

May 23rd 2019

MINUTES

Attest:
(CalHFA)

Claire Taurianinen

California Housing Finance Agency

Board of Directors Meeting and Workshop

March 18, 2019

Meeting noticed on March 8, 2019

1. **ROLL CALL**

The California Housing Finance Agency Board of Directors meeting was called to order at 10:00 a.m. by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT: Avila Farias, Johnson Hall, Metcalf, Prince, Podesta, Sotelo, Russell, Gunning, Gordon*, Onodera (for Bosler), Patterson

MEMBERS ARRIVING
AFTER ROLL CALL: Gallagher, Agee (for Ma)

MEMBERS ABSENT: Hunter, Imbasciani

STAFF PRESENT: Claire Taurianinen, Don Cavier, Melissa Flores, Larry Flood, Ruth Vakili, Tim Hsu

GUEST SPEAKERS: Irena Asmundson, Shannon Peloquin, Garth Rieman

*Member Gordon was unable to attend the workshop portion of the meeting and was replaced by her delegate, Suzanne Hague.

2. **APPROVAL OF MINUTES** – January 10, 2019

The minutes were approved by unanimous consent of members present.

3. **CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS**

Chair Comments:

- a) Acting Chair Gunning reported to the Board that he and the CalHFA delegation attended the annual National Council of Housing Finance Agencies' Legislative Conference in Washington, D.C. during the week of March 13, 2019. He thanked Patterson and staff for their excellent and impactful work while there.

Executive Director Comments:

- a) Patterson added that Metcalf and a representative from the California State Treasurer's Office joined the CalHFA delegation in Washington, D.C. and

participated in meetings with officials from the U.S. Treasury and the Department of Housing and Urban Development, where they discussed a variety of issues including bonds, veteran affairs, and disaster relief. They also held a legislative priorities briefing for California congressional staff. She thanked staff for all their hard work in making the trip successful.

- b) Patterson recognized Larry Flood, CalHFA's Director of Financing and Interim Director of Multifamily Programs, for receiving the Lifetime Achievement Award from Smith's Research & Gradings, a financial credit grading company.

BUSINESS ITEMS

- 4. **Final Loan Commitment for Montevista, No. 17-007-N, for 306 Units located in Milpitas/Santa Clara - Resolution No. 19-03**

Presented by Flood and Vakili

On a motion by Russell, the Board approved staff recommendation for Resolution No. 19-03. The votes were as follows:

AYES: Avila Farias, Agee (for Ma), Gallagher, Johnson Hall, Metcalf, Prince, Podesta, Sotelo, Russell, Gunning

NOES: None

ABSTAIN: None

ABSENT: Hunter, Imbasciani

- 5. **Support the adoption of Resolution 19-04 authorizing the Agency's single-family bond indentures, the issuance of single family bond, credit facilities for homeownership purposes, and related financial agreements and contracts for services**

Presented by Flood

On a motion by Avila Farias, the Board approved staff recommendation for Resolution No. 19-04. The votes were as follows:

AYES: Avila Farias, Agee (for Ma), Gallagher, Johnson Hall, Metcalf, Prince, Podesta, Sotelo, Russell, Gunning

NOES: None

ABSTAIN: None

ABSENT: Hunter, Imbasciani

6.n **Support the adoption of Resolution 19-05 authorizing the Agency's single family non-bond financing mechanisms for homeownership purposes, and related financial agreements and contracts for services**

Presented by Flood

On a motion by Prince, the Board approved staff recommendation for Resolution No. 19-05. The votes were as follows:

AYES: Avila Farias, Agee (for Ma), Gallagher, Johnson Hall, Metcalf, Prince Podesta, Sotelo, Russell, Gunning

NOES: None

ABSTAIN: None

ABSENT: Hunter, Imbasciani

7.n **Support the adoption of Resolution 19-06 authorizing the financing of the Agency's multifamily housing program, the issuance of multifamily bonds, the Agency's multifamily bond indentures, credit facilities for multifamily purposes, and related financial agreements and contracts for services**

Presented by Flood

On a motion by Avila Farias, the Board approved staff recommendation for Resolution No. 19-06. The votes were as follows:

AYES: Avila Farias, Agee (for Ma), Johnson Hall, Metcalf, Prince, Podesta, Sotelo, Russell, Gunning

NOES: None

ABSTAIN: Gallagher

ABSENT: Hunter, Imbasciani

8.n **Support the adoption of Resolution 19-07 authorizing the financing of the Agency's multifamily housing program from non-bond sources, and related financial agreements and contract for services**

Presented by Flood

On a motion by Agee, the Board approved staff recommendation for Resolution No. 19-

07. The votes were as follows:

AYES: Avila Farias, Agee (for Ma), Gallagher, Johnson Hall, Metcalf, Prince, Podesta, Sotelo, Russell, Gunning

NOES: None

ABSTAIN: None

ABSENT: Hunter, Imbasciani

9. **Support the adoption of Resolution 19-08 approving applications to the California Debt Limit Allocation Committee for private activity bond allocations for the Agency's homeownership and multifamily programs**

Presented by Flood

On a motion by Agee, the Board approved staff recommendation for Resolution No. 19-08. The votes were as follows:

AYES: Avila Farias, Agee (for Ma), Gallagher, Johnson Hall, Metcalf, Prince, Podesta, Sotelo, Russell, Gunning

NOES: None

ABSTAIN: None

ABSENT: Hunter, Imbasciani

10. **REPORTS**

- a. Acting Chair Gunning asked Board members if they had any questions about the reports. Gallagher requested that a discussion about the Agency's debt management and hedge swap portfolios be included in the next meeting. Patterson directed staff to include that request as an agenda item at the next meeting.
- b. Acting Chair Gunning then asked if the Agency is required to be in the Treasurer's Pooled Money Investment Account (PMIA). Patterson replied there are some limitations, but they also have other accounts outside of the PMIA.

11. **DISCUSSION OF OTHER BOARD MATTERS**

None

Break from 12:24 p.m. to 1:05 p.m.

WORKSHOP ITEMS (Informational):

12. **MID-YEAR BUSINESS PLAN AND BUDGET UPDATE FOR 2018/19**

Presented by Don Cavier

Don Cavier, Chief Deputy Director, presented an update on the Agency's business plan progress to the Board, including lending activity and revised projections for the remainder of the fiscal year. He also reported the Agency's operating budget is projected to be \$36.8 million for the fiscal year, well within the approved budget of \$39.7 million.

13. **CalHFA PROGRAM POLICY/INITIATIVES**

A. Single Family Lending Update

Presented by Tim Hsu

Tim Hsu, Director of Homeownership, provided the Board with updates on existing Single Family programs and prospects for new programs. He reported to the Board they are exploring adding a 180-day lock program for individual borrowers or a 360-day lock program for builders. Other program possibilities include a Native American Homeownership Lending Program and adding USDA loan products.

B. Multifamily Lending Update

Presented by Larry Flood

Larry Flood, Director of Financing and Interim Director of Multifamily Programs, provided the Board with updates on existing Multifamily programs and prospects for new programs. He reported that the new Mixed-Income Program, funded by SB 2, may receive additional one-time funding if the Governor's budget is approved by the Legislature. He reported improvements in portfolio preservation efforts, asset management reporting systems, and financial analysis reporting software. He stated they are revamping the multifamily pricing policy, to become more competitive.

14. **GUEST PRESENTATIONS AND DISCUSSIONS**

A. California's Outlook 2019

Presented by Irena Asmundson, Chief Economist, *Department of Finance*

Ms. Asmundson presented *California's Outlook 2019*, which details current economic conditions and how the housing shortage impacts economic growth statewide. She provided data that shows demographic changes in the labor force, income inequality, increased commute times, and sales tax base decreases are some of the contributing factors to the housing shortage.

B. 2016 Housing Study, Recommendations, and Current Opportunities

Presented by Shannon Peloquin, Partner, *McKinsey & Company*

Ms. Peloquin presented information from McKinsey Global Institute's 2016 study, *Closing California's Housing Gap*, that identified the scope of the housing shortage and various solutions that will facilitate the construction of the estimated 3.5 million housing units needed by 2025. She reported low and extremely-low income residents are unable to afford housing and over half of moderate income residents are spending more than 30% of their income on housing. Possible solutions include reforming housing approval process statewide, reducing the cost and risk associated with housing production, utilizing modular construction, and incentivizing construction for local governments.

C. National Trends, Policy, and Legislation

Presented by Garth Rieman, Director of Housing Advocacy and Strategic Initiatives, *National Council of State Housing Agencies*

Mr. Rieman presented an overview of the federal political landscape and discussed legislation and budget issues that may affect housing finance agencies. Key bills include The Neighborhood Homes Investment Act and the Affordable Housing Credit Improvement Act. He reported a new Director of the Federal Housing Finance Agency is expected to clear Senate confirmation and may pursue rule changes to Fannie Mae and Freddie Mac that will likely affect HFA's ability to access GSE programs.

15. ADJOURNMENT

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 03:40 p.m.

16. HANDOUTS

- a. Mid-Year CalHFA Strategic Business Plan FY 2018-19, pages 117-118
- b. Montevista Apartments PowerPoint Presentation
- c. Memorandum for Resolution No. 19-04
- d. Financing Resolutions PowerPoint Presentation
- e. Fiscal Year 2018-19 Mid-year Business Plan and Operating Budget Update PowerPoint Presentation
- f. McKinsey Global Institute's *A Tool Kit to Close California's Housing Gap* PowerPoint Presentation
- g. Guest Speaker's Bios