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BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 19-11

RESOLUTION AUTHORIZING THE AGENCY BUSINESS PLAN
FOR FISCAL YEAR 2019/2020

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 and the insuring of mortgage loans;

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

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

WHEREAS, the Agency has presented to the Board of Directors a Business Plan, for fiscal year 2019/20, with its goals, key strategies and action items designed to assist the Agency in meeting its financial obligations, its statutory objectives, support the housing needs of the people of California and to provide the Agency with the necessary road map to continue its reemergence as a leading affordable housing lender providing bond financing and mortgage financing well into the future;

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

1.t The 2019/20 Business 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.

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

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9 3.a The updated Business Plan is necessarily based on various economic, a
10 fiscal and legal assumptions.

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12 Therefore, for the Agency to respond to changing circumstances, and subject to
13 the provisions of Resolution 11-06, the Executive Director shall have the authority to
14 adjust the Agency's day-to-day activities to reflect actual economic, fiscal and legal
15 circumstances to attain goals and objectives consistent with the intent of the updated
16 Business Plan.

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19 Attachment

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SECRETARY'S CERTIFICATE

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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. 19-11 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 23rd day of May 2019, 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, Ma, Gallagher, Hunter, Gunn (for Imbasciani), Metcalf, Podesta, Prince, Sotelo, Russell, Gunning
- NOES: None
- ABSTENTIONS: None
- ABSENT: Johnson Hall

IN WITNESS WHEREOF, I have executed this certificate hereto this 23rd day of May 2019.

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

CalHFA Strategic Business Plan FY 2019-20

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

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion Date
Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence	1 Promote sustainable homeownership opportunities by expanding eligibility requirements and product offerings while serving a broad range of income and housing needs	A Finance \$2 billion in 1st mortgage loan purchases; 7,140 homebuyers			
		B Generate \$20 million in revenue on 1st mortgage loans			
		C Finance \$70 million in MyHOME subordinate loans for down payment assistance			
		D Generate \$3.5 million in administrative fees from MyHOME Subordinate Loans			
		E Finance \$40 million in Zero Interest Program (ZIP) subordinate loans for closing cost assistance generating an estimated present value of \$26 million			
		F Launch Fannie Mae HomeStyle Renovation program	19/20	NO	12/31/2019
		G Launch HUD 184 Indian Home Loan Guarantee program	18/19	YES	12/31/2019
		H Launch USDA homeownership program for rural areas	19/20	NO	6/30/2020
		I Create infrastructure and program guidelines for pooling and sale of subordinate single family loans	19/20	NO	6/30/2020
		J Wind-down KYHC program. Determine options of usage program income post Treasury sweep	18/19	YES	6/30/2020
		K Monitor Fannie Duty to Serve initiatives for program opportunities	18/19	YES	Continuous
		L Implement strategies to preserve the down payment assistance funds	19/20	NO	12/31/2019
		M Continue efforts to pursue permanent source of down payment assistance	18/19	YES	Continuous
		N Pursue funding for a new construction, forward rate lock program to promote new development	19/20	NO	6/30/2020
	2 Expand multifamily lending opportunities and unit production while addressing preservation needs and providing incentives for mixed-income housing	A Finance \$120 million in 1st lien lending; 747 units			
		B Generate \$13.3 million in present value revenue through 1st lien lending			
		C Finance \$40 million in Mixed Income Program (MIP) allocations and loans; 1,000 units			
		D Generate \$6.8 million in present value revenue through Mixed Income Program (MIP)			
		E Finance \$320.7 million in Conduit issuance; units counted in 1st lien			
		F Generate \$551,200 in present value revenue through Conduit issuance			
		G Finance \$20 million in SNHP allocations and loans; 1,290 units			
		H Generate \$2.5 million in revenue through SNHP allocations and loans			
		I Wind-down the SNHP program responsibly and work with participating counties to ensure local funds are not lost	19/20	YES	6/30/2022
		J Launch efforts to expand Conduit Issuance to communities that are underserved and lack capacity	19/20	YES	Continuous
		K Monitor market acceptance of MIP program and adjust as needed to promote the full and efficient utilization of funds	19/20	YES	Continuous
		L Monitor possible allocation of additional state resources for mixed income and develop strategies to deploy (i.e. state tax credits)	19/20	NO	12/31/2019
		M Implement aggressive Portfolio Preservation strategy to retain the 70 portfolio projects set to pay off in the next 5 years	19/20	YES	Continuous
N Create infrastructure and program guidelines for pooling and sale of multifamily subsidy loans	19/20	NO	12/31/2019		
O Implement strategies to expand underwriting capacity and ensure efficient program execution	19/20	NO	12/31/2019		
3 Strengthen Agency financial position by monetizing assets for liquidity while maximizing return on equity and investment	A Research the viability of developing a bond recycling program	19/20	NO	6/30/2020	
	B Monetize first lien small loans and subordinate loans to create additional subsidy funds for targeted projects	19/20	YES	Continuous	
	C Explore alternative revenue generation ideas (e.g. securitization of external lender's balance sheet loans)	19/20	NO	6/30/2020	
	D Establish strategic partnerships to expand executions we can offer to developers	19/20	YES	6/30/2021	
	E Explore alternatives to the Federal Financing Bank / HUD risk-share for Multifamily Bonds	19/20	NO	6/30/2020	

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion Date
Continue to improve operational efficiencies through the use of technology, workforce planning, and the implementation of best practices	4 Increase Operational Efficiencies	A Continue to refine and improve single family loan administration reporting	19/20	NO	12/31/2019
		B Continue efforts to streamline and refine processes to improve efficiencies in the mortgage access system (e.g. OCR capabilities)	19/20	YES	Continuous
		C Workforce planning: support divisions in filling key vacancies; succession planning; reduce key employee dependencies	17/18	YES	Continuous
		D Continue implementation of performance evaluation process, goal setting	19/20	YES	6/30/2020
		E Research the possibility of implementing a Mentor program	19/20	NO	12/31/2019
		F Identify data visualization and mapping (GIS) needs and expand use throughout Agency reports; internal and external	19/20	YES	6/30/2020
		G Successfully replace the Agency's current multifamily servicing system with a new and improved application that enhances reporting and efficiency	19/20	NO	9/30/2019
		H Perform and internal assessment of the Multifamily Loan Accounting process; streamline and automate activities	19/20	NO	6/30/2020
		I Complete the final enhancements to the Agency's Debt Management System (DMS) to streamline manual/duplicative processes	18/19	YES	6/30/2020
		J Conduct an IT maturity assessment (ITSCORE): Assess maturity levels across IT disciplines and leverage best practices throughout CalHFA	19/20	NO	12/31/2019
		K Implement an Information Technology Service Management (ITSM) to improve IT customer service	19/20	NO	6/30/2020
		L Implement an IT Governance Process to improve IT investment decision making and oversight	19/20	NO	12/31/2019
		M Implement Strategic Project Advisory Group (SPAG) to align CalHFA divisional projects to CalHFA business plan.	19/20	NO	12/31/2019
	N Create and execute a plan to transition residual KYHC activities to Loan Administration, Fiscal Services and IT	19/20	NO	6/30/2020	
	5 Continuously monitor and employ long-term strategies to mitigate enterprise risk and improve agency management reporting	A Work with division managers to identify risks associated with agency activities in compliance with the SLAA report.	18/19	YES	Continuous
		B Establish a Risk Management Oversight Committee to review Risk Operating Events.	19/20	NO	12/31/2019
		C Formalize a Quality Control workflow for Multifamily Lending.	19/20	NO	6/30/2020
		D Implement Security Information and Event Management (SIEM).	19/20	NO	6/30/2020
		E Implement System Center Operations Manager (SCOM) to better monitor server environment.	19/20	NO	6/30/2020
Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions	6 Establish partnerships to increase opportunities for affordable housing production	A Develop a framework for partnerships with entities who support CalHFA affordable lending objectives and who's business model makes partnership feasible and beneficial	19/20	NO	6/30/2020
		B Continue collaboration efforts with DGS and HCD on the use of State Surplus Property	18/19	YES	Continuous
		C Build relationships with Assembly members, Senators and their staff to advocate for CalHFA and provide technical assistance as it relates to State and Federal priorities.	18/19	YES	Continuous
		D Establish disaster strategy for partnerships in communities recovering from disasters (e.g. Sonoma county)	19/20	YES	Continuous