

# California Housing Finance Agency

## Single Family Update

November 2024

**Albert Luong**  
*Director*  
RBC Capital Markets



RBC Capital Markets, LLC (“RBC CM”), seeks to serve as an underwriter on a future transaction and not as a financial advisor or municipal advisor. The information provided is for discussion purposes only in anticipation of being engaged to serve as an underwriter. The primary role of an underwriter is to purchase securities with a view to distribution in an arm’s-length commercial transaction with the issuer. The underwriter has financial and other interests that differ from those of the Issuer. RBC CM is not recommending an action to you as the municipal entity or obligated person. RBC CM is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication. RBC CM is acting for its own interests. You should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

This presentation was prepared exclusively for the benefit of and internal use by the recipient for the purpose of considering the transaction or transactions contemplated herein. This presentation is confidential and proprietary to RBC CM and may not be disclosed, reproduced, distributed or used for any other purpose by the recipient without RBC CM’s express written consent.

By acceptance of these materials, and notwithstanding any other express or implied agreement, arrangement, or understanding to the contrary, RBC CM, its affiliates and the recipient agree that the recipient (and its employees, representatives, and other agents) may disclose to any and all persons, without limitation of any kind from the commencement of discussions, the tax treatment, structure or strategy of the transaction and any fact that may be relevant to understanding such treatment, structure or strategy, and all materials of any kind (including opinions or other tax analyses) that are provided to the recipient relating to such tax treatment, structure, or strategy.

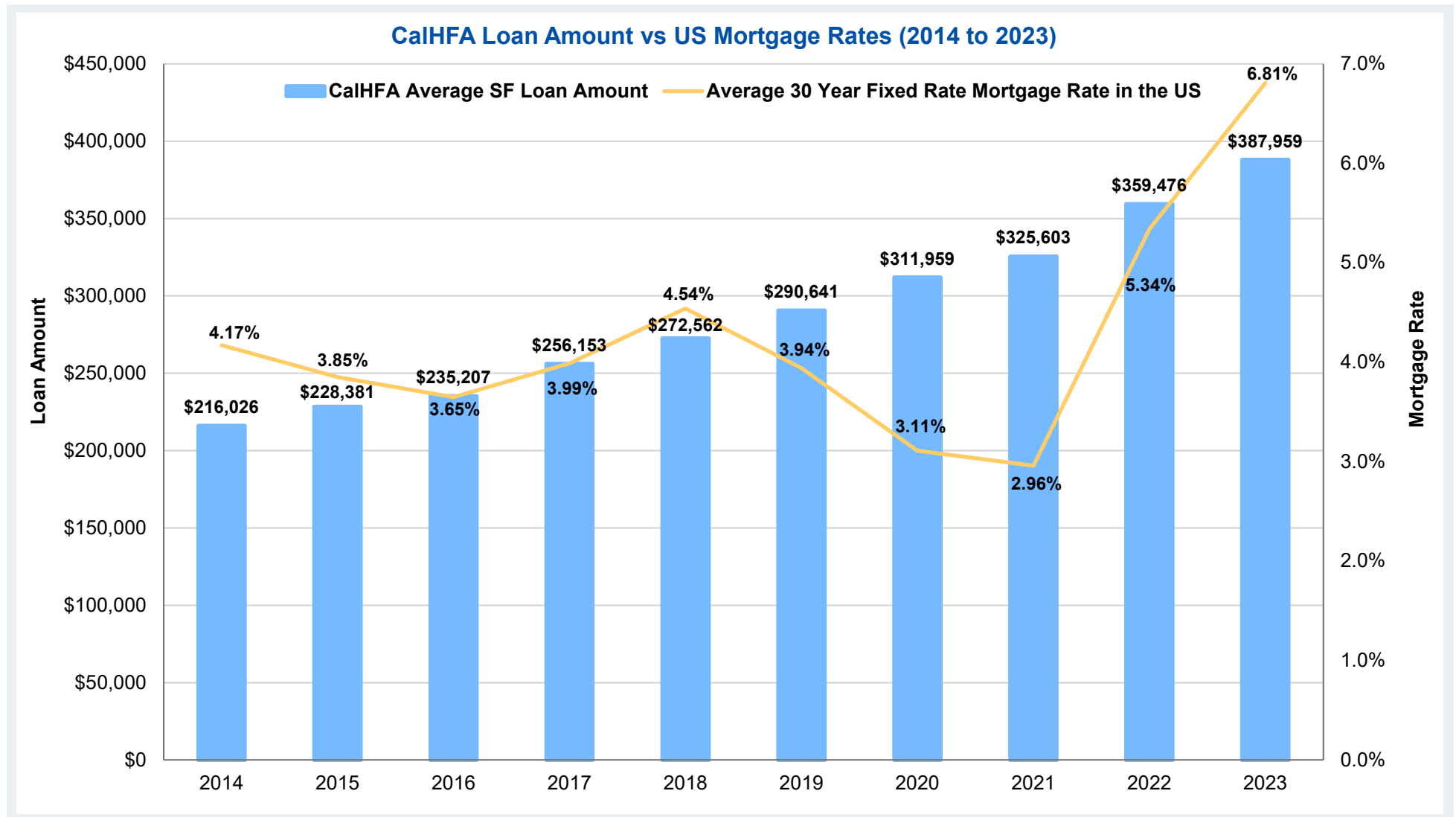
The information and any analyses contained in this presentation are taken from, or based upon, information obtained from the recipient or from publicly available sources, the completeness and accuracy of which has not been independently verified, and cannot be assured by RBC CM. The information and any analyses in these materials reflect prevailing conditions and RBC CM’s views as of this date, all of which are subject to change.

To the extent projections and financial analyses are set forth herein, they may be based on estimated financial performance prepared by or in consultation with the recipient and are intended only to suggest reasonable ranges of results. The printed presentation is incomplete without reference to the oral presentation or other written materials that supplement it.

IRS Circular 230 Disclosure: RBC CM and its affiliates do not provide tax advice and nothing contained herein should be construed as tax advice. Any discussion of U.S. tax matters contained herein (including any attachments) (i) was not intended or written to be used, and cannot be used, by you for the purpose of avoiding tax penalties; and (ii) was written in connection with the promotion or marketing of the matters addressed herein. Accordingly, you should seek advice based upon your particular circumstances from an independent tax advisor.

## The cost of homeownership has increased significantly in the last several years

- The average loan size for CalHFA has nearly doubled in a decade
- Not including the pandemic period, the average national mortgage rate is 250 bps higher than what it was in 2014
- CalHFA homeowners are paying an additional \$1,500 per month relative 2014 (*Potentially even more when factoring home insurance*)



Source: Federal Reserve Economic Data; Freddie Mac; CalHFA 22/23 Annual Comprehensive Financial Report

## Down Payment Assistance (“DPA”) is one tool to help CalHFA First-Time Homebuyers

- CalHFA currently has a suite of down payment assistance tools to help its borrowers

CalHFA DPA Comparison				
	Dream For All	Zero Interest Program (“ZIP”)	MyHome	MyAccess
Eligibility	First-Time Homebuyers	First-Time Homebuyers	First-Time Homebuyers	First-Time Homebuyers
Use	Down Payment / Closing Costs	Closing Costs	Down Payment / Closing Costs	Down Payment / Closing Costs
Interest Rate	N/A (Shared Appreciation)	0.000%	1.000%	1.000%
Term (Years)	30	30	30	30
Amortization	No	No	No	No
<b>Amount (Government)<sup>1</sup></b>	<b>N/A</b>	<b>2.00% / 3.00%</b>	<b>3.50%</b>	<b>2.50%</b>
<b>Amount (Conventional)<sup>1</sup></b>	<b>20% (Capped at \$150K)</b>	<b>2.00% / 3.00%</b>	<b>3.00%</b>	<b>2.50%</b>
Lien Position <sup>2</sup>	2nd Lien	2nd Lien	2nd Lien	3rd Lien
Source of Funds	Dream for All Program Fund	TBA Market	Home Purchase Assistance Fund	Mortgage Revenue Bonds
1 <sup>st</sup> Mortgage Funding	TBA Market	TBA Market	TBA Market	Mortgage Revenue Bonds

1) Max Size Amount of the sales price or appraised value, whichever is less

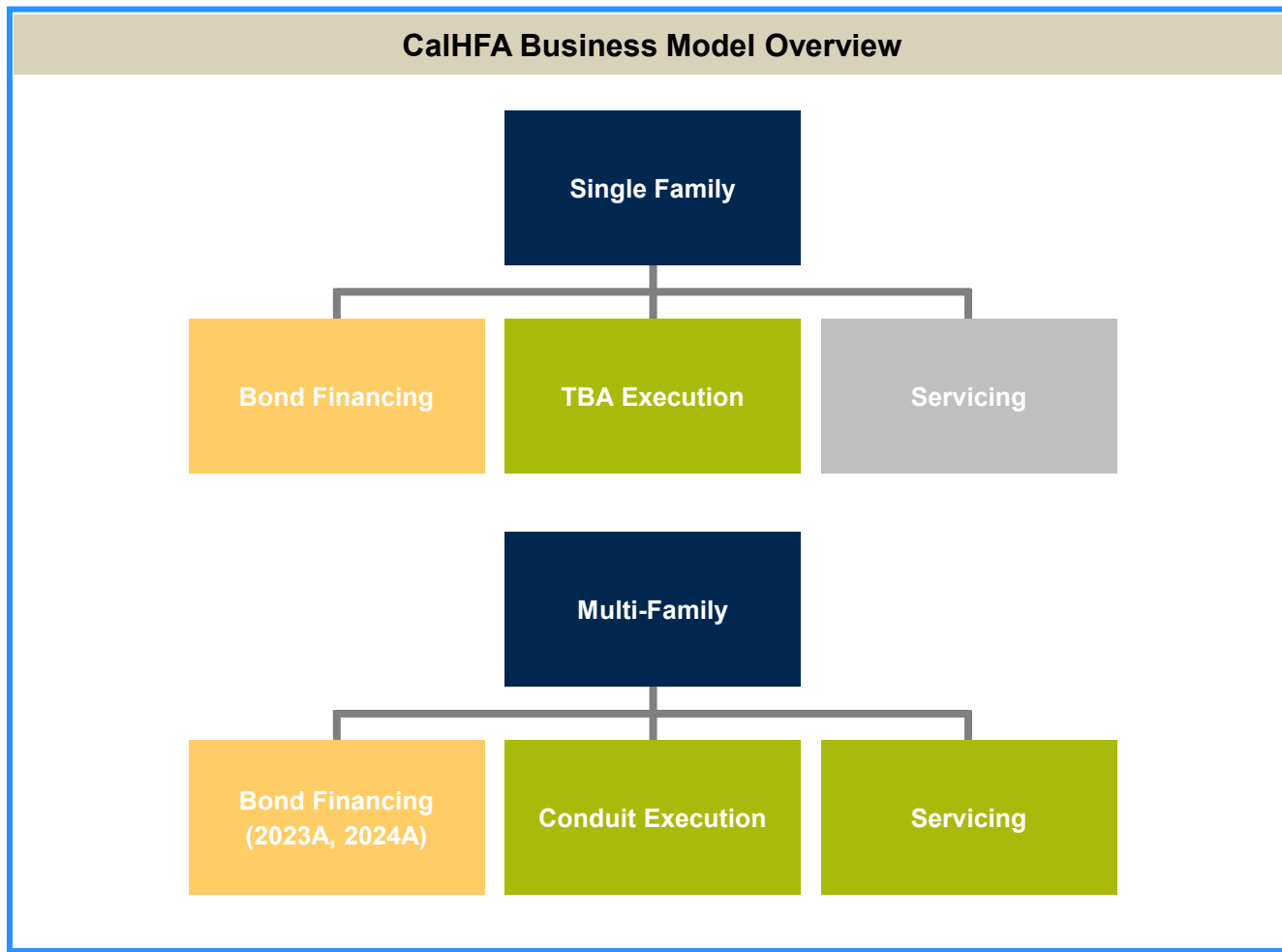
2) MyAccess is 3rd Lien assuming there is a MyHome loan in 2nd lien

- **MyAccess will provide an additional 2.50% of DPA to First-Time Homebuyers**
  - Obtain up to 6.00% of DPA by combining MyHome and MyAccess
- **1<sup>st</sup> Mortgages with MyAccess will be held on CalHFA’s balance sheet, enabling the Agency to earn annuitized income**
  - Both the 1<sup>st</sup> Mortgage and MyAccess will be financed by new Single Family Bonds



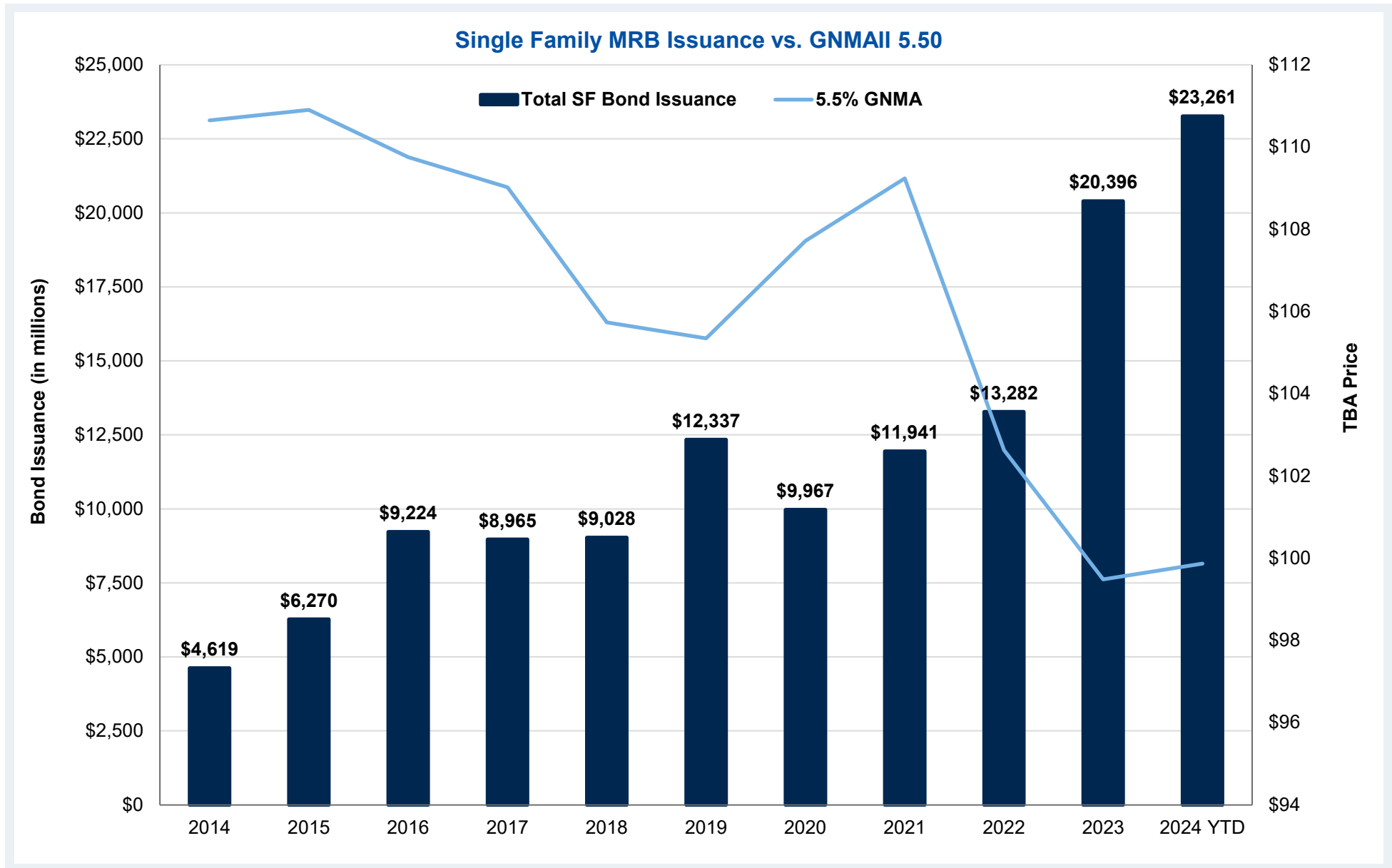
## CalHFA will generate annuitized income through its bond programs

- With 2023A and 2024A issuances, CalHFA is starting to earn annuitized income (“spread”) on its balance sheet
- Financing 1st Mortgages w/ MyAccess will further enhance and diversify the Agency’s income stream
- **Single Family is the largest component in CalHFA’s business model**



# State HFAs are expected to issue a record amount of single family bonds in 2024

- Demonstrating the shift from TBA to Municipal Market to fund single family production



Source: Bloomberg, RBCCM Internal Tracking