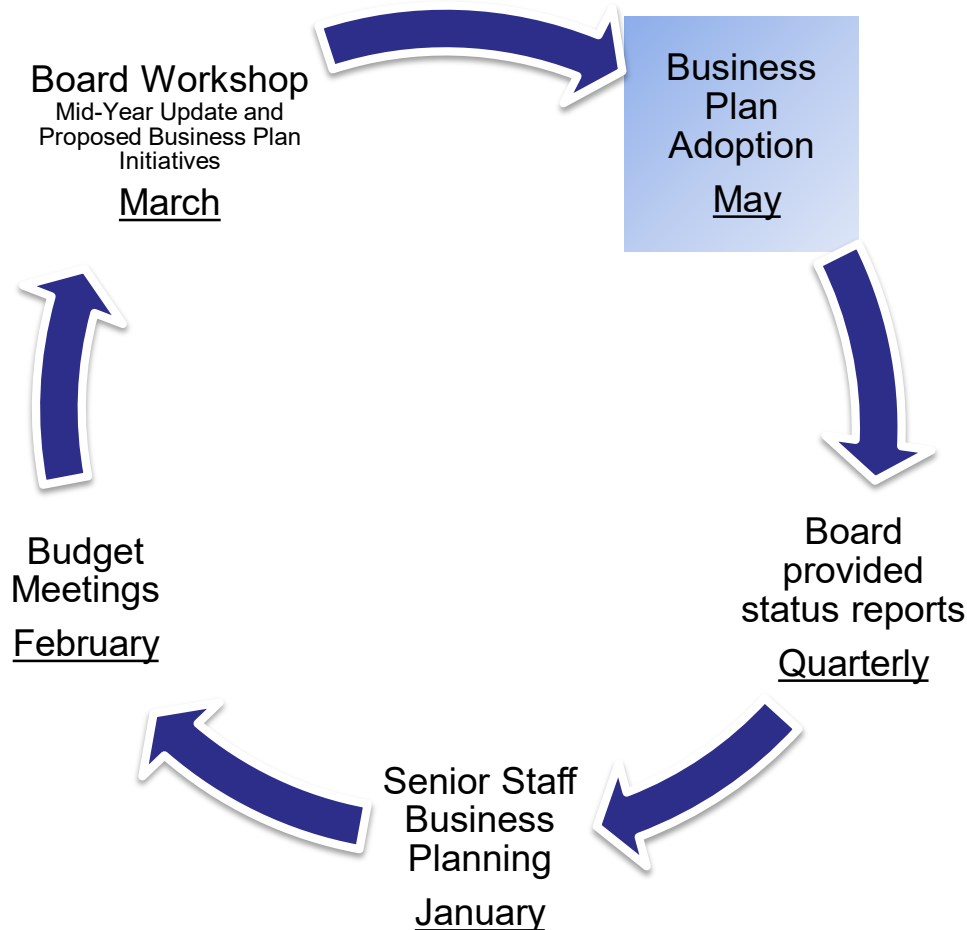


Fiscal Year 2021-22 Business Plan & Operating Budget

May 20, 2021

Business Planning Cycle



Business Planning Backdrop

- Single Family
- Multifamily
- Special Programs



Fiscal Year 2021-222

Proposed Business Plan

Goal #1

- Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial independence and flexibility in the marketplace

Goal #2

- Promote operational efficiencies through the use of technology and the implementation of best practices

Goal #3

- Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities to deliver effective, inclusive and innovative housing solutions



California Housing Finance Agency

Single Family Programs

Fiscal Year 2021-22

Goal #1 – Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial independence and flexibility in the marketplace

Promote inclusive and sustainable homeownership opportunities by expanding product offerings while serving a broad range of income and housing types

- Target \$3.0 billion in 1st mortgage loan purchases estimated to generate \$52.0 million in revenue
- Target \$90 million in MyHome down payment assistance loans resulting in \$4.5 million in administrative fees
- Target \$67.5 million in Zero Interest Program (ZIP) subordinate loans for closing cost assistance
- Implement Mortgage Assistance Program
 - National Mortgage Settlement Funds
 - American Rescue Plan Act
- Implement program to incentivize statewide ADU construction
- Implement Fannie Mae's upload process for Universal Residential Loan Application (Form 1003)

Single Family Lending Programs

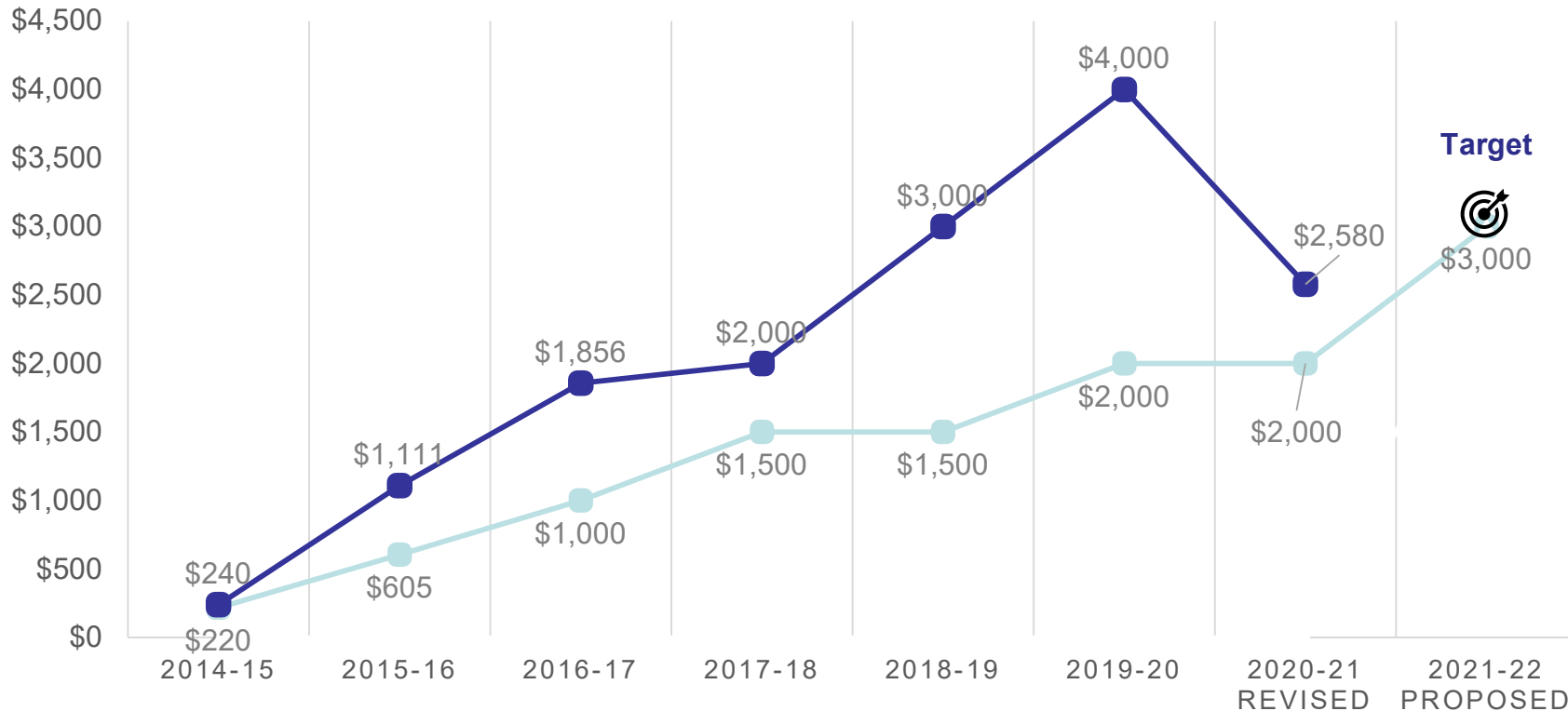
Lend Volume	FY 2020-21 Goals	FY 2020-21 Revised	FY 2021-22 Proposed
First Mortgage Program	\$ 2.0B	\$ 2.6B	\$ 3.0B
Subordinate Lending	\$110M	\$126M	\$158M
Totals	\$2.1B	\$2.73B	\$3.16B

Revenue Generation*	FY 2020-21 Goals	FY 2020-21 Revised	FY 2021-22 Proposed
First Mortgage Program	\$20.0M	\$63.2M	\$52.M
Subordinate Lending	\$ 3.5M	\$ 3.8M	\$4.5M
Totals	\$23.5M	\$67M	\$56.5M

Single Family 1st Mortgage Program

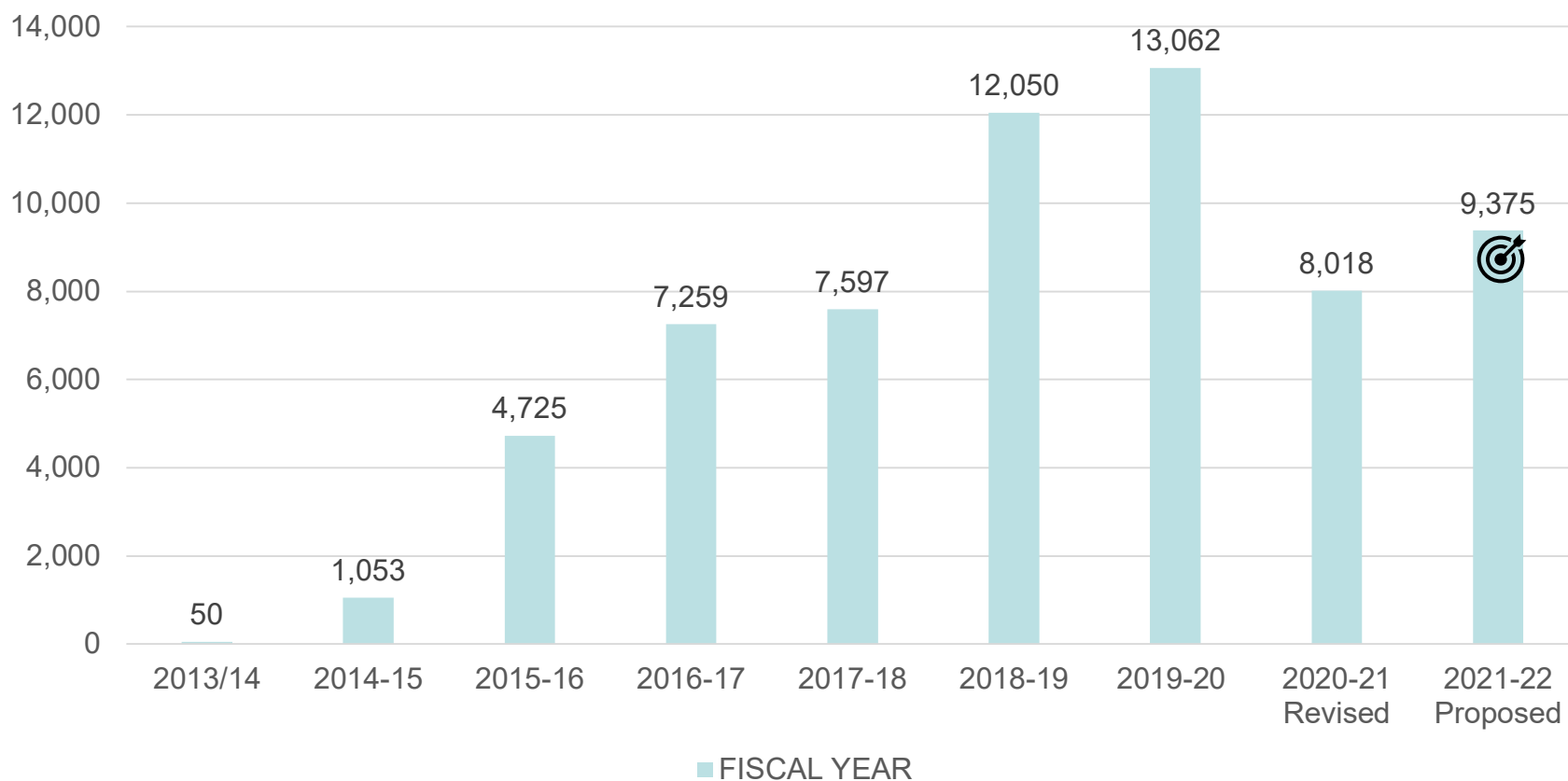
VOLUME (IN MILLIONS)

—●— Budget —●— Actual



Single Family Lending

Number of First Time Homebuyers Assisted



Menu of loan products and clients

	<u>FHA</u>	<u>VA/USDA</u>	<u>Fannie</u>
Down Payment Assistance			
- School, Fire, VA, New Const, MH, ADU	3.5%	3.5%	3.0%
- All other borrowers/loans (capped at \$11K)			
Closing Costs Assistance	2.0%/3.0%	2.0%/3.0%	2.0%/3.0%
Home Improvement – 203(k)	Yes	--	--
Home Improvement – HomeStyle Energy Efficient	--	--	Yes
Manufactured Housing	Yes	--	Yes
Leaseholds	Yes	--	Yes
Community Land Trusts	--	--	Yes
Non-FTHB – HUD 203(h) for disaster victims	Yes	--	--
HUD 184 Home Loan Guarantee Program	Yes	--	--

FY21-22 New Initiatives

Additional assistance for 60%-80% AMI

Future Ideas

Fannie's Duty to Serve



California Housing Finance Agency

Multifamily Programs

Fiscal Year 2021-22

Goal #1 – Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial independence and flexibility in the marketplace

Expand multifamily inclusive communities lending opportunities and unit production while addressing preservation needs

- Finance \$1.86 billion in multifamily lending activity for approximately 5,726 units estimated to generate \$4.27 million in fee income
- Continue portfolio preservation strategy to retain portfolio projects set to pay off in the next 5 years
- Continue wind-down of the Special Needs Housing Program (SNHP)
- Create a preservation program term sheet for targeted deals in collaboration with business partners and sister agencies to maximize the use and benefits of recycled bonds
- Continue efforts to expand Conduit Issuance to communities that are underserved and lack capacity

Multifamily Lending Programs

Lend Activity	FY 2020-21 Goals	FY 2020-21 Revised	FY 2021-22 Proposed
Conduit Issuance Program	\$714M	\$1,458M	\$1,500M
Permanent Loan Conversions <small>Permanent 1st Lien Loans and Subordinate)</small>	\$102M	\$88M	\$77.4M
Permanent Loan Commitments	\$234M	\$326M	\$285M
Totals	\$1,050M	\$1,872M	\$1,862M

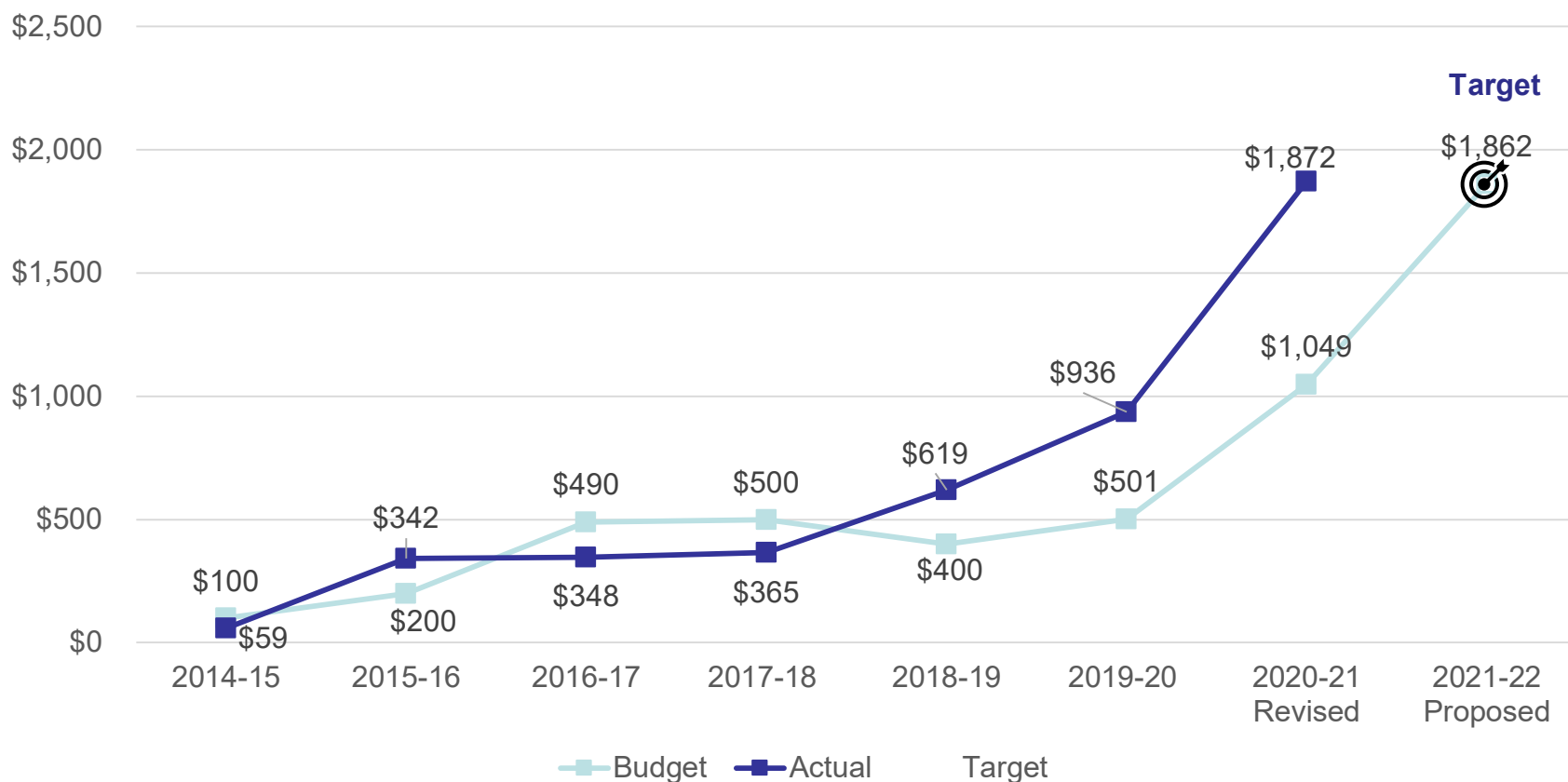
Revenue Generation *	FY 2020-21 Goals	FY 2020-21 Revised	FY 2021-22 Proposed
Conduit Issuance Program	\$1.13M	\$2.17M	\$1.00M**
Permanent Loan Conversions <small>Permanent 1st Lien Loans and Subordinate)</small>	\$1.10M	\$1.06M	\$0.62M
Permanent Loan Commitments	\$2.04M	\$2.87M	\$2.65M
Totals	\$4.27M	\$6.10M	\$4.27M

*Revenues represent upfront fee income and not present value of future annuities from lending activity

** Reflects changes in conduit fee formula

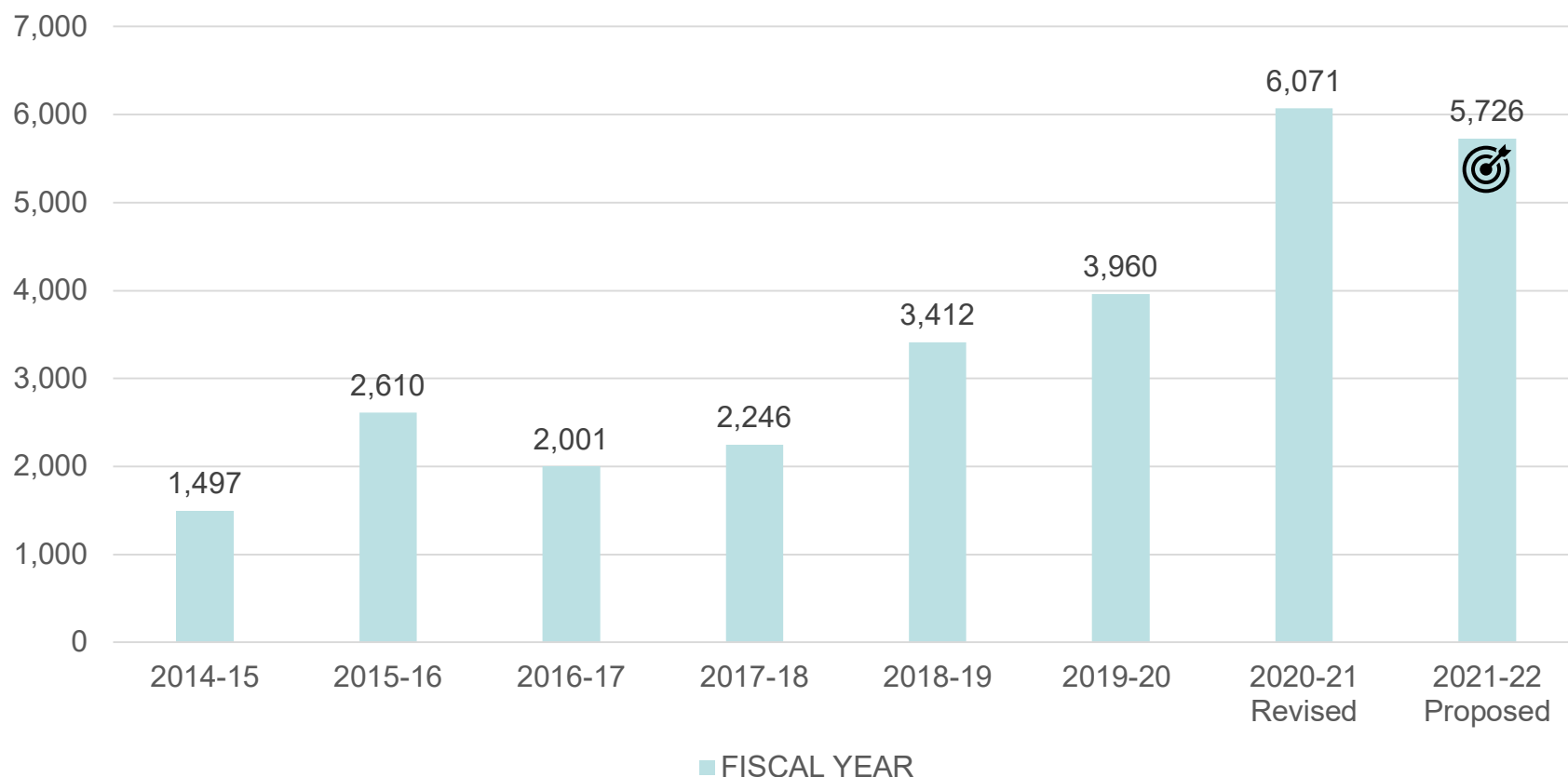
Multifamily Lending

Volume (In Millions)



Multifamily Lending

Affordable Housing Units Financed



Challenges FY 2021-22

- Limitations on the availability of new bond cap
- After affects of Covid19
 - Increased need
 - Increased costs
- Maintaining a balanced view of the priority of new unit production within a band of affordability from 30%-80% AMI
- Avoiding production delays and funding bottlenecks
- Addressing the high cost of development and the soft cost components at the local, regional, and state level

Opportunities - FY 2021-22

- Potential Changes at the Federal Level
 - Reinstatement of FFB Program
 - Lowering of the 50% Test
 - Stabilization of CRA
- Changes at the State Level
 - Growth and Deployment of Recycled Bonds to augment existing State Resources for new construction and preservation.
 - Regulatory Reform at CDLAC and CTCAC is complete
 - Improved Coordination and Collaboration among state agencies

Continued Priorities

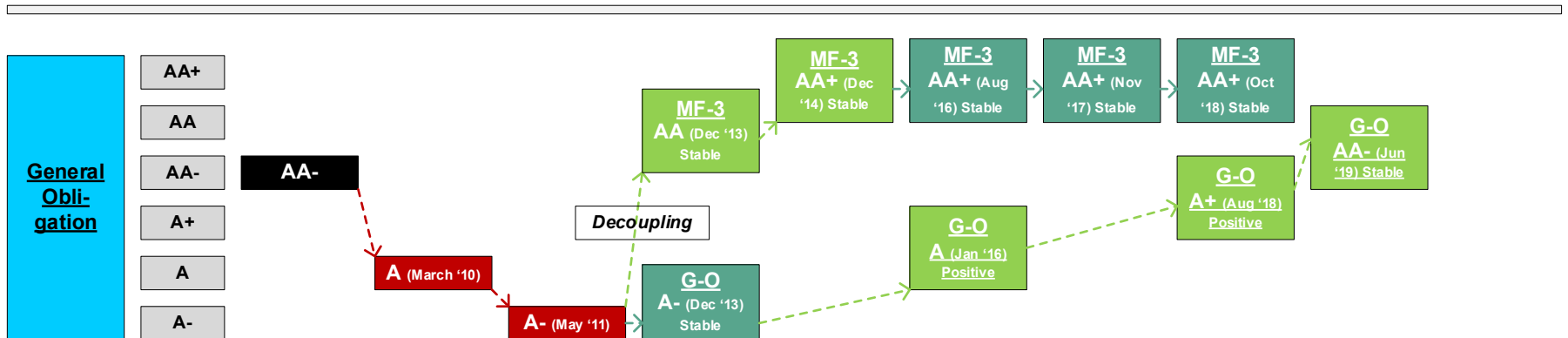
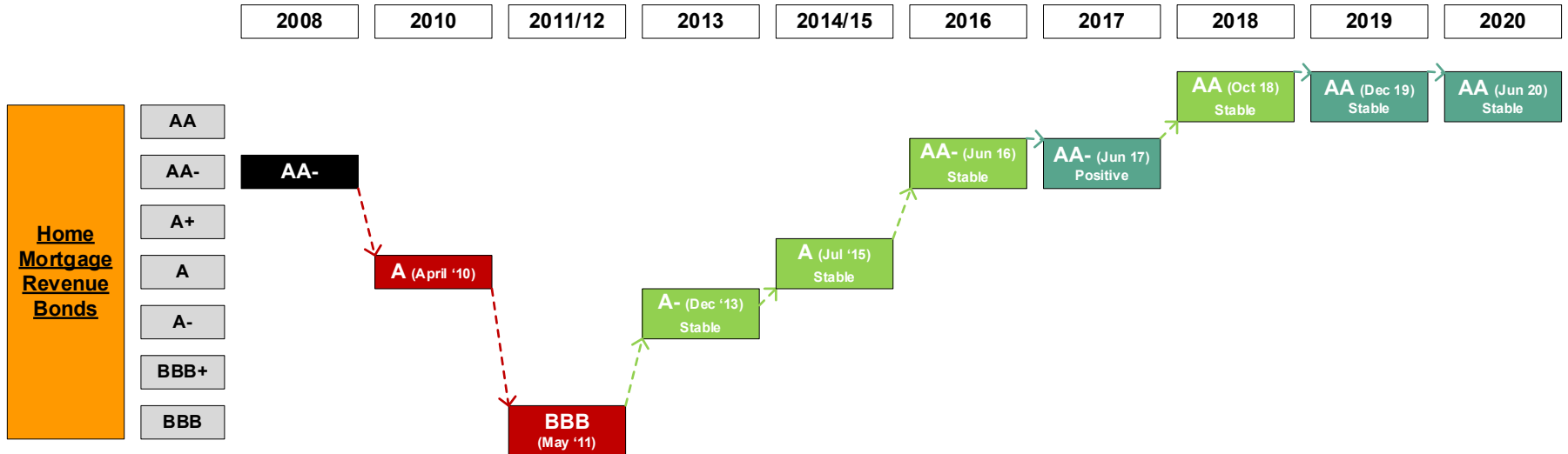
- Multifamily Programs continues it's focus on furthering the top 3 Goals of the approved 2021-22 Business Plan as follows:
 - **Production:** Our commitment to and deployment of our programs continues to focus on bringing shovel ready projects to construction as soon as possible and as efficiently as possible.
 - **Operational Efficiencies:** Continued progress with the new Multifamily System which will allow for both the Multifamily Lending and Asset Management Teams to utilize an integrated system as an ongoing data base and loan management tool.
 - **Collaboration:** Efforts related to Affirmatively Furthering Fair Housing, implementation of the 2021 MIP and expansion of the Bond Recycling Program are all ongoing collaborative efforts that involve a variety of partners from the STO's teams at CDLAC and CTCAC to our partners at HCD and our Stakeholders in the communities and industry.

Goal #1 – Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial independence and flexibility in the marketplace

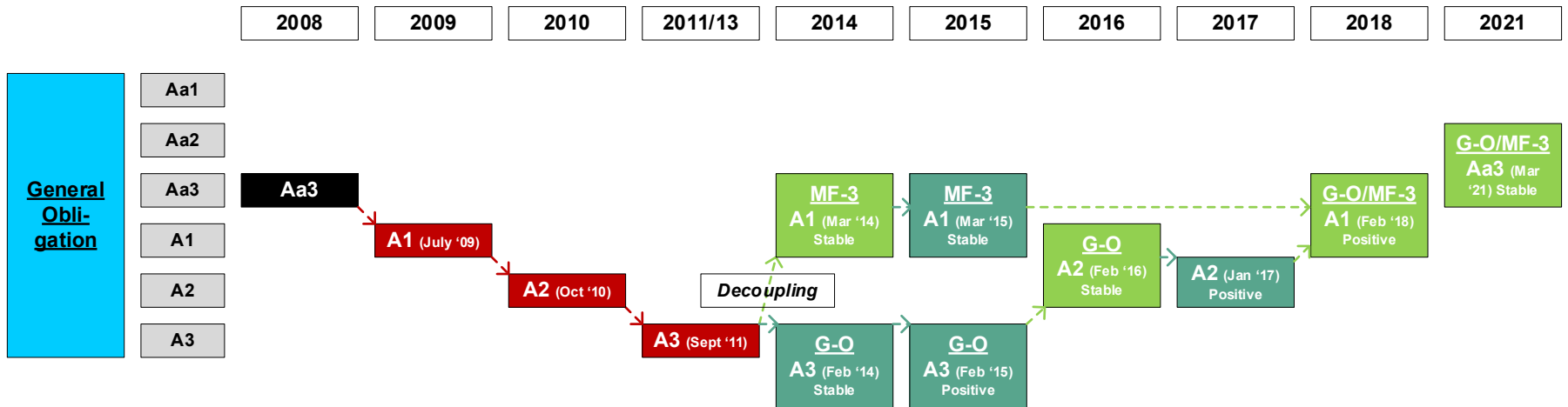
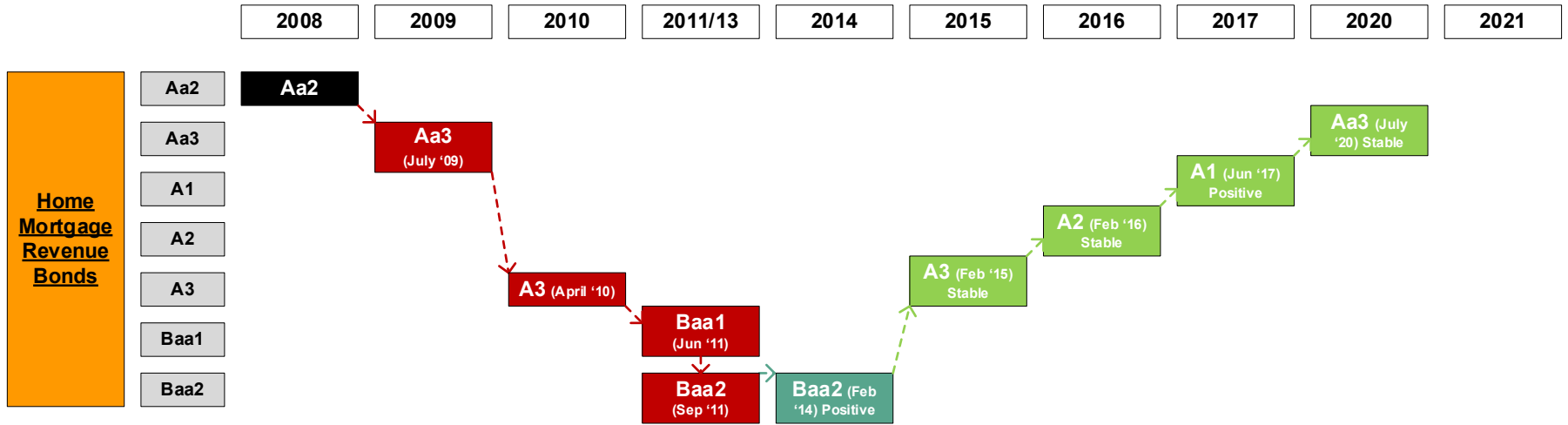
Strengthen Agency financial position by effectively managing liquidity while maximizing return on equity and investment

- Manage balance sheet capital reserves to achieve an AA General Obligation rating and maintain robust liquidity profile
- Establish strategic partnerships to expand financial executions that we can offer to developers
- Expand bond recycling program to preserve up to \$100M of tax exempt volume cap
- Migrating LIBOR to a new index for Agency's legacy swap instruments
- Eliminate all variable rate bonds

History of CalHFA's ratings from S&P's



History of ratings from Moody's



Goal #2 - Promote operational efficiencies through the use of technology and the implementation of best practices

Promote operational efficiencies and improve agency management reporting

- Expand use data visualization and mapping needs throughout Agency reports; internal and external using GIS and PowerBI
- Agency-wide E-Signature Project (State Memo 20-07) (E-Taskforce)
- Complete transition of Multifamily origination and asset management activities to a new single-system platform
- Upgrade Microsoft Great Plains (GP) Software
- Continue the Agency's digital transformation (i.e. expanding Cloud strategy; improve telework experience)
- Work with division managers to identify risks associated with agency activities in compliance with the State Leadership Accountability Act (SLAA) report

Goal #3 - 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

Establish partnerships
to increase
opportunities for
affordable housing
production and
preservation

&

Affirmatively Further
Fair Housing

- 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
- Through the Capitol Collaborative on Racial Equity (CCORE) cohort, develop a Racial Equity Action Plan
- Increase outreach to socially disadvantaged communities to raise awareness of CalHFA resources such as housing counseling and sustainable, affordable homeownership programs to help build generational wealth for families who have experienced government regulated discrimination.

FY 2021-22 Business Plan

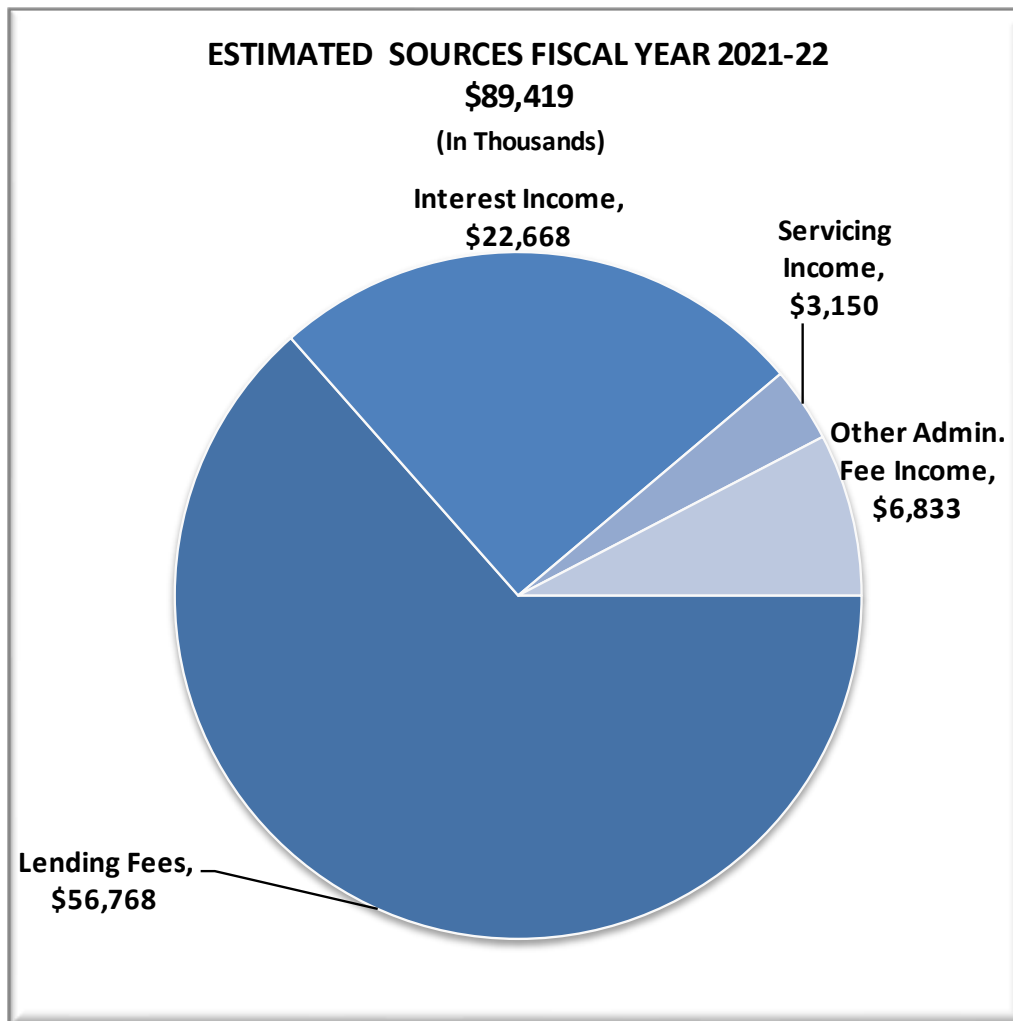
Questions?



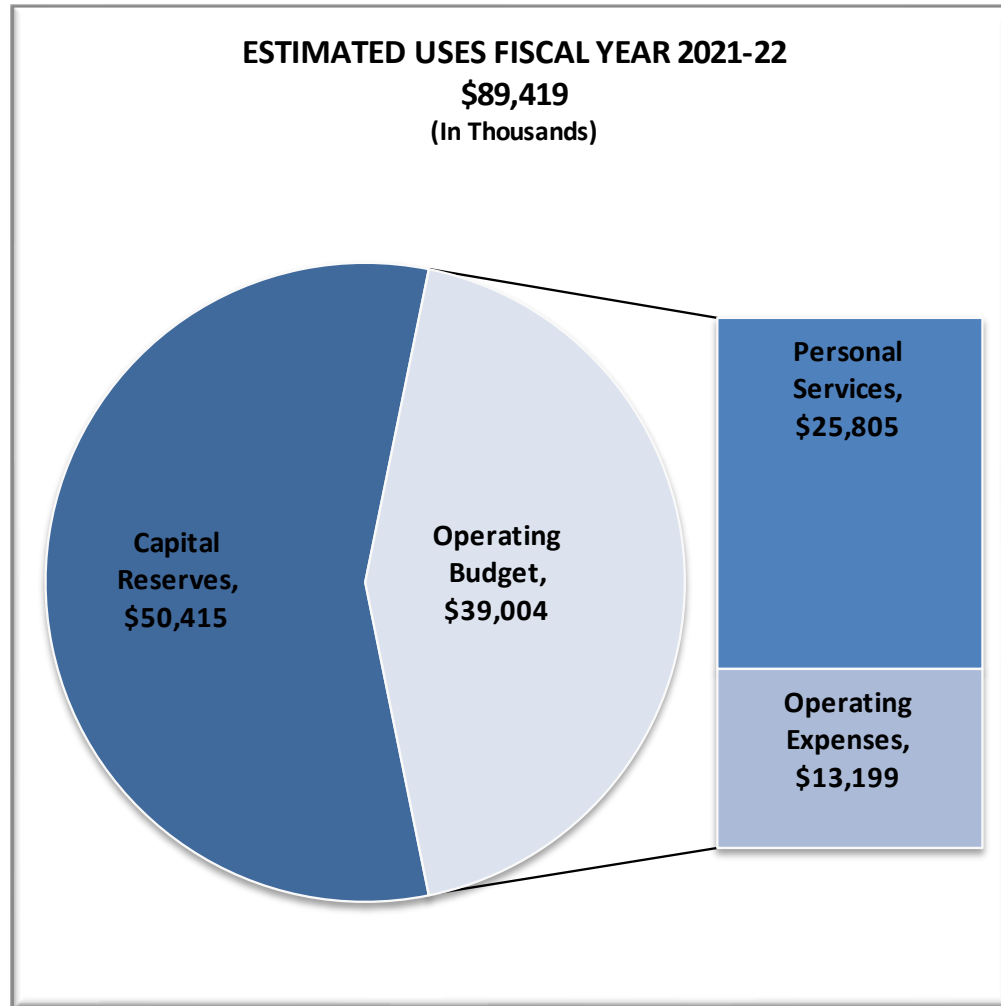
California Housing Finance Agency

CalHFA Operating Budget Fiscal Year 2021-22

Fiscal Year 2021-22 Budget



Fiscal Year 2021-22 Budget

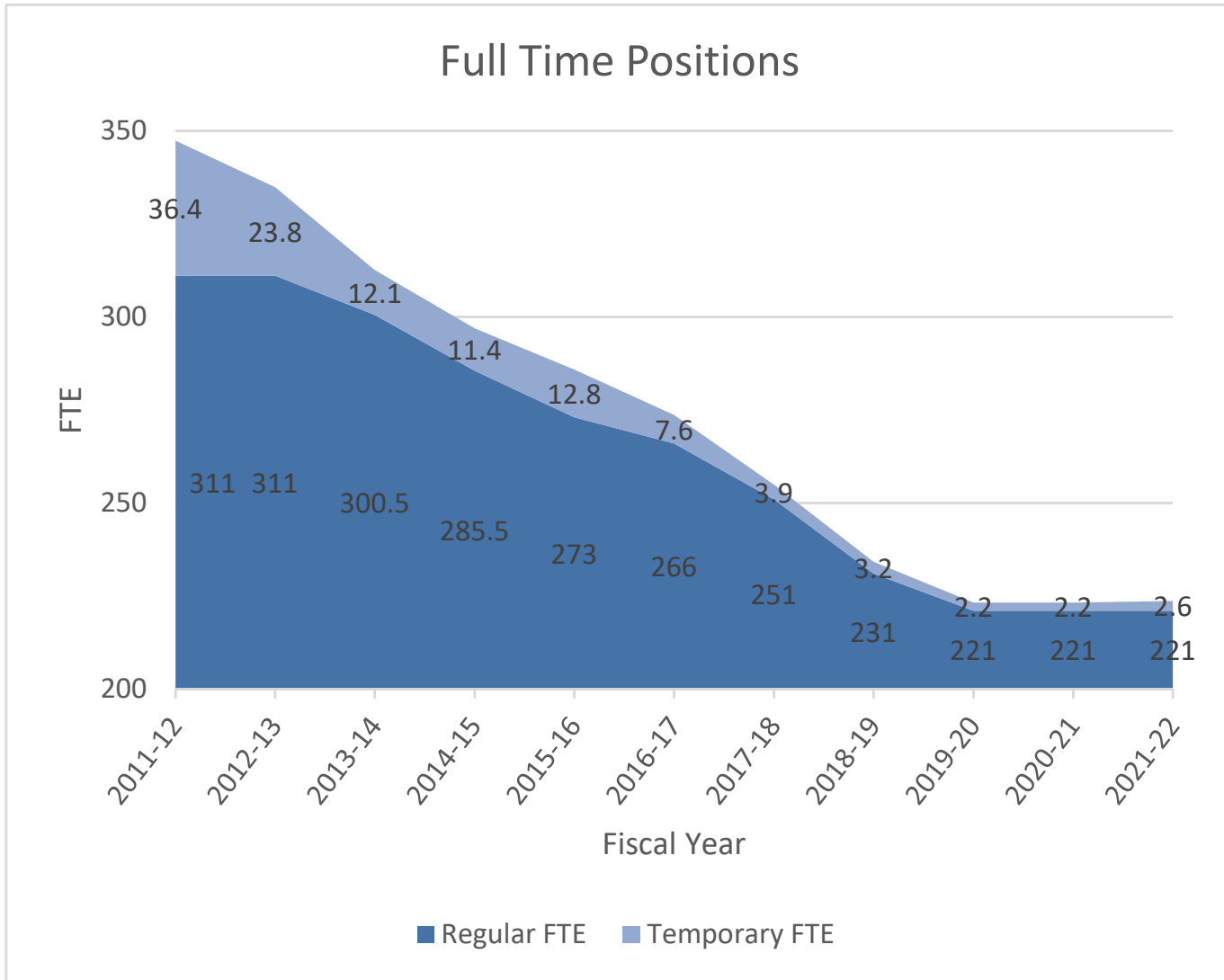


CALIFORNIA HOUSING FINANCE AGENCY

Fiscal Year 2021-22 OPERATING BUDGET

(IN THOUSANDS)

	Adopted Budget 2016-17	Adopted Budget 2017-18	Adopted Budget 2018-19	Adopted Budget 2019-20	Adopted Budget 2020-21	Proposed Budget 2021-22	Variance FY 20/21 to FY 21/22	
OPERATING EXPENSES								
Salaries and Benefits	29,683	29,131	28,642	28,806	25,565	25,607	42	0%
Benefits							-	
Reimbursements	(599)	(512)	(523)	(498)			-	
Temp Services/Other	526	291	230	175	177	198	21	11%
<i>Personal Services</i>	29,610	28,910	28,349	28,483	25,742	25,805	63	0%
General Expense	694	827	722	775	745	951	206	22%
Communications	414	440	417	407	429	384	(45)	-12%
Travel	480	553	597	638	498	363	(135)	-37%
Training	175	203	209	270	256	242	(14)	-6%
Facilities Operation	2,825	2,919	2,974	3,115	2,868	2,894	26	1%
Consulting & Professional Services	3,861	3,460	3,008	2,867	5,634	4,311	(1,323)	-31%
Central Administrative Services	2,624	2,254	2,317	2,699	1,860	2,083	223	11%
Information Technology	854	813	953	2,326	1,485	1,750	265	15%
Equipment	130	130	130	180	170	220	50	23%
<i>Operating Expenses</i>	12,057	11,599	11,327	13,276	13,945	13,199	(746)	-6%
TOTALS	\$ 41,667	\$ 40,509	\$ 39,676	\$ 41,759	\$ 39,687	\$ 39,004	\$ (683)	-2%



FY 2021-22 Operating Budget

Questions?