



CALIFORNIA HOUSING FINANCE AGENCY

STRATEGIC PLAN

FISCAL YEARS 2023-24 TO 2025-26

FY 2023-24 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

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.



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 2023–24 INITIATIVES

1. Update Tribal Consultation Policy and review existing products and outreach, in coordination with tribes.
2. Continue to implement Affirmatively Furthering Fair Housing programmatic changes.
3. Evaluate new opportunities to engage and reach underserved communities.
4. Explore data collection methodologies to collect relevant demographic, geography, and affordability data to support program needs and advance equity.

OBJECTIVE 2

Expand Single Family program opportunities.

FY 2023–24 INITIATIVES

1. Research and implement 2-unit, owner-occupied property eligibility for all programs.
2. Evaluate opportunities to increase first mortgage lending by completing studies to identify total addressable market and competitiveness of CalHFA's program terms compared to competitors in each market segment.
3. Implement one-time federal and state funded housing programs.

Single Family Production Goals for Fiscal Year 2023–24

Finance \$2.2 billion in single family lending, serving 5,660 homebuyers	Volume	Fee Income	Homeowners
First mortgage securitization	\$2,148,500,000	\$18,799,375	5,660
Zero Interest Program (ZIP) closing cost assistance	\$2,200,000	-	-
MyHome down payment assistance	\$78,200,000	\$3,910,000	-
	\$2,228,900,000	\$22,709,375	5,660

OBJECTIVE 3

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

FY 2023–24 INITIATIVES

1. Explore a preservation product to support our portfolio and provide new opportunities for the market.
2. Maximize deployment of recycled bonds to increase the production of affordable multifamily housing in California.

Multifamily Production Goals for Fiscal Year 2023–24

Finance \$2.1 billion in multifamily lending, investing in 4,458 units	Volume	Fee Income	Units
Conduit Issuance	\$1,269,901,116	\$3,269,594	1,668
Conduit Issuance (Recycled Bonds)	\$329,395,335	\$412,500	750
Permanent Loan Conversions	\$121,411,000	\$319,075	-
Permanent Loan Commitments	\$252,000,000	-	-
Mixed-Income Program (MIP) Subsidy Loan Commitments	\$50,000,000	\$2,929,224	2,040
Mixed-Income Program (MIP) Subsidy Loan Conversions	\$102,790,968	\$2,239,082	-
	\$2,125,498,419	\$9,169,475	4,458



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 2023–24 INITIATIVES

1. Explore opportunities to build, finance, operate and maintain affordable multifamily housing in California in partnership with local public agencies.
2. Establish third delivery method for Multifamily lending through Fannie Mae and Federal Home Loan Mortgage corporations.

OBJECTIVE 2

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

FY 2023–24 INITIATIVES

1. Issue Broker-dealer Request for Quote (RFQ) and Letter of Credit / Direct Loan RFQ for liquidity needs.
2. Evaluate current funding levels for reserve funds including hedge reserve fund and emergency reserve account.
3. Evaluate funding additional reserves for economic uncertainty.

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 2023–24 INITIATIVES

1. Achieve upgrade from Moody's by addressing termination of outstanding orphan swap portfolio, profitability margins, and loan losses.
2. Monitor and maintain key financial metrics including:
 - Return on total assets
 - Net interest margin
 - Equity to assets ratio
3. Conduct annual review for 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 2023–24 INITIATIVES

1. Hire Director of Business Development and Stakeholder Relations.
2. Increase relationships and continuum of engagement with community leaders and Community Based Organizations (CBO) especially from communities that have been historically disadvantaged and underserved.

OBJECTIVE 2

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

FY 2023–24 INITIATIVES

1. Promote best practices and successes from CalHFA programs and across the affordable housing industries.
2. Enhance partnerships and participation in academic, non-profit and industry groups.
3. Work collaboratively with other State Housing Agencies to create and implement a MOU that will address how each agency can align and complement compliance functions.
4. Identify risks associated with agency activities in compliance with the State Leadership Accountability Act (SLAA) report.



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 2023–24 INITIATIVES

1. Develop and deploy diversity and inclusion education for all staff.
2. Establish and maintain multiple channels for employees to share and receive feedback that supports a healthy feedback culture.
3. Evaluate internal compliance with Americans with Disabilities Act guidelines and continuously monitor for needed improvements.

OBJECTIVE 2

Attract highly qualified talent.

FY 2023–24 INITIATIVES

1. Develop Career Development Plans.
2. Establish budget/benchmark (such as General Salary Increase) through salary surveys for salary ranges.

OBJECTIVE 3

Retain highly qualified talent.

FY 2023–24 INITIATIVES

1. Refresh Succession Planning and Workforce Plan.
2. Research and implement key drivers of employee engagement.

OBJECTIVE 4

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

FY 2023–24 INITIATIVES

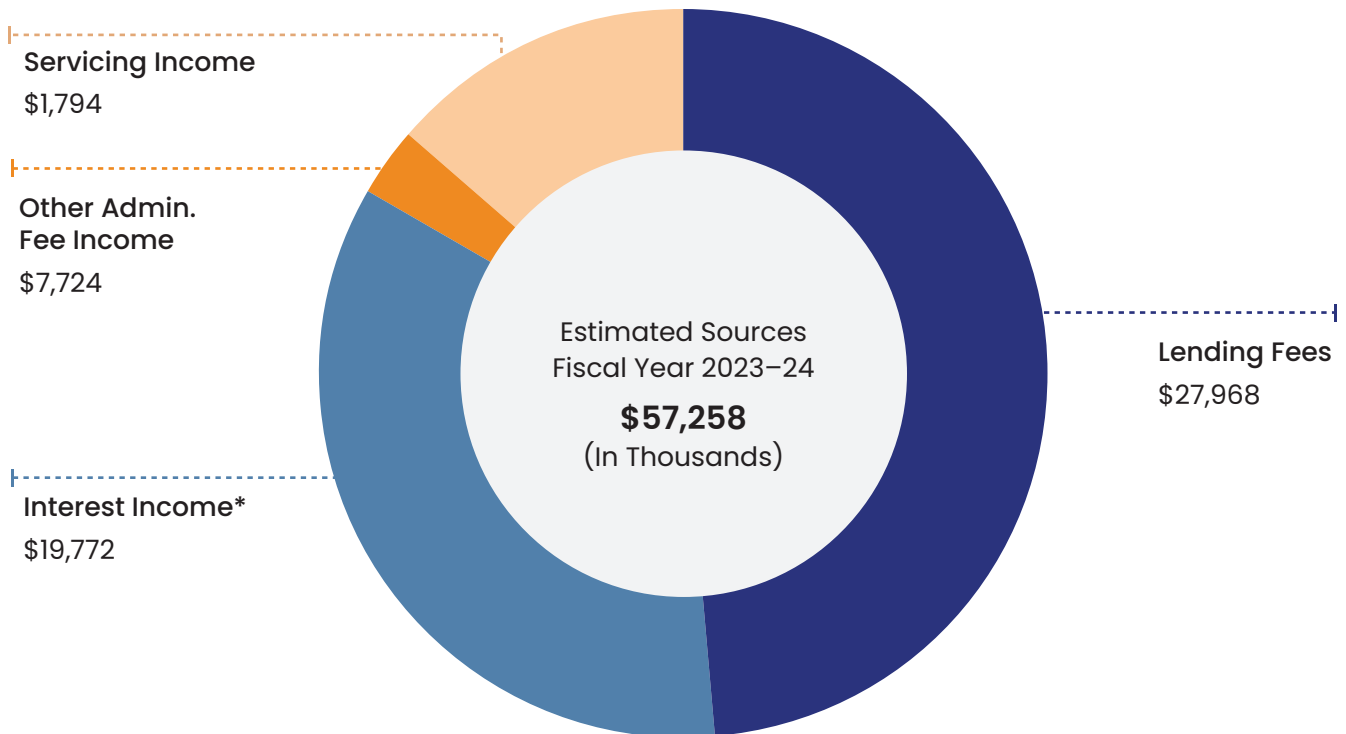
1. Research, develop and implement various automated and/or streamlined processes.
2. Develop enterprise data governance and reporting.
3. Evaluate and enhance lending and servicing platforms (Single Family & Multifamily).
4. Research and implement Single Family technology solutions and security enhancement.
5. Enhance Senior Loan Committee and Multifamily lending approval process.
6. Integrate Project Management Office in strategic business decisions and establish a standardized cost-benefit analysis methodology.



FY 2023–24 Operating Revenues & Budget

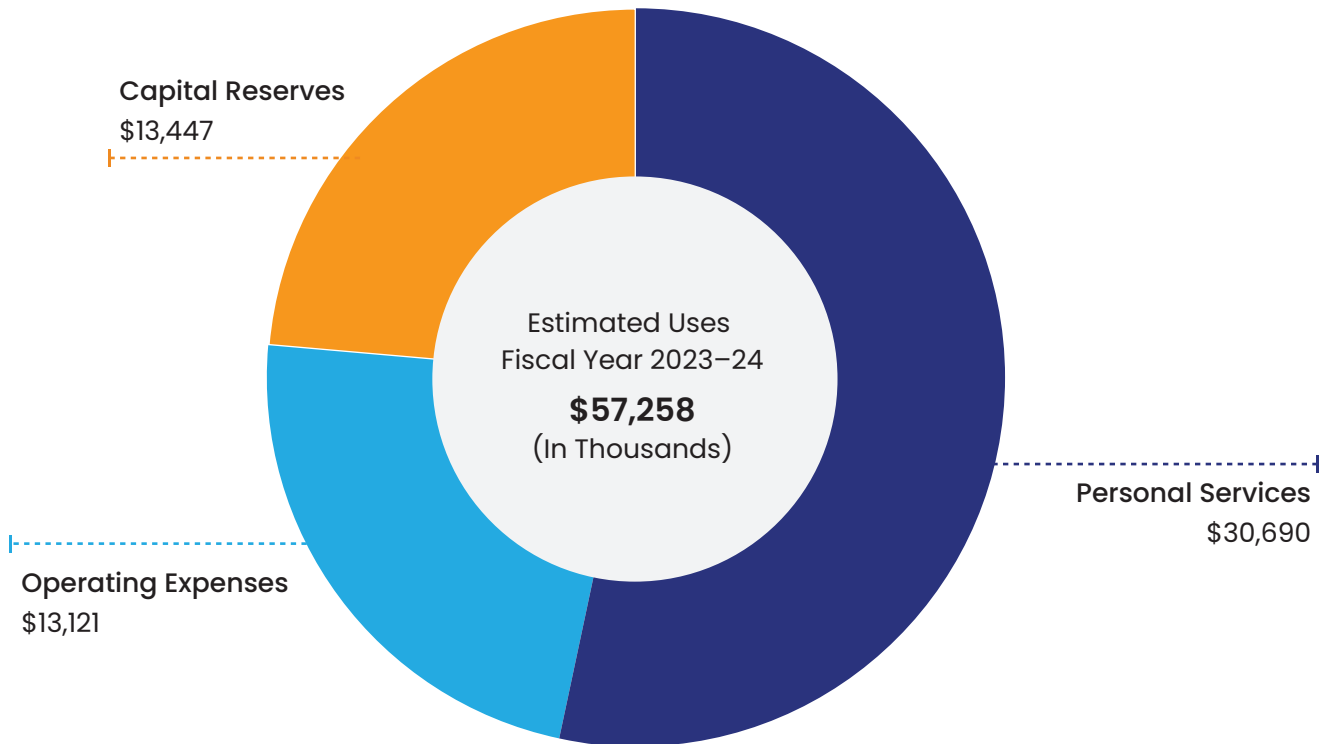
OPERATING REVENUES

CALIFORNIA HOUSING FINANCE AGENCY			
FISCAL YEAR 2023–24 REVENUE BUDGET (IN THOUSANDS)			
Single Family Lending		Multifamily Lending	
Lending Fees	\$18,799	Lending Fees	\$9,169
Interest Income*	6,970	Interest Income	12,802
Servicing Income	485	Servicing Income	1,309
Other Admin. Fee Income	3,910	Other Admin. Fee Income	3,814
TOTAL	\$30,164	TOTAL	\$27,094
		TOTAL EST. REVENUES	\$57,258



* Includes investment income.

OPERATING BUDGET



The Agency proposes an operating budget of \$43.8 million, representing the appropriations required to support the operational initiatives for the fiscal year 2023-24. The proposed budget reflects an increase in appropriations compared with the prior year. This increase is attributable to the general increase in salaries and benefits for employees as well as funding existing vacant positions to build our team for current and future programs. The CalHFA Board and Leadership have made operational efficiency a top priority.

In alignment with the multi-year strategic plan, the 2023-24 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.

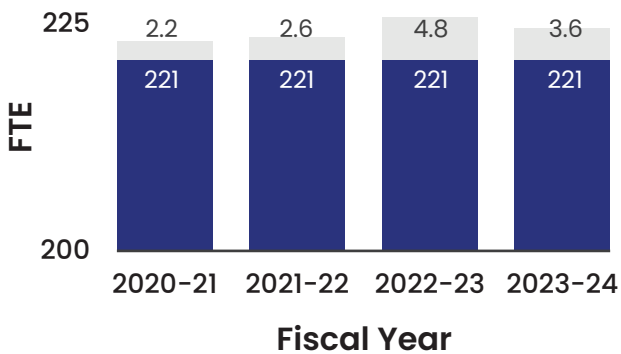
Overall this 2023-24 budget provides CalHFA with the flexibility to address the current uncertainty in the affordable housing and financial markets.

CALIFORNIA HOUSING FINANCE AGENCY

FISCAL YEAR 2023–24 OPERATING BUDGET
(IN THOUSANDS)

	Adopted Budget 2020–21	Adopted Budget 2021–22	Adopted Budget 2022–23	Proposed Budget 2023–24	Variance FY 22/23 to FY 23/24	
OPERATING EXPENSES						
Salaries and Benefits	\$25,565	\$25,601	\$27,794	\$30,364	\$2,570	8%
Temp Services/Other	177	198	392	326	(66)	-20%
Personal Services	\$25,742	\$25,799	\$28,186	\$30,690	\$2,504	8%
General Expense	\$745	\$951	\$903	\$722	\$(181)	-25%
Communications	429	384	419	480	61	13%
Travel	498	363	456	528	72	14%
Training	256	242	223	251	28	11%
Facilities Operation	2,868	2,894	2,941	2,609	(332)	-13%
Consulting & Professional Services	5,634	4,311	4,584	4,358	(226)	-5%
Central Administrative Services	1,860	2,083	2,024	2,008	(16)	-1%
Information Technology	1,485	1,750	2,089	1,799	(290)	-16%
Equipment	170	220	155	366	211	58%
Operating Expenses	\$13,945	\$13,199	\$13,794	\$13,121	\$(673)	-5%
TOTALS	\$39,687	\$38,998	\$41,980	\$43,811	1,831	4%

STAFFING



For the fiscal year 2023–24, the Agency proposes that authorized full-time equivalent positions of 224.6 FTEs (221 permanent positions and 3.6 temporary positions) represent a decrease of 1.2 FTEs in temporary positions.

Regular FTE
 Temporary FTE



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