BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 24-15
RESOLUTION AUTHORIZING THE UPDATED AGENCY
STRATEGIC PLAN FOR FISCAL YEARS 2023-2026
BY THE BUSINESS PLAN FOR FISCAL YEARS 2024-2025

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

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

WHEREAS, California is experiencing market volatility spurred by inflation, macroeconomic disruption, rising interest rates, and a dearth of affordable housing supply;

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

WHEREAS, the Agency has previously presented to the Board of Directors a Strategic Plan, for fiscal years 2023-2026, (the "***Strategic Plan***") with its goals, objectives and measures of success designed to assist the Agency in meeting its financial obligations, its statutory objectives, and support the housing needs of the people of California. This strategic, longer-term road map was formed in alignment with CalHFA's vision and mission, to articulate the Agency's commitment and continuous efforts to serve the diverse communities of California, and to continue as a leading affordable housing lender providing bond financing and mortgage financing well into the future;

WHEREAS, the Agency presented to the Board of Directors a Business Plan for fiscal year 2024-2025 (the "***Business Plan***"), updating the Strategic Plan with its goals, objectives and measures of success aligned to assist the Agency in meeting its financial obligations, its statutory objectives, and support the housing needs of the people of California in light of the changes in market conditions.

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

1. The Business Plan, updating the Strategic Plan, as presented by the written presentation attached hereto and made a part hereof, and any additional presentations made at the meeting, is hereby fully endorsed and adopted as amended below. The Board further instructs staff to amend the proposed initiatives, as follows:

a. Goal 1, Objective 1, Initiative 1 of the Business Plan shall be replaced in its entirety by the following:

i. Explore demographic data collection methodologies and laws. Create guidelines for collecting and reporting consistent and inclusive demographic, geographic, and affordability data to support program needs and advance equitable outcomes for Agency lending and to evaluate how policy changes impact different demographic groups/communities.

b. Goal 1, Objective 2, Initiative 4 of the Business Plan shall be replaced in its entirety by the following:

i. Evaluate potential new product offerings including to assist in increasing entry-level homeownership supply, down payment assistance for conventional manufactured home loans, and coordinate with the Department of Housing and Community Development on potential synergies.

Any parts of the Strategic Plan not changed by the Business Plan continue to be fully endorsed and adopted, as demonstrated by Resolution 23-08.

2. In implementing the Strategic Plan, as amended, the Agency shall strive to satisfy all the capital adequacy, liquidity reserve, credit and other reserve and any other requirements necessary to maintain the Agency's general obligation credit ratings and the current credit ratings on its debt obligations, to comply with the requirements of the Agency's providers of credit enhancement, liquidity, and interest rate swaps and to satisfy any other requirements of the Agency's bond and insurance programs.

3. The Strategic Plan, as amended, 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 both the Agency's day-to-day activities to reflect actual economic, fiscal and legal circumstances, and budget appropriations among cost categories to attain goals and objectives consistent with the intent of the Strategic Plan.

Attachment

SECRETARY'S CERTIFICATE

I, Marc Victor, 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. 24-15 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 20th day of June, 2024, 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:	Cabildo, Cervantes, Moss, Limon, Ballmer (for Ma), Prince, Feigles (for Sin), Velasquez, White
NOES:	None
ABSTENTIONS:	None
ABSENT:	Avila Farias, Russell, Sotelo, Williams

IN WITNESS WHEREOF, I have executed this certificate hereto this 20th day of June 2024.

ATTEST: ______________________________

Marc Victor
Secretary of the Board of Directors of the California Housing Finance Agency

CalHFA

CALIFORNIA HOUSING FINANCE AGENCY

STRATEGIC **PLAN**

FISCAL YEARS 2023-24 TO 2025-26

FY 2024–25 Business Plan, Operating Revenues, & Budget

Introduction

Greetings,

It is my pleasure to present the California Housing Finance Agency's (CalHFA) first three year Strategic Plan.

This is my ninth year in a leadership position at CalHFA, seven as a member of the Board of Directors before being appointed Executive Director by Governor Gavin Newsom in 2021, and I have always been pleased with the organization's culture of thoughtful and creative planning. I believe it has led CalHFA to successful outcomes in support of its mission to invest in diverse communities with financing programs that help more Californians have a place to call home, while maintaining fiscal prudence.

The 2023-26 Strategic Plan that is detailed on the following pages is meant to build on that success by providing overarching three-year goals and a blueprint to reach those goals through a progression of single-year initiatives and multiyear objectives.

My vision for this organization is to be a model affordable housing organization in the State of California and the most respected housing finance agency in the United States. While these are lofty goals, this Strategic Plan lays out a detailed roadmap to get there with trackable metrics along the way.

Sincerely,

Tiena Johnson Hall

TIENA JOHNSON HALL

Executive Director

California Housing Finance Agency

Guiding Principles

MISSION

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

VISION

All Californians living in homes they can afford.

CORE VALUES

Accountable – We are each responsible for actions, decisions, and quality of work.

Impact – We are committed to achieving equitable outcomes and opportunities.

Integrity – We behave with honest and ethical purpose in all decisions we make, and the work we do.

Respect – We treat all people with dignity and accept them for who they are.

Teamwork – We value the collective and individual contributions of our team and collaboration with our partners.

GOAL 1

Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

Measures

1. Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.
2. Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.

OBJECTIVE 1

Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics.

FY 2024–25 INITIATIVES

1. Explore demographic data collection methodologies and laws. Create guidelines for collecting and reporting consistent and inclusive demographic, geographic, and affordability data to support program needs and advance equitable outcomes for Agency lending and to evaluate how policy changes impact different demographic groups and communities.
2. Create an internal task force for an "Underserved Communities Outreach Campaign" to evaluate and develop opportunities to reach and communicate with these populations.
3. Create an outreach and education campaign that includes updating tribal leadership and housing contacts, introducing CalHFA, and highlighting the Tribal Consultation policy and resources available that may benefit the Tribes' homeownership and financing needs.
4. Co-host a listening session with Tribes to understand homeownership and financing needs and offer technical assistance to access resources available to tribes.

OBJECTIVE 2

Expand Single Family program opportunities.

FY 2024–25 INITIATIVES

1. Evaluate opportunities to increase first mortgage lending by completing studies to identify the total addressable market and competitiveness of CalHFA's program terms compared to competitors in each market segment.
2. Administer federal and state funded innovative programs addressing California's diverse housing needs.
3. Research alternative funding and bond execution strategies for single family lending that would provide more favorable terms for first time homebuyers.
4. Evaluate potential new product offerings including to assist in increasing entry-level homeownership supply, down payment assistance for conventional manufactured home loans, and coordinate with the Department of Housing and Community Development on potential synergies.
5. Research opportunities for Accessory Dwelling Unit (ADU) financing, given federal changes.
6. Explore potential shared appreciation loan product iterations and potential partnerships.

Single Family Production Goals for Fiscal Year 2024–25

Finance $2.27 billion in single family lending, serving 5,300 homebuyers	Volume	Fee Income	Homeowners
First mortgage securitization	$2,000,000,000	$17,500,000	5,300
Zero Interest Program (ZIP) closing cost assistance	$1,500,000	-	–
MyHome down payment assistance	$50,000,000	$2,500,000	3,500
Dream for All down payment assistance	$220,000,000	$11,000,000	1,800
	$2,271,500,000	**$31,000,000**	**5,300**

OBJECTIVE 3

Build the Multifamily portfolio through preservation of existing projects and expansion of new lending and subsidy opportunities.

FY 2024–25 INITIATIVES

1. Identify multifamily lending alternatives that could be executed if State Tax Credits are no longer available to pair with MIP.
2. Participate in housing decarbonization workgroups with the Business, Consumer Services, and Housing Agency, along with other state teams, to explore and leverage potential federal funds available for multifamily housing development and preservation.
3. Continue to encourage the deployment of recycled bonds as a tax-exempt debt option.
4. Explore the development of preconstruction loan products for infill and adaptive reuse development.

Multifamily Production Goals for Fiscal Year 2024–25

Finance $2.48 billion in multifamily lending, investing in 3,772 units	Volume	Fee Income	Units
Conduit Issuance	$1,458,637,522	$1,568,421	1,510
Conduit Issuance (Recycled Bonds)	$244,466,000	$197,940	270
Permanent Loan Conversions	$352,207,705	-	-
Permanent Loan Commitments	$263,187,059	-	-
Mixed-Income Program (MIP) Subsidy Loan Commitments	$45,800,000	$3,210,000	1,992
Mixed-Income Program (MIP) Subsidy Loan Conversions	$111,407,284	$3,367,301	-
	$2,475,705,570	**$8,343,662**	**3,772**

GOAL 2

Financial Sustainability

Leverage opportunities and create innovative products that ensure CalHFA's financial sustainability and continued ability to serve the affordable housing market.

Measures

1. Maintain risk-adjusted rate of return on restricted assets.
2. Identify and implement new revenue generating strategies.
3. Grow the Agency's balance sheet, increasing total assets by 5% by 2026.
4. Maintain financial liquidity with a minimum of 20% of net assets as short-term investments.

OBJECTIVE 1

Evaluate and establish new revenue generating business lines with targeted rates of return.

FY 2024–25 INITIATIVES

1. Explore opportunities to partner with local public agencies to support the development and operation of affordable multifamily housing in California.
2. Engage an external vendor to conduct a study of the statutory, financial, and other features of other HFAs to identify new strategies or changes to enable affordable housing opportunities.

OBJECTIVE 2

Grow the Agency’s balance sheet, preserve liquidity, and fund operating and financial risk reserves.

FY 2024–25 INITIATIVES

1. Create financial roadmap for CalHFA that leverages the Agency’s two indentures to create long-term operating stability.
2. Identify potential avenues for financing alternatives through participation in national conversation with Federal Housing Finance Agency and regional conversations with Federal Home Loan Banks -San Francisco.

OBJECTIVE 3

Achieve and maintain CalHFA Issuer Ratings of “Aa2” rating from Moody’s Investors Service and “AA” rating from S&P Global Ratings.

FY 2024–25 INITIATIVES

1. Provide quarterly exception reporting on key financial metrics to the Agency’s Investment and Debt Management Committee, including:
    - Return on total assets
    - Net interest margin
    - Equity to assets ratio
2. Conduct annual review and propose updated fees and pricing for all Single Family and Multifamily programs to ensure that each program is financially sustainable and meets net revenue targets.

GOAL 3

Trusted Advisor

Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

Measures

1. Increase public presence and publications 10% by 2026.
2. Partner, fund, and/or participate in housing finance data analytics reports.
3. Receive industry recognition and/or awards for CalHFA specific programs.

OBJECTIVE 1

Increase our understanding of community needs and systemic biases within our housing finance ecosystems and have findings inform program implementation.

FY 2024–25 INITIATIVES

1. Develop a Stakeholder Engagement Plan, beginning by identifying and organizing CalHFA's affordable housing stakeholder ecosystem.
2. Conduct a community and business partner needs study in the homeownership field to identify existing gaps and potential innovative product offerings.

OBJECTIVE 2

Increase activities and partnerships to strengthen trust with external partners and general public.

FY 2024–25 INITIATIVES

1. Engage with academic/research organization(s) to identify avenues to increase housing production to support state priorities and needs, and to evaluate potential CalHFA roles in catalyzing housing supply.
2. Develop and publish a 'year-end accomplishments report' to tell CalHFA's story and highlight accomplishments and successes.
3. Leverage the best practices from the Mortgage Relief Program to inform the development of in-house community outreach strategies and tactics.

GOAL 4

Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

Measures

1. Implement informed decision-making tools and processes.
2. Increase CalHFA's Great Place to Work certification score 5% by 2026.
3. Fill 80% of all key positions.

OBJECTIVE 1

Embed diversity, equity, accessibility, and inclusion practices.

FY 2024–25 INITIATIVES

1. Explore and identify new initiatives to add to and update CalHFA's Racial Equity Action Plan (REAP).
2. Conduct two DEI trainings for all staff.
3. Improve vendor diversity in purchasing and contracting processes.

OBJECTIVE 2

Attract highly qualified talent.

FY 2024–25 INITIATIVES

1. Develop Asset Management staffing needs for managing MIP related Loan Portfolio.
2. Identify hard-to-fill classifications/positions and develop a strategy for improving recruitment for these classifications/positions.

OBJECTIVE 3

Retain highly qualified talent.

FY 2024–25 INITIATIVES

1. Increase recognition of staff contributions, especially through the Employee Recognition Program.
2. Celebrate achievements and milestones, such as CalHFA's 50th Anniversary.

OBJECTIVE 4

Innovate and streamline business processes to increase operational efficiency and service delivery.

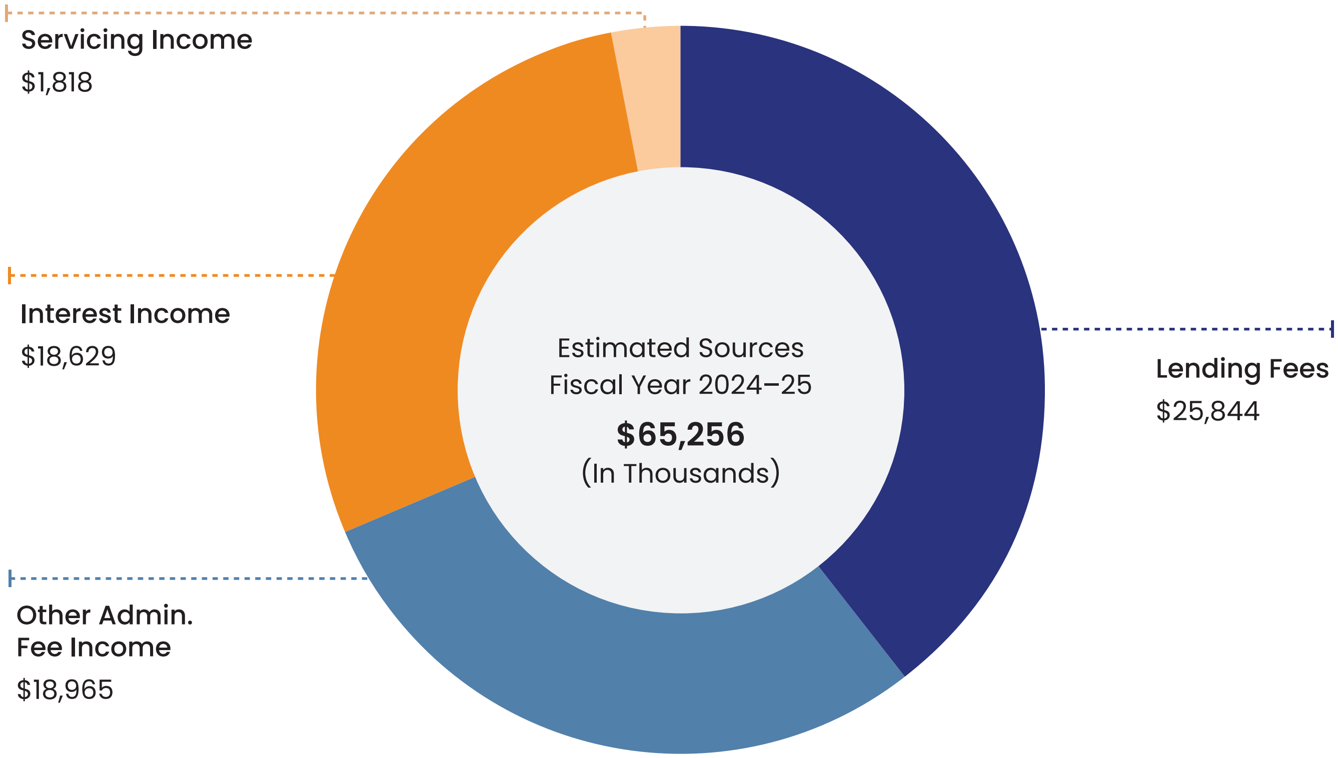
FY 2024–25 INITIATIVES

1. Establish a Data Governance Council and develop the enterprise data reporting and glossary.
2. Establish a standardized cost-benefit analysis methodology to prioritize projects and investments.
3. Expand Asset Management processes, policies, and procedures to address the growth of MIP-related permanent loans.
4. Align Agency operating budget processes with Government Finance Officers Association best practices.
5. Develop a mortgage professionals' partner enews list to improve communications on updates for processing CalHFA loans.

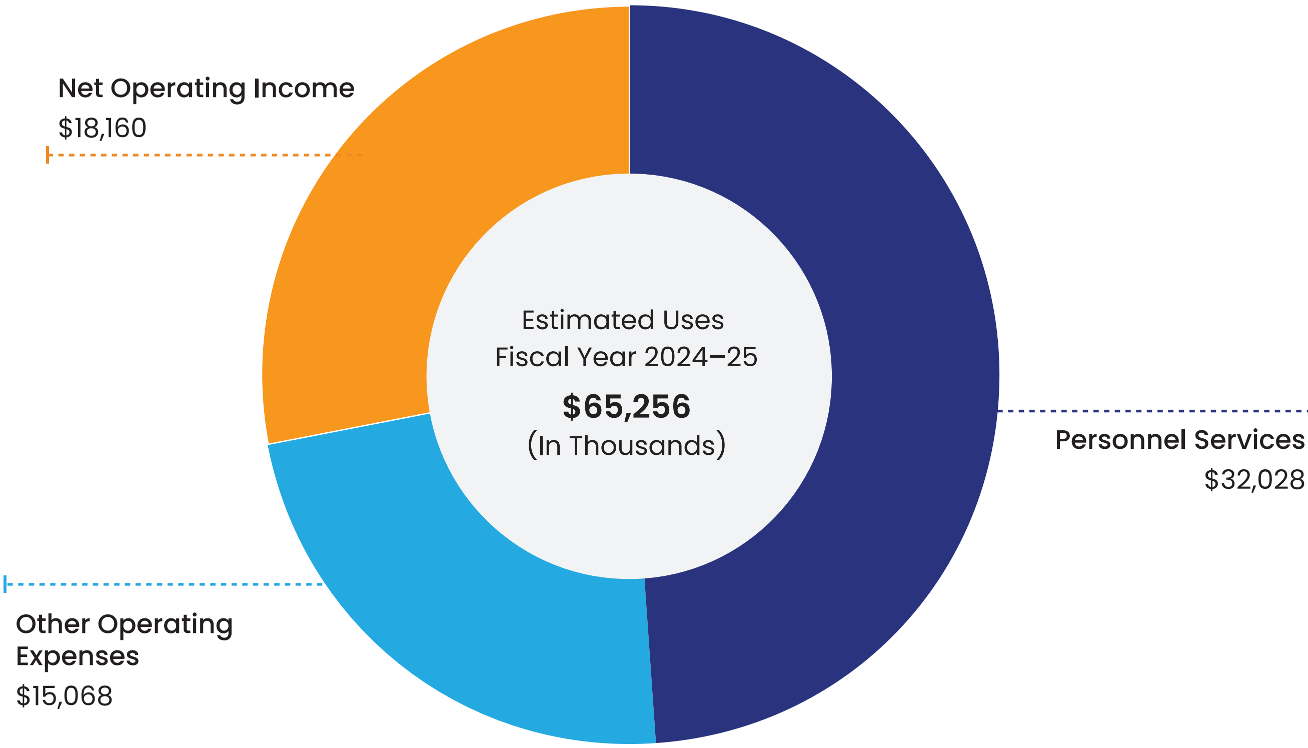
FY 2024–25 Operating Budget

OPERATING REVENUES

CALIFORNIA HOUSING FINANCE AGENCY FISCAL YEAR 2024–25 REVENUE BUDGET (IN THOUSANDS)			
Single Family Lending		**Multifamily Lending**	
Lending Fees	$17,500	Lending Fees	$8,344
Administration Fees	$13,500	Administration Fees	$5,465
Interest	$6,098	Interest	$12,531
Loan Servicing	$360	Loan Servicing	$1,458
TOTAL	**$37,458**	**TOTAL**	**$27,798**
		TOTAL EST. REVENUES	**$65,256**



OPERATING EXPENDITURES



The Agency proposes operating expenditures of $47.1 million, representing the budget required to support the Agency's business plan for fiscal year 2024–25. The proposed operating budget reflects an increase in expenditures compared with the prior fiscal year. The largest dollar change is attributable to the general increase in salaries and benefits for employees and the funding of positions to achieve strategic plan objectives. In addition, the CalHFA Board has identified enterprise risk management as one as the key areas of focus for the Agency in 2024–25.

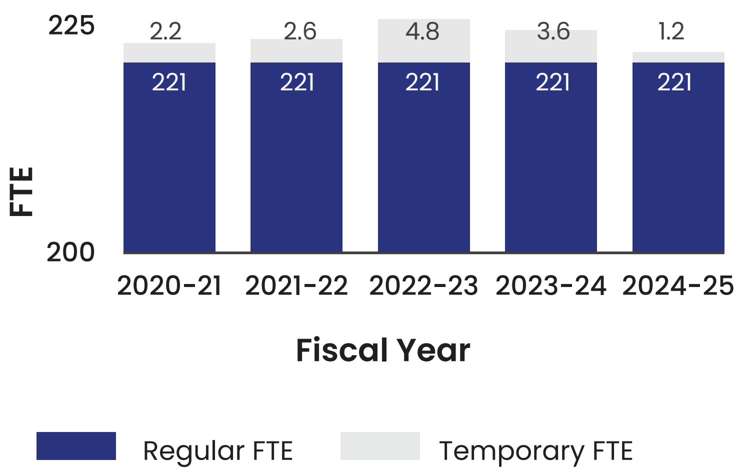
In alignment with the multi-year strategic plan, the 2024-25 operating budget seeks to deliver impactful results that also maintain CalHFA's financial sustainability.

As a self-funded State agency, CalHFA's management philosophy remains centered in accountability and efficiency. The Agency's business lines continue to effectively deliver our lending products throughout California. The agency's other operational divisions provide essential support to achieve CalHFA's mission.

Overall this 2024–25 budget provides CalHFA with the flexibility to address the current uncertainty in the affordable housing and financial markets.

CALIFORNIA HOUSING FINANCE AGENCY FISCAL YEAR 2024–25 OPERATING EXPENDITURES (IN THOUSANDS)						
	FY2022–23 Actuals	FY2023–24 Est. Actuals	FY2023–24 Approved Budget	**FY2024–25 Proposed Budget**	YoY Budget Change ($)	YoY Change (%)
Operating Expenditures						
Salaries and Benefits (Incl. Temp)	$25,232	$28,441	$30,690	$32,028	$1,338	4%
Consulting and Professional Services	1,787	3,094	4,358	4,911	553	13%
General Expenses	586	494	722	777	55	8%
Communications	240	253	480	422	(58)	-12%
Travel	250	272	528	390	(138)	-26%
Training	65	107	251	267	16	6%
Facilities	2,850	2,630	2,609	3,122	513	20%
Central Admin. Services	1,989	2,007	2,008	2,328	320	16%
Information Technology	1,364	2,107	1,799	2,416	617	34%
Equipment	28	734	366	435	69	19%
Operating Expenditures	**$34,391**	**$40,139**	**$43,811**	**$47,096**	**$3,285**	**7%**

STAFFING



For the fiscal year 2024-25, the Agency proposes that authorized full-time equivalent positions of 222.2 FTEs (221 permanent positions and 1.2 temporary positions) represent a decrease of 2.4 FTEs in temporary positions.

CalHFA℠
CALIFORNIA HOUSING FINANCE AGENCY

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