

1 RESOLUTION 17-14

2 AGENCY BUSINESS PLAN

3 FISCAL YEAR 2017/2018

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

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

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18 WHEREAS, while the improving California economy and real estate markets continue to present
19 opportunity for the Agency, financial challenges remain within changing credit and capital markets;

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

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24 WHEREAS, the Agency has presented to the Board of Directors a Business Plan, for fiscal year
25 2017/18, with its goals, key strategies and action items designed to assist the Agency meet its financial
26 obligations, its statutory objectives, support the housing needs of the people of California and to provide
27 the Agency with the necessary road map to continue its reemergence as a leading affordable housing
28 lender providing bond financing and mortgage financing well into the future;

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

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32 1. The 2017/18 Business Plan, as presented by the written presentation attached hereto and made a part
33 hereof, and any additional presentations made at the meeting, is hereby fully endorsed and adopted.

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

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41 3. The updated Business Plan is necessarily based on various economic, fiscal and legal assumptions.
42 Therefore, for the Agency to respond to changing circumstances, and subject to the provisions of
43 Resolution 11-06, the Executive Director shall have the authority to adjust the Agency’s day-to-day
44 activities to reflect actual economic, fiscal and legal circumstances to attain goals and objectives
45 consistent with the intent of the updated Business Plan.

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SECRETARY'S CERTIFICATE

I, Thomas O. Freeburger, the undersigned, do hereby certify that I am the duly authorized Acting 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. 17-14 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 11th day of May 2017, 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: AVILA-FARIAS, BROWN (for Chiang), GALLAGHER, GUNN (for Imbasciani), HUNTER, METCALF, OHAEGBU (for Podesta), FALK

NOES: NONE

ABSTENTIONS: NONE

ABSENT: GUNNING, JOHNSON-HALL, PRINCE, SOTELO, RUSSELL

IN WITNESS WHEREOF, I have executed this certificate hereto this 11th day of May 2017.

ATTEST:



THOMAS O. FREEBURGER
Acting Secretary of the Board of Directors of the
California Housing Finance Agency

CalHFA Strategic Business Plan FY2017-18

Mission: To create and finance progressive housing solutions so more Californians have a place to call home.

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Due Dates
Increase the Agency's future income and equity position by expanding single family and multifamily lending activities consistent with State housing needs	1 Generate income via single-family lending opportunities	A Targeting \$1.5 billion in 1st mortgage loan purchases estimated to generate \$16.8 million in revenue for Single Family Lending	6/30/2018
		B Targeting \$54 million in MyHOME subordinate loans for down payment assistance resulting in \$2.7 million in administrative fees	6/30/2018
		C Targeting \$54 million in Zero Interest Program (ZIP) subordinate loans for closing cost assistance resulting in an estimated present value of \$35 million	6/30/2018
		D Implement more robust homebuyer education program with in-person counseling to mitigate risks associated with expanded underwriting guidelines	6/30/2018
		E Expand single family lending activities to include loans insured through the Veterans Administration (VA) and the US Department of Agriculture (USDA)	6/30/2018
		F Implement Fannie Mae's HFA preferred no mortgage insurance product	6/30/2018
	2 Generate income via multifamily lending opportunities	A Generate \$11.4 million in revenue through \$200 million in 1st lien lending during FY 2017-18	6/30/2018
		B Generate \$0.8 million in revenue through \$300 million in conduit issuance during FY 2017-18	6/30/2018
		C Generate \$3.5 million in revenue through \$30 million in SNHP allocations and loans	6/30/2018
		D Develop and get Board approval for policies on bond issuance and compliance to meet new CDLAC requirements	ongoing
		E Create lending programs and partnerships to preserve naturally occurring affordable housing (NOAH) across the state	6/30/2018
		F Continue to explore ways to increase lending capacity by partnering with localities, CDFIs, and private banks; reputation & image building; rebranding & outreach	6/30/2018
	3 Strengthen Agency financial position by expanding credit facilities and maximizing return on investment and return on equity.	A Continue to improve functionality of Single Family Lending's Mortgage Access System (MAS) to allow for alternative delivery options on secondary market	6/30/2018
		B Expand uses and eligible collateral on the Federal Home Loan Bank of San Francisco credit facility	6/30/2018
		C Renew letter-of-credits supporting variable rate demand obligation bonds	6/30/2018
		D Negotiate extension of administrative services from mortgage insurance provider	6/30/2018
		E Implement hedging and delivery strategies to achieve more competitive lending rates and increase program revenue	6/30/2018

CalHFA Strategic Business Plan FY2017-18

Mission: *To create and finance progressive housing solutions so more Californians have a place to call home.*

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Due Dates	
Continue to improve operational efficiencies through the use of technology, workforce planning and the implementation of best practices	4 Increase Operational Efficiencies	A Improve Agency contracting process by standardizing contracts and providing staff training for developing scopes of work and soliticing requests for proposal or qualifications (RFP/RFQ)	6/30/2018	
		B Continue to refine Agency operations by realigning staff resources (Fiscal Services, Loan Servicing, Single Family Lending, Executive office, etc.) to meet current business environment	6/30/2018	
		C Implement GIS data mapping to improve decision making, communications & outreach and monitoring outcomes	6/30/2018	
		D Continue to decrease external storage costs by elimitating 5,000 boxes stored offsite during FY 2017-18	6/30/2018	
		E Implement a formal workforce planning strategy based upon the workforce plan developed in FY 2016-17 and provide training to business units	6/30/2018	
		F Implement a formal 'new employee orientation' and redesign CalHFA website for mobile accessibility	6/30/2018	
		G Pursue options to automate timecard processing	6/30/2018	
		H Implement changes to the Debt Management System (DMS) to eliminate manual processes and implement 'Hot Docs' software to standardize loan document preparation	6/30/2018	
		I Complete Implementation of Phase II of the Fiscal Systems upgrades to Microsoft Great Plains (GP) to enhance the efficiency of fiscal and budgetary operation, and improve the timeliness and functionality of financial reporting	6/30/2018	
		J Review of Fiscal Systems to identify ways to streamline and automate manual processes performed within support divisions	6/30/2018	
		K Analyze viability of consolidating the three systems used to track information and service multifamily loans	6/30/2018	
		5 Implement long-term strategies to monitor and mitigate enterprise risks	A Continue to participate in the State Leadership Accountability Act (SLAA) process to identify Agency business risks, reduce waste and strengthen internal controls	ongoing
			B Procure and implement a system to replicate the Agency's critical servers to the disaster recovery site to reduce our business risk during a real disaster	6/30/2018
			C Initiate the establishment of an Enterprise Risk Management Department to identify Agency business risks and strengthen internal controls by hiring a Director of Enterprise Risk Management and Compliance	6/30/2018
D Continously evaluate and seek opportunities to improve systems and applications to support CalHFA business units. Implement electronic workflows, etc. where appropriate	6/30/2018			

CalHFA Strategic Business Plan FY2017-18

Mission: To create and finance progressive housing solutions so more Californians have a place to call home.

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Due Dates
Collaborate with other housing entities and stakeholders to deliver effective and innovative housing solutions	6 Increase opportunities to meet California's affordable housing needs	A Develop CalHFA ADU pilot program that partners with localities and other State partners	6/30/2018
		B Increase focus and target resources to support financing multifamily developments for the missing middle through naturally occurring affordable housing (NOAH)	6/30/2018
		C Continue to explore opportunities for a permanent sources of down payment assistance to support financing of affordable homeownership	Ongoing
		D Promote collaboration with other State housing agencies and continue efforts to expand multifamily housing opportunities for veterans	Ongoing
		E Provide technical assistance to legislature and others regarding affordable housing	Ongoing
		F Continue to monitor state & federal policy regarding affordable housing programs	Ongoing
		G Advocate with US Treasury for continued support of Multifamily FFB financing program	Ongoing
		H Continue to monitor developments for the financing of manufactured housing through the GSE's	Ongoing
		I Research Self-Help housing needs through stakeholder engagement	6/30/2018
		Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity	7 Maximize use of KYHC program funds
B Aggressively pursue and on-board additional servicers	Ongoing		
C Collaborate with other public and private sector entities to maximize and leverage potential benefits of foreclosure prevention resources	Ongoing		
D Measure program outcomes and assess barriers to eligibility	Ongoing		
E Monitor program recipients to assess level of homeownership sustainability facilitated by program assistance	Ongoing		