

1
2 BOARD OF DIRECTORS
3 OF THE CALIFORNIA HOUSING FINANCE AGENCY

4 RESOLUTION NO. 20-10

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6 RESOLUTION AUTHORIZING THE AGENCY BUSINESS PLAN
7 FOR FISCAL YEAR 2020/2021
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10 WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and
11 Home Finance Act ("Act"), the California Housing Finance Agency ("Agency")
12 has the authority to engage in activities to reduce the cost of mortgage financing
13 for home purchase and rental housing development, including the issuance of
14 bonds;

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16 WHEREAS, the Agency's statutory objectives include, among others,
17 increasing the range of housing choices for California residents, meeting the
18 housing needs of persons and families of low or moderate income, maximizing the
19 impact of financing activities on employment and local economic activity, and
20 implementing the objectives of the California Statewide Housing Plan;

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22 WHEREAS, the COVID-19 virus has impacted every facet of daily life,
23 including the California economy and real estate markets, and will present financial
24 challenges within changing credit and capital markets into the foreseeable future;

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26 WHEREAS, the Agency must responsibly manage real estate related risk
27 and liquidity for operating expenses and financial obligations;

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29 WHEREAS, the Agency has presented to the Board of Directors a Business
30 Plan, for fiscal year 2020/21, with its goals, key strategies and action items
31 designed to assist the Agency in meeting its financial obligations, its statutory
32 objectives, support the housing needs of the people of California and to provide the
33 Agency with the necessary road map to respond to the current COVID-19 crisis and
34 reemerge as a leading affordable housing lender providing bond financing and
35 mortgage financing well into the future;

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37 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the
38 Agency as follows:

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40 1. The 2020/21 Business Plan, as presented by the written presentation
41 attached hereto and made a part hereof, and any additional presentations made at
42 the meeting, is hereby fully endorsed and adopted.

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44 2. In implementing the Business Plan, the Agency shall strive to satisfy all
45 the capital adequacy, liquidity reserve, credit and other reserve and any other
46 requirements necessary to maintain the Agency's general obligation credit ratings
47 and the current credit ratings on its debt obligations, to comply with the
48 requirements of the Agency's providers of credit enhancement, liquidity, and

1 interest rate swaps and to satisfy any other requirements of the Agency's bond and
2 insurance programs.

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3. The updated Business Plan is necessarily based on various economic, fiscal and legal assumptions. Therefore, for the Agency to respond to changing circumstances, and subject to the provisions of Resolution 11-06, the Executive Director shall have the authority to adjust the Agency's day-to-day activities to reflect actual economic, fiscal and legal circumstances to attain goals and objectives consistent with the intent of the updated Business Plan.

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Attachment

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SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 20-10 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of May, 2020, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

- AYES: Avila Farias, Gallagher, Gunn (for Imbasciani), Hunter, Johnson-Hall, Ma, Velasquez, Prince, Russell, Sotelo, Gunning, Castro Ramirez
- NOES: None
- ABSTENTIONS: None
- ABSENT: None

IN WITNESS WHEREOF, I have executed this certificate hereto this 14th day of May 2020.

ATTEST:



Claire Tauriainen
Secretary of the Board of Directors of the
California Housing Finance Agency



CALHFA FY2020-21 BUSINESS PLAN

Executive Summary

SERVE PEOPLE

Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence

REFINE OPERATIONS

Continue to improve operational efficiencies through the use of technology, workforce planning and the implementation of best practices

BUILD PARTNERSHIPS

Collaborate with other housing entities, lenders and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions

SERVE PEOPLE



Single Family Lending

- Help 6,700 homebuyers purchase their first home
- Secure \$2 billion in 1st mortgage loans to generate \$30 million in revenue
- Finance \$107 million in subordinate loans for down payment assistance and closing costs, generating \$3.3 million in fees
- Continue to monitor and implement the Fannie Mae Duty to Serve mandate and the upload process for Universal Residential Loan Application (Form 1003)
- Continue efforts to pursue permanent source of down payment assistance programs
- Launch the FHA 203(h) for disaster victims



Multifamily Lending

- Produce and preserve more than 3,525 units of affordable housing
- Finance \$1 billion in multifamily lending with \$714 million in conduit issuance, \$202.5 million in permanent loan conversions and commitments, \$74 million in Mixed-Income Program (MIP) lending, and \$40.5 million in Special Needs Housing Program (SNHP) lending, and \$18.4 million in other subsidy loan conversions and commitments
- Monitor market acceptance and status of future funding allocations for MIP
- Continue the portfolio preservation strategy
- Close out Traditional Contract Administration (TCA) activities in coordination with HUD

REFINE OPERATIONS



Financial Position

- Manage balance sheet capital reserves to achieve an AA General Obligation rating
- Develop strategies, systems and capacity to administer a tax-exempt bond recycling program
- Refine Multifamily yield maintenance process and procedures
- Eliminate all variable rate bonds



Risk Mitigation

- Identify risks associated with agency activities in compliance with the State Leadership Accountability Act report
- Implement Security Information and Event Management (SIEM)



Operational Efficiencies

- Acquire and implement Optical Character Recognition (OCR) software to streamline loan processing
- Prioritize filling key vacancies within divisions, promote succession planning, and reduce key employee dependencies
- Expand use of Geographic Information Systems and Microsoft PowerBI for data visualization and mapping internally and externally
- Transition Multifamily Asset Management activities to a new streamlined system
- Implement an Information Technology Service Management (ITSM) to improve IT customer service
- Transition residual Keep Your Home CA activities to Loan Administration, Fiscal Services and IT

BUILD PARTNERSHIPS



Partnerships for CA Housing Needs

- Continue collaboration with DGS and HCD regarding state surplus property
- Build and maintain relationships with state and federal legislators by providing technical assistance, advocacy for affordable housing in CA, and resources to stabilize housing portfolio
- Establish strategy for partnerships in communities recovering from disasters
- Develop strategies to affirmatively further fair housing by reviewing our loan portfolio regulatory agreements, statutes and internal policies



CalHFA Strategic Business Plan FY 2020-21

Mission: To create and finance progressive housing solutions so more Californians have a place to call home.

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion FY20/21	Expected Completion FY21/22	Expected Completion FY22/23	
Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence	1 Promote sustainable homeownership opportunities by expanding product offerings while serving a broad range of income and housing types	Finance \$2 billion in single family lending activity and serve approximately 6,700 homebuyers	Volume	Fee Income	Homeowners			
		A Securitized 1st mortgage loans	\$ 2,000,000,000	\$ 30,000,000	6,700			
		B MyHOME subordinate loans for down payment assistance	\$ 67,000,000	\$ 3,300,000				
		C Zero Interest Program (ZIP) Subordinate loans for closing cost assistance	\$ 40,000,000	\$ -				
			\$ 2,107,000,000	\$ 33,300,000	6,700			
		D Continue efforts to pursue permanent source of down payment assistance	18/19	YES	Continuous	Continuous	Continuous	
		E Continue to monitor and implement Fannie Mae's Duty to Serve mandate	20/21	YES	Continuous	Continuous	Continuous	
		F Standardize documents for subordinate notes and deeds (Fannie/Freddie)	20/21	NO	9/30/2020			
		G Launch/Offer the FHA 203(h) for disaster victims	20/21	NO	12/31/2020			
		H Implement Fannie Mae's upload process for Universal Residential Loan Application (Form 1003)	20/21	NO	12/31/2020			
		I Complete Keep Your Home California (KYHC) wind-down and transitional activities to CalHFA's oversight	19/20	NO	6/30/2021			
		J Optical Character Recognition (OCR) migration:						
		J1 Initiate Phase 1 efforts to select, acquire and develop schedule for implementation of OCR software	20/21	NO	6/30/2021			
	J2 Initiate Phase 2 efforts to implement OCR software for pre-submission, compliance review and purchase review	20/21	YES	6/30/2022				
	2 Expand multifamily lending opportunities and unit production while addressing preservation needs and providing incentives for mixed-income housing	Finance \$1 billion in multifamily lending activity for approximately 3,525 units	Volume	Fee Income	Units			
			A Conduit Issuance	\$713,860,415	\$1,131,360	445		
			B Permanent Loan Conversions*	\$49,240,071	\$230,325	0*		
			C Permanent Loan Commitments**	\$153,319,840	\$753,005	305		
			D Subsidy Loan Perm Conversion	\$11,936,000	\$0	0		
			E Subsidy Loan Commitments	\$6,500,000	\$0	0		
			F Mixed-income Program (MIP) Subsidy Loan Commitments	\$73,865,000	\$1,287,851	1618		
			G SNHP Permanent Loan Conversions	\$40,488,163	\$874,506	1157		
				* Units counted in previous fiscal year				
			**Units for Perm. Loans tied to MIP subsidies are reported under the MIP Subsidy Loan					
		TOTAL	\$1,049,209,489	\$4,277,048	3525			
H Monitor market acceptance of Mixed Income Program (MIP) and adjust program as needed to address current market environment while ensuring the efficient utilization of funds		19/20	YES	Continuous	Continuous	Continuous		
I Monitor the status of future funding allocations for the MIP and develop strategies to expand or contract program as needed (i.e. continued disbursement of AB 101 funds, new allocations of state tax credits)		19/20	YES	Continuous	Continuous	Continuous		
J Continue portfolio preservation strategy to retain portfolio projects set to pay off in the next 5 years and to endeavor to extend regulatory agreement and preserve project affordability		19/20	YES	Continuous	Continuous	Continuous		
K Continue efforts to expand Conduit Issuance to communities that are underserved and lack capacity		19/20	YES	Continuous	Continuous	Continuous		
L Continue responsible wind-down of the Special Needs Housing Program (SNHP):		19/20						
L1 Coordinate disposition of remaining program funds with participating Counties		19/20	NO	6/30/2021				
L2 Process remaining pipeline of SNHP projects		19/20	YES		6/30/2022			
L3 Explore opportunities to transfer servicing & compliance activities back to localities or HCD		19/20	YES			6/30/2023		
M Expand the Preservation Program Platform to include Tax Exempt Bonds resulting from Bond Recycling Program		20/21	NO	3/31/2021				
N Close out Traditional Contract Administration (TCA) activities in coordination with HUD	20/21	NO	6/30/2021					
O Develop procedures related to interdepartmental workflows and job functions to be incorporated in the existing Multifamily Procedure Manual.	20/21	NO	12/31/2020					
P Multifamily system integration and migration:	20/21	YES						
P1 Initiate phase 1 effort to transition multifamily asset management activities to a new system	20/21	YES		12/31/2021				
P2 Initiate phase 2 effort to transition multifamily origination platform to a new system	20/21	YES		6/30/2022				

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion FY20/21	Expected Completion FY21/22	Expected Completion FY22/23		
	3 Strengthen Agency financial position by monetizing assets for liquidity while maximizing return on equity and investment	A	Manage balance sheet capital reserves to achieve an AA General Obligation rating	19/20	YES		6/30/2022		
		B	Establish strategic partnerships to expand financial executions that we can offer to developers	19/20	NO	6/30/2021			
		C	Tax Exempt Bond Recycling Program:	20/21	YES				
		C1	Develop internal systems to administer bond recycling activities	19/20	NO	9/30/2020			
		C2	Execute strategy to preserve tax exempt volume cap and deploy on new transactions	19/20	NO	12/31/2020			
		C3	Develop strategy to expand the recycling program, if feasible and necessary	20/21	YES		12/31/2021		
		D	Refine Multifamily yield maintenance process and procedures	20/21	NO	7/31/2020			
		E	Eliminate all variable rate bonds	20/21	YES		12/31/2021		
Continue to improve operational efficiencies through the use of technology, workforce planning, and the implementation of best practices	4 Increase Operational Efficiencies	A	Continue efforts to streamline and refine processes to improve efficiencies in the Mortgage Access System (e.g. OCR capabilities)	19/20	YES	Continuous	Continuous	Continuous	
		B	Workforce planning: support divisions in filling key vacancies; succession planning; reduce key employee dependencies	17/18	YES	Continuous	Continuous	Continuous	
		C	Identify data visualization and mapping needs and expand use throughout Agency reports; internal and external using GIS and PowerBI	19/20	YES		12/31/2021		
		D	Perform an internal assessment of the Multifamily Loan Accounting process; streamline and automate activities	19/20	NO	12/31/2020			
		E	A/P automation - DocuPhase	19/20	YES		9/30/2021		
		F	Implement an Information Technology Service Management (ITSM) to improve IT customer service	19/20	NO	9/30/2020			
		G	Continue cross training, creating desk manuals, succession planning in multiple units (Finance, MF, OGC, Admin etc.)	18/19	YES	Continuous	Continuous	Continuous	
	5 Continuously monitor and employ long-term strategies to mitigate enterprise risk and improve agency management reporting	A	Work with division managers to identify risks associated with agency activities in compliance with the State Leadership Accountability Act (SLAA) report	18/19	YES	Continuous	Continuous	Continuous	
		B	Implement Security Information and Event Management (SIEM)	19/20	NO	9/30/2020			
	Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions	6 Establish partnerships to increase opportunities for affordable housing production and preservation	A	Continue collaboration efforts with DGS and HCD on the use of state surplus property	18/19	YES	Continuous	Continuous	Continuous
			B	Build and maintain relationships with State and Federal legislators and their staff to provide them with technical assistance; advocate for affordable housing in CA, including resources to stabilize housing portfolio during and post COVID-19 crisis	18/19	YES	Continuous	Continuous	Continuous
			C	Establish disaster strategy for partnerships in communities recovering from disasters (e.g. Sonoma county)	19/20	YES	Continuous	Continuous	Continuous
		7 Affirmatively Furthering Fair Housing	A	Review current regulatory agreements to ensure our compliance with fair housing	20/21	YES	Continuous	Continuous	Continuous
B			Perform an analysis and build a report on how we are meeting fair housing efforts in our current portfolio	20/21	NO	9/30/2020			
C			Policy review and adjustments (tenant grievance, no displacement, no net loss, AFFH)	20/21	NO	9/30/2020			