

MINUTES

**California Housing Finance Agency (CalHFA)
Board of Directors Meeting
July 9, 2020**

Meeting noticed on June 29, 2020

Minutes approved by the Board
of Directors at its meeting held:

August 13th, 2020

Attest: Claire Tauriainen

1. ROLL CALL

The California Housing Finance Agency Board of Directors Meeting was called to order at **10:08 a.m.** by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT: Patterson, Ma, Gallagher, Gunn (for Imbasciani), Gunning, Campbell (for Gordon), Li (for Bosler), Hunter, Johnson Hall, Velasquez, Prince, Sotelo, Russell, Avila Farias, Castro Ramirez

MEMBERS ARRIVING AFTER ROLL CALL: None

MEMBERS ABSENT: None

STAFF PRESENT: Claire Tauriainen, Melissa Flores, Ruth Vakili, Kate Ferguson, Tim Hsu, Francesc Martí, Stephen Beckman, Don Cavier

GUEST SPEAKER: Judith Blackwell, Executive Director, *California Debt Limit Allocation and Tax Credit Allocation Committees*

2. APPROVAL OF MINUTES – May 14, 2020

The minutes were approved by unanimous consent of all members in attendance.

3. CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

Chairman comments:

- Acting Chair Gunning thanked everyone for attending and reported that due to confirmed cases of COVID-19 in several members and staff at the Capitol, the Assembly and Senate will delay convening by two weeks, returning on July 27

Executive Director Patterson comments:

- CalHFA is a proud participant in the 2020-21 Capitol Collaborative on Race and Equity (CCORE) program. CCORE is a 15-month, multiagency program designed to increase racial equity in institutional culture, policies, and practices.
- The Keep Your Home California (KYHC) program is officially closed out. Created in 2010 and administered by CalHFA, KYHC was allocated \$2.2B in funding to help over 79,000 households in California remain in their homes.
- As part of the Governor's 2020-21 budget, CalHFA has been allocated \$300M from the National Mortgage Settlement fund to provide complimentary housing counseling services from HUD-certified counselors and mortgage assistance to qualified households. The program will roll out in two phases, with staff seeking Board approval for Phase One Counseling Services at the August Board meeting.
- CalHFA continues to monitor and advocate for federal relief from Congress that is needed to stabilize the housing space during the COVID-19 pandemic.
- Francesc Martí has been promoted to Director of Policy and Legislation due to his integral role in developing policy at the state and federal level, including his work on the IRS regulatory relief rule change that was just passed and will allow the Agency's tax credit programs to run more efficiently.
- The State Legislature recently passed, and the Governor signed, the 2020-21 budget. The budget reflects the current economic conditions due to the pandemic, however, some resources for affordable housing remained, including \$500 million in state tax credits and some of the low- and moderate-income funds for CalHFA.
- CalHFA and Braeburn Capital, Inc., a subsidiary of Apple, have entered into a credit facility agreement that allows CalHFA to create the first tax-exempt bond volume cap recycling program in California using \$250M in total loan commitment funds from Apple to finance affordable housing in the state. The bond recycling program is expected to be a critical tool in preserving and producing affordable housing in California.

4. **Final Loan Commitment for Frishman Hollow II, No. 19-069-A/X/N for 68 Units in Truckee/Nevada – Resolution No. 20-12**

Presented by Vakili

On a motion by Prince, the Board approved staff recommendation for **Resolution No. 20-12**. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Ma, Johnson Hall, Velasquez, Prince, Russell, Castro Ramirez

NOES: None

ABSTENTIONS: Sotelo

ABSENT: None

5. **Final Loan Commitment for Parkway Apartments, No. 19-070-A/X/N for 72 Units in Folsom/Sacramento – Resolution No. 20-13**

Presented by Vakili

On a motion by Ma, the Board approved staff recommendation for **Resolution No. 20-13**. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Ma, Johnson Hall, Velasquez, Prince, Russell, Castro Ramirez, Sotelo

NOES: None

ABSTENTIONS: None

ABSENT: None

6. **Final Loan Commitment for Fancher Creek Senior, No. 19-076-A/X/N, for 180 Units in Fresno/Fresno – Resolution No. 20-14**

Presented by Beckman

On a motion by Hunter, the Board approved staff recommendation for **Resolution No.**

20-14. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Ma, Johnson Hall, Velasquez, Russell, Castro Ramirez

NOES: None

ABSTENTIONS: Sotelo, Prince

ABSENT: None

7. Report back from May 10, 2018 Board meeting regarding Executive Director's loan limit authority for financing multifamily housing: for discussion and Board direction

Presented by Ferguson

Director of Multifamily Programs Kate Ferguson reported back information requested by the Board at the May 2018 meeting related to a discussion regarding the Executive Director's delegated authority for approving multifamily loans. Ferguson provided data showing an upward trend over the past five years in the number of projects that have required Board approval. The Small Loan Program has been discontinued and once the remaining small legacy loans are cleared, all projects will require Board approval. Multifamily staff plan to present a recommendation to the Board for a potential increase in the Executive Director's delegated authority for multifamily loans at the next Board meeting. Johnson Hall expressed confidence in delegating increased authority to the Executive Director. Gallagher and Russell agreed, but stated the need for continued Board oversight. Sotelo suggested staff incorporate a regular report back to the Board containing data about projects, including underwriting details, to ensure oversight is maintained.

8. State Budget and Legislative Update

Presented by Martí and Guest Speaker Blackwell

CalHFA's Director of Policy and Legislation, Francesc Martí, gave an overview of the current state and federal landscape:

- Federal COVID-19 legislation enacted to date includes only one bill with housing relief provisions – the CARES Act.

- The House passed the HEROES Act, which contains additional housing relief, and the Senate has indicated they will introduce a relief bill, with a focus on direct payment assistance to households and liability protection for businesses but open to including provisions for state and local aid.
- The Federal budget is not likely to be passed before the start of the federal Fiscal Year and a continuing Resolution is expected to fund the government through the election.
- The state budget was passed and CalHFA funding from AB 101 was reduced from \$95M to \$50M, with triggers that will restore funding if \$14B in unrestricted federal aid is allocated to the state by October.
- The budget allocated \$300M from the \$330M National Mortgage Settlement Fund to CalHFA to create and administer a housing counseling and assistance program.
- The funding for the State Low-Income Housing Tax Credit program remained untouched by the budget shortfall, with \$500M allocated for the 20-21 budget, of which, up to \$200M is reserved for CalHFA's Mixed-Income Program.

Guest Speaker Blackwell provided the Board with update of activity at CDLAC and TCAC:

- AB 83 includes proposed regulatory changes to improve the CDLAC scoring system, which Blackwell provided several different examples of how current regulations are aligned with the legislature's proposed changes.
- CDLAC and TCAC have engaged in various outreach efforts over the past year to engage external and internal stakeholders in discussions and soliciting feedback regarding proposed regulatory changes. Both agencies have filled key positions and hired support staff needed to address the project backlog within each agency.
- AB 101 was signed into law in summer 2019, increasing the state low-income housing tax credits by \$500M and by April 2020, nearly all credits have been allocated to qualified projects.
- Housing production data shows annual increases in the number of units produced over the past four years, with this year's production volume on-track to continue the upward trend.

- Provisions are in place to begin allocating \$98M in 9% tax credits from the Housing Disaster Tax Credit program for 13 counties affected by recent wildfires. The program is 2.5X oversubscribed, indicating the demand for the program is high.

Patterson cited the 2019 Joint-Cost Study issued by CalHFA, TCAC, CDLAC, and the housing agencies for the states of Oregon and Washington, that showed little variation in the construction costs for developments financed with Low-Income Housing Tax Credits compared to market-rate developments. The study found public benefits added to affordable housing projects increase the production cost of affordable units. This is due to lack of operating subsidies for the projects. The affordable housing projects are forced to capitalize the operating cost and gather resources from a variety of public sources, a time consuming process, which further increases the cost of each unit.

9. Keep Your Home California Program Close Out Presentation

Presented by Hsu

Tim Hsu, Director of Single Family Programs, provided a final report to the Board regarding the Keep Your Home California program that was officially ended in May 2020. The positive outcome rate for households who participated, based on available tracking data, is over 97%, meaning 97% of participants either sold their home or remained in their home. Over 77,000 households participated in the program, which began in 2010. Hunter, Johnson Hall, and Sotelo sat on the California Mortgage Assistance Corporation (CalMAC) Board, which was created to administer the program, and spoke highly of the program and all the staff who worked on it over the past decade.

10. Update on implementation of Bond Recycling Program

Patterson provided the Board with the bond recycling program update during her opening remarks.

11. Reports

Acting Chair Gunning asked if there were any comments or questions regarding the reports and there were none.

12. Discussion of other Board matters:

Acting Chair Gunning asked if there were other matters to discuss and there were none.

13. Public Comment:

Acting Chair Gunning asked if there were any comments or questions from the public. The following attendee provided comment on Agenda Item #5:

- Caleb Roupe, The Pacific Companies

14. Adjournment:

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 11:53 a.m.