

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY

3
4 RESOLUTION NO. 22-17

5
6 RESOLUTION AUTHORIZING THE AGENCY BUSINESS PLAN
7 FOR FISCAL YEAR 2022/2023
8

9 WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and Home Finance
10 Act (“Act”), the California Housing Finance Agency (“Agency”) has the authority to engage in
11 activities to reduce the cost of mortgage financing for home purchase and rental housing
12 development, including the issuance of bonds;
13

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

20 WHEREAS, California is experiencing market volatility spurred by ongoing pandemic
21 challenges, inflation, macroeconomic disruption, rising interest rates, and a dearth of affordable
22 housing supply,
23

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

27 WHEREAS, the Agency has presented to the Board of Directors a Business Plan, for
28 fiscal year 2022/23, with its goals, key strategies and action items designed to assist the Agency
29 in meeting its financial obligations, its statutory objectives, support the housing needs of the
30 people of California and to provide the Agency with the necessary road map to navigate the
31 current macroeconomic capital market challenges and continue as a leading affordable housing
32 lender providing bond financing and mortgage financing well into the future;
33

34 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Agency as
35 follows:
36

37 1. The 2022/23 Business Plan, as presented by the written presentation attached hereto
38 and made a part hereof, and any additional presentations made at the meeting, is hereby fully
39 endorsed and adopted.
40

41 2. In implementing the Business Plan, the Agency shall strive to satisfy all the capital
42 adequacy, liquidity reserve, credit and other reserve and any other requirements necessary to
43 maintain the Agency’s general obligation credit ratings and the current credit ratings on its debt
44 obligations, to comply with the requirements of the Agency’s providers of credit enhancement,
45 liquidity, and interest rate swaps and to satisfy any other requirements of the Agency’s bond and
46 insurance programs.
47

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

7
8 Attachment
9
10
11
12
13
14
15

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48

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. 22-17 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 26th day of May, 2022, 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: Castro Ramírez, Cabildo, Gunn (for Imbasciani), Hunter, Jopanda (for Ma), Velasquez, Prince, Sotelo, White

NOES: None

ABSTENTIONS: None

ABSENT: Avila Farias, Cervantes, Gallagher

IN WITNESS WHEREOF, I have executed this certificate hereto this 26th day of May, 2022.

ATTEST: *Claire Tauriainen*
CLAIRE TAURIANEN
Secretary of the Board of Directors of the
California Housing Finance Agency

CALHFA FY2022-23 BUSINESS PLAN

Executive Summary

SERVE PEOPLE

Through a lens of equity and inclusion, increase access to affordable housing while maintaining financial independence and flexibility

REFINE OPERATIONS

Continuously enhance operational efficiencies and mitigate risk by leveraging technology, improving employee experience, and implementing industry best practices

BROADEN REACH

Facilitate the administration of one time federal and state housing assistance funds that are linked to the desired outcomes of CalHFA's Mission and Vision

SERVE PEOPLE



Single Family Lending

- Help 5,700 homebuyers purchase their first home
- Secure \$2.1 billion in 1st mortgage loans to generate \$27.3 million in revenue
- Finance \$133 million in subordinate loans for down payment assistance and closing costs, generating \$3.97 million in fees
- Grant \$2.5 million in Accessory Dwelling Unit (ADU) grant reservations for 100 ADUs
- Research scaleable equity building strategies and how to amplify products within underserved areas in California
- Enhance Home Buyer Education
- Evaluate potential strategies and initiatives to expand access to homeownership



Multifamily Lending

- Produce and preserve more than 5,098 units of affordable housing
- Finance \$1.3 billion in multifamily lending with \$800 million in conduit issuance, \$100 million in conduit issuance of recycled bonds, \$323.5 million in permanent loan conversions and commitments, \$65 million in Mixed-Income Program (MIP) lending, \$11.4 million in Special Needs Housing Program (SNHP) lending, and \$640 thousand in other subsidy loan conversions and commitments
- Preservation of \$250 million tax exempt bond volume cap (Recycling)
- Implement targeted expansion of preservation and deployment of recycled bonds
- Expand the Mixed-Income Program
- Assess opportunities to expand functionality of the Asset Management program

REFINE OPERATIONS



Technology

- Explore system solutions for tracking and reporting of bond preservation and conduit issuance activities
- Implement One Machine Ecosystem project



Employee Engagement

- Conduct the Great Place to Work Trust Index survey and use the results to develop and implement strategies for improved employee experience and employee retention
- Fill critical leadership positions: Single Family Director, Comptroller, Assistant Deputy Director Multifamily Programs



Financing & Enterprise Risk

- Evaluate new SF and MF indentures and create a plan of finance for MF Environmental, Social, and Governance (ESG) Bonds
- Establish and implement a framework to manage and ensure proper execution of enterprise projects
- Develop a risk management and appetite framework for Multifamily pipeline and portfolio

BROADEN REACH



Federal Funded Program

- Provide oversight and direction of the non-profit CalHFA Homeowner Relief Corporation and contractors administering the federal Mortgage Relief Program to help 20-40k homeowners who suffered a Covid-19 hardship stay in their home



State Funded Programs

- Deploy the remaining National Mortgage Settlement funds that were allocated to provide housing counseling to struggling Californians as well as support and strengthen California's counseling network
- Expand and market the Accessory Dwelling Unit (ADU) program to assist low- to moderate-income homeowners in financing ADUs to assist with increasing housing supply in California
- Outreach to targeted markets and disburse SB129 funds through the Forgivable Equity Builder Loan program to assist low income homebuyers
- Coordinate and Implement Phase II of the Caltrans Roberti 710 project



CalHFA Strategic Business Plan FY 2022-23

Mission: Investing in diverse communities with financing programs that help more Californians to have a place to call home.

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion FY22/23	Expected Completion FY23/24	Expected Completion FY24/25	Policy Objectives *
Through a lens of equity and inclusion, increase access to affordable housing while maintaining financial independence and flexibility.	1 Promote inclusive and sustainable homeownership opportunities, while serving a broad range of income and housing types.	Finance \$2.2 billion in single family lending, serving 5,700 homebuyers	Volume	Fee Income	Homeowners			
		First mortgage securitization	\$ 2,100,000,000	\$ 27,300,000	5,700			
		Forgivable Equity Builder Loan	\$ 18,100,000	\$ 900,000	570			
		MyHome down payment assistance	\$ 61,400,000	\$ 3,070,000	4,700			
		Zero Interest Program (ZIP) closing cost assistance	\$ 53,500,000	\$ -	4,800			
		ADU Grant Reservations	\$ 2,500,000	\$ 125,000	100			
			\$ 2,235,500,000	\$ 31,395,000	5,700 homebuyers			
		Research scalable equity building strategies and how to amplify products within underserved areas in CA	22/23	No	Q3			Removal of barriers / social equity
		Research, develop and implement various automated and/or streamlined processes. (i.e. Smart Docs for Enotes, automate W-9s, phone tree self-service, OCR/AI for mail intake)	22/23	YES		Q4		
		Enhance Home Buyer Education to Include: Homeownership with an investment component (Units/ADUs); Post Closing Counseling to include information on energy efficient home improvement options and drought tolerant landscaping	22/23	No	Q3			Opportunity and upward mobility
	Update Mortgage Access System (MAS) and processes and procedures to include 2-unit properties	22/23	No	Q4				
	2 Implement multifamily lending solutions that promote inclusive communities and economically sustainable rental housing.	Finance \$1.3 billion in multifamily lending, investing in 5,098 units	Volume	Fee Income	Units			
		Conduit Issuance	\$ 800,000,000	\$ 979,231	1,633			
		Conduit Issuance (Recycle Bonds)	\$ 100,000,000	\$ 190,000	726			
		Permanent Loan Conversions**	\$ 53,474,902	\$ 480,250	140			
		Permanent Loan Commitments***	\$ 270,000,000	\$ -	-			
		Subsidy Loan Perm Conversion	\$ 640,000	\$ -	-			
		Subsidy Loan Commitments	\$ -	\$ -	-			
		Mixed-Income Program (MIP) Subsidy Loan Commitments	\$ 65,000,000	\$ 2,784,140	2,240			
		Mixed-Income Program (MIP) Subsidy Loan Conversions	\$ 42,435,968	\$ 1,026,598	-			
		SNHP Loan Closings	\$ 11,368,956	\$ 178,438	359			
		\$ 1,342,919,826	\$ 5,638,657	5,098				
	Continue wind down of the Special Needs Housing Program	19/20	No	Q4				
	Implement targeted expansion of preservation and deployment of recycled bonds	22/23	No	Q4			Housing supply	
	Expand the Mixed-Income Program to include Naturally Occurring Affordable Housing (NOAH) and Preservation options in addition to the existing New Construction program	22/23	No	Q2			Preservation	
Assess opportunities to expand functionality of the Asset Management program to balance workloads and provide focused and actionable surveillance on the Multifamily Loan portfolio	22/23	No	Q2					
3 Pursue collaborative partnerships with other housing entities, lenders and stakeholders to that further CalHFA's lending objectives and policy priorities to deliver effective and inclusive housing solutions.	Explore possible financing products and outreach efforts to support emerging developers	22/23	No	Q2			Removal of barriers / social equity	
	Evaluate potential strategies and initiatives to expand access to homeownership	22/23	No	Q4			Opportunity and upward mobility	
4 Maintain financial sustainability through active balance sheet management, including effective investment strategies, capital markets access, and funding partnerships.	Bond Preservation Strategy	Volume						
	Preservation of tax exempt bond volume cap (Recycling)	\$ 250,000,000	Yes	Q4				
	Achieve a "Aa2/AA" rating for the Agency's GO rating (Issuer Rating)	22/23	Yes			Q4		
	Evaluate new SF and MF indentures and create a plan of finance for MF Environmental, Social, and Governance (ESG) Bonds	22/23	No	Q4				
Monitor TBA market executions and position CalHFA to take advantage of alternative executions as needed	22/23	No	Q1					

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion FY22/23	Expected Completion FY23/24	Expected Completion FY24/25	Policy Objectives *
Continuously enhance operational efficiencies and mitigate risk by leveraging technology, improving employee experience, and implementing industry best practices.	5 Ensure existing technology is up to date and identify and implement new technologies that enhance security, service levels, and customer experience.	Continue to expand use of GIS (geospatial data) and PowerBI in various areas of the business, including the development of an internal, executive interactive business dashboard	19/20	Yes		Q4		
		Upgrade multiple accounting platforms to increase efficiency, usability and reporting options (i.e. DocuPhase Accounts Payable and MS Dynamics Great Plain Procurement and General Ledger Software)	22/23	No	Q2			
		Explore system solutions for tracking and reporting of bond preservation and conduit issuance activities	22/23	Yes	Phase I - Q4	Phase II - Q4		
		Implement One Machine Ecosystem project	22/23	No	Q4			
		Implement the refresh of CalHFA internal SharePoint site and workflows	22/23	Yes	Phase I - Q4	Phase II - Q4		
	6 Enhance the employee experience, increase employee engagement, provide a safe environment for staff and foster a positive diverse and inclusive workplace.	Conduct the Great Place to Work Trust Index survey and use the results to develop and implement strategies for improved employee experience and employee retention	22/23	No	Q4			
		Fill critical leadership positions: Single Family Director, Comptroller, Deputy Director Multifamily Programs and Assistant Deputy Director Multifamily Programs	22/23	No	Q4			
		Finalize the Agency's Racial Equity Action Plan as started in the CCORE Cohort	22/23	No	Q4			Removal of barriers / social equity
	7 Continue to enhance enterprise risk and compliance functions throughout the Agency.	Evaluate and enhance Mortgage Access System security	22/23	No	Q4			
		Establish and implement a framework to manage and ensure proper execution of enterprise projects	22/23	No	Q4			
		Develop a risk management and appetite framework for Multifamily pipeline and portfolio	22/23	No	Q4			
		Create and maintain procedures for pricing, hedging strategies, and investment and debt management under new Financing Policies	22/23	No	Q4			
		Issue request for qualifications (RFQ) for independent audit services for California Housing Finance Agency	22/23	Yes		Q2		
		Develop an internal control repository, including standardized cross-functional process maps to document internal controls for the enterprise-wide functions	22/23	Yes			Q4	
	Facilitate the administration of one-time federal and state housing assistance funds that are linked to the desired outcomes of CalHFA's Mission and Vision.	8 Administer federal funds to provide efficient and effective housing assistance to Californians, within CalHFA's business framework.	Provide oversight and direction of the non-profit CalHFA Homeowner Relief Corporation and contractors administering the federal Mortgage Relief Program to help 20-40k homeowners who suffered a Covid-19 hardship stay in their home	22/23	Yes			Q4
9 Administer state funds to provide efficient and effective housing assistance to Californians, within CalHFA's business framework.		Deploy the remaining National Mortgage Settlement funds that were allocated to provide housing counseling to struggling Californians as well as support and strengthen California's counseling network	20/21	Yes		Q3		COVID assistance / social equity / strengthening communities of vulnerable homeowners
		Expand and market the Accessory Dwelling Unit (ADU) program to assist low- to moderate-income homeowners in financing ADUs to assist with increasing housing supply in California	22/23	Yes			Q4	Housing supply / strengthening communities of vulnerable homeowners
		Outreach to targeted markets and disburse SB129 funds through the Forgivable Equity Builder Loan program to assist low income homebuyers	22/23	Yes		Q4		Opportunity and upward mobility / reducing the intergenerational racial wealth gap
		Coordinate and Implement Phase II of the Caltrans Roberfi 710 project	22/23	Yes			Q2	

*Policy Objectives are designed to align with the current Administration Housing Policy Goals as outlined in 2021 Housing Framework Memorandum

** "Units" count excludes units counted in previous fiscal years

*** "Units" and "Fee Income" are reported under the MIP Subsidy Loan Commitments