saying stuff like that!"

Keep Your Home California

The CalHFA-managed program has helped nearly 42,000 homeowners with mortgage assistance since the program launched in February 2011. Using federal funding, Keep Your Home California administers four different programs to help the continuing Californian recovery from the housing crisis. Three of the program's best four quarters were during the 2013-14 fiscal year.

Ana EVERYDAY HERO



Ana lost her husband in February 2013. The single mom of a 6-year-old son and 10-year-old daughter says living on one income with two children is challenging. Ana needed help, and had the courage to go looking for it. She turned to Keep Your Home California.

Ana applied and was approved for Keep Your Home California's Principal Reduction Program, which funded \$43,000 to pay down Ana's principal balance, and helped lower her monthly mortgage payments. Most importantly, Ana and her children can now afford to remain in their home.

"Keeping the house was important for us," says Ana. "The house has a lot of memories, especially of their dad."

ACCOMPLISHMENTS

- Principal Reduction Program: Helped 2,244 households with \$144,378,214, a 93.5% increase from FY 12-13.
- Unemployment Mortgage Assistance Program: Helped 11,448 households with \$159,832,144, a 8.5% decrease from FY 12-13.
- Mortgage Reinstatement Assistance Program: Helped 2,681 households with \$36,798,381, a 21.9% increase from FY 12-13.
- Transition Assistance Program: Helped 333 households with \$1,091,871, a 5.9% increase from FY 12-13.
- Total: Helped 16,706 households with \$342,100,609, a 21.9% increase from FY 12-13.

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Additional Information is provided in the "Audited Financial Statements" and "Statistical Supplement" to the California Housing Finance Agency's 2013-2014 Annual Report (*Available on CD by request*).



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