



CalHFA Board Meeting

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March 25, 2021

CA's Economic Outlook: January 2020



10+ years of expansion



12.7% → 4.2% Unemployment



118 months of consecutive job growth



1 out of 7 new U.S. jobs in California



3.9% average GDP growth over 5 years

CA's Economic Outlook: May 2020



4.2% → 16.0% Unemployment peak (May)



3.9% GDP Growth → Drops 31.5%



1 in 6 CA jobs lost from Feb to May

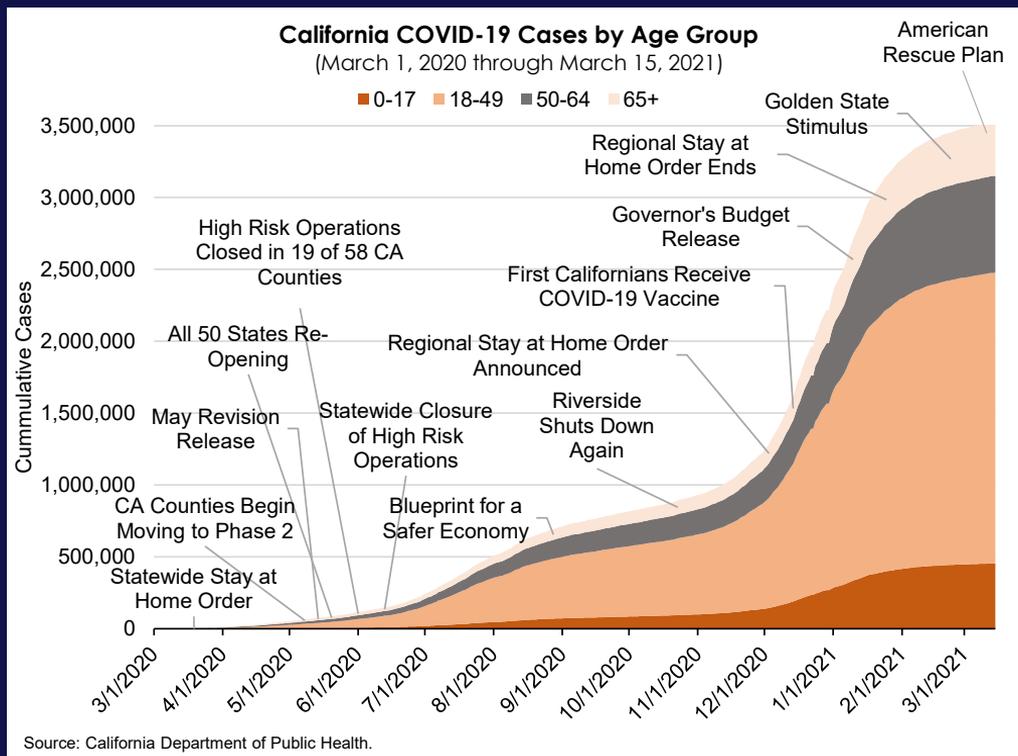


\$5.6B Surplus → \$54.3B Projected Deficit

2020-2021 Budget Solutions

- ✓ **Drew down reserves**
- ✓ **Committed to government efficiency**
- ✓ **Salaries**
- ✓ **Postponed supplemental payments**
- ✓ **Trigger cuts (absence of fed support)**

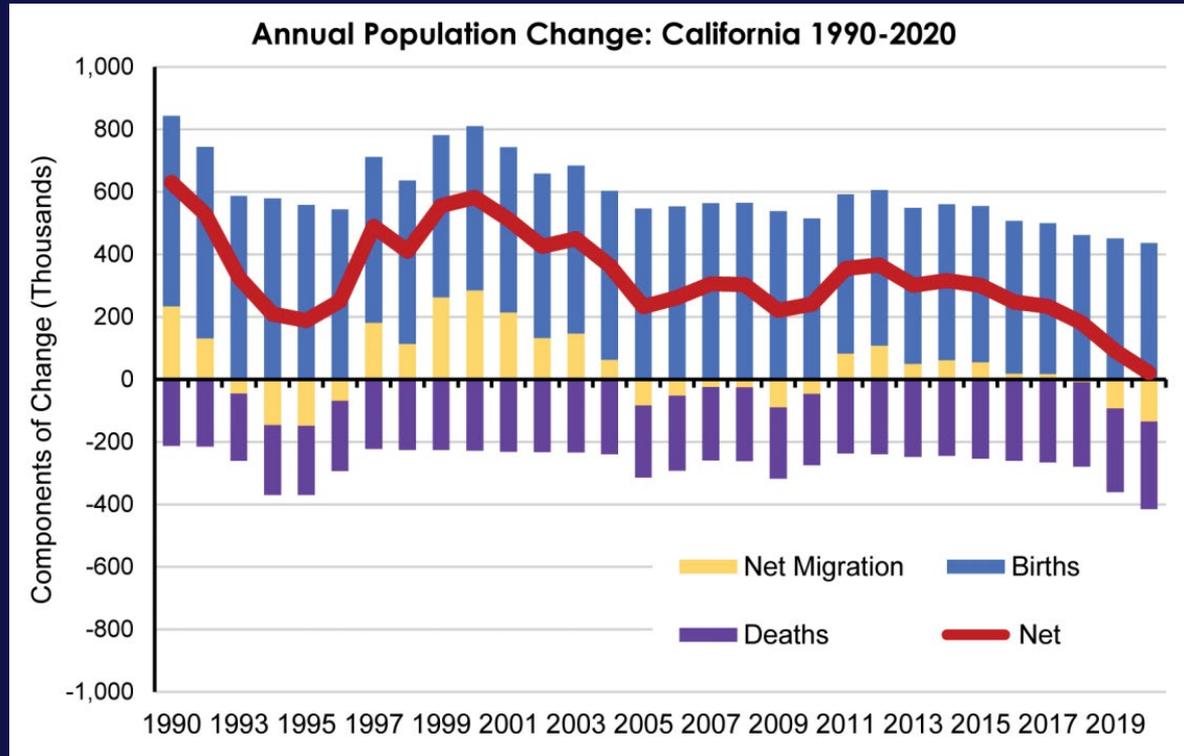
COVID-19



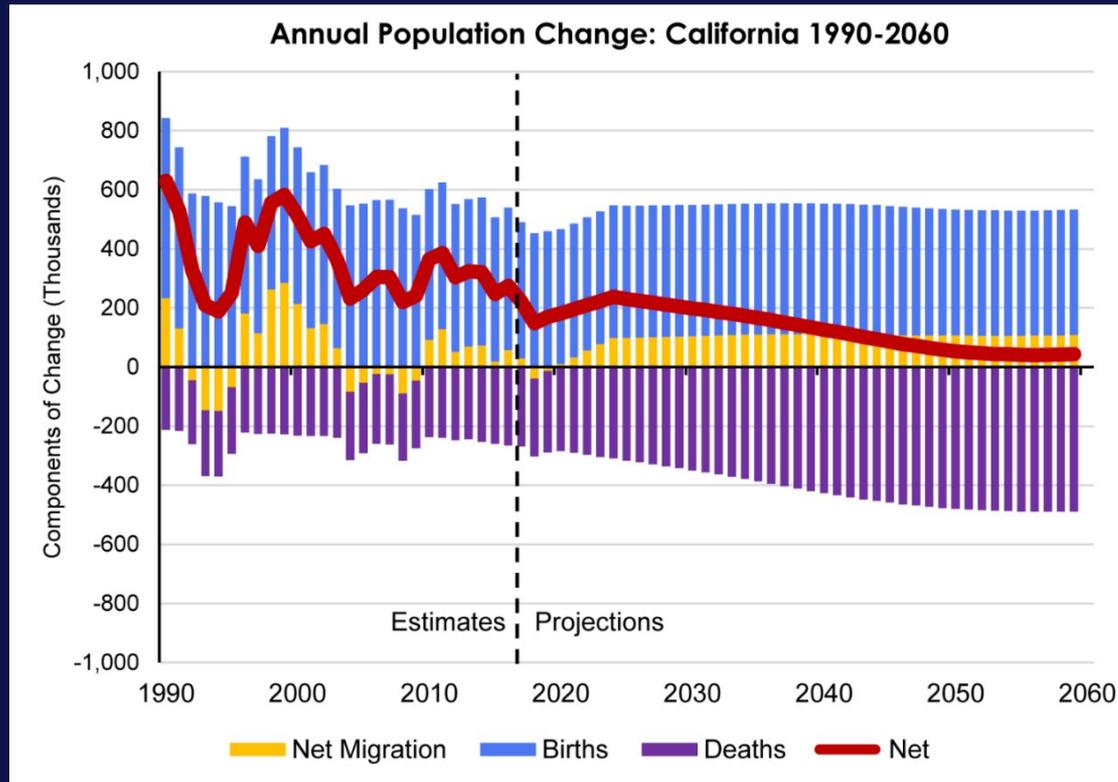
Demographic, Economic, and Revenue Outlook



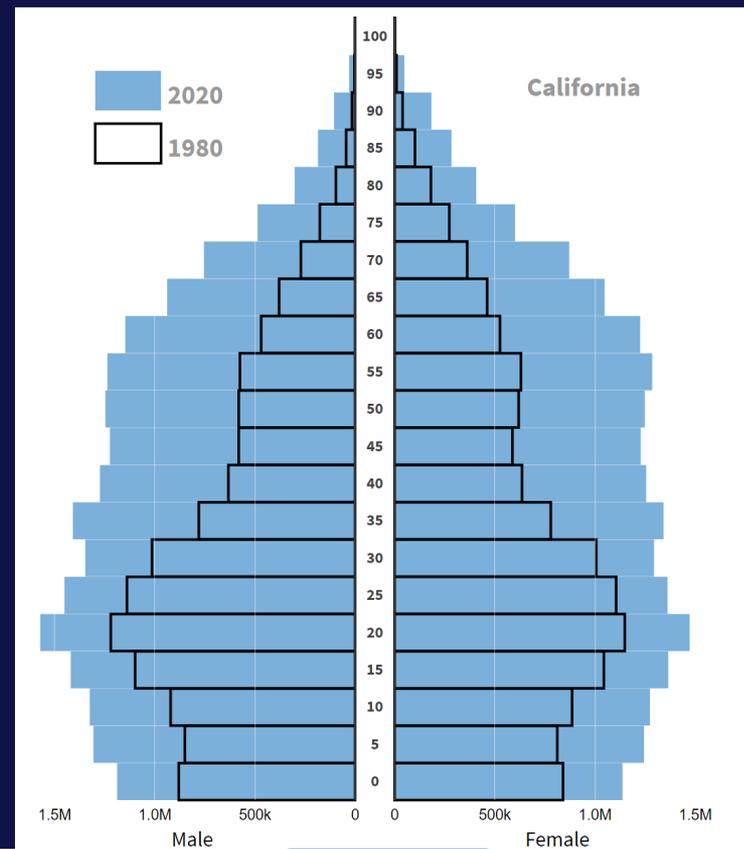
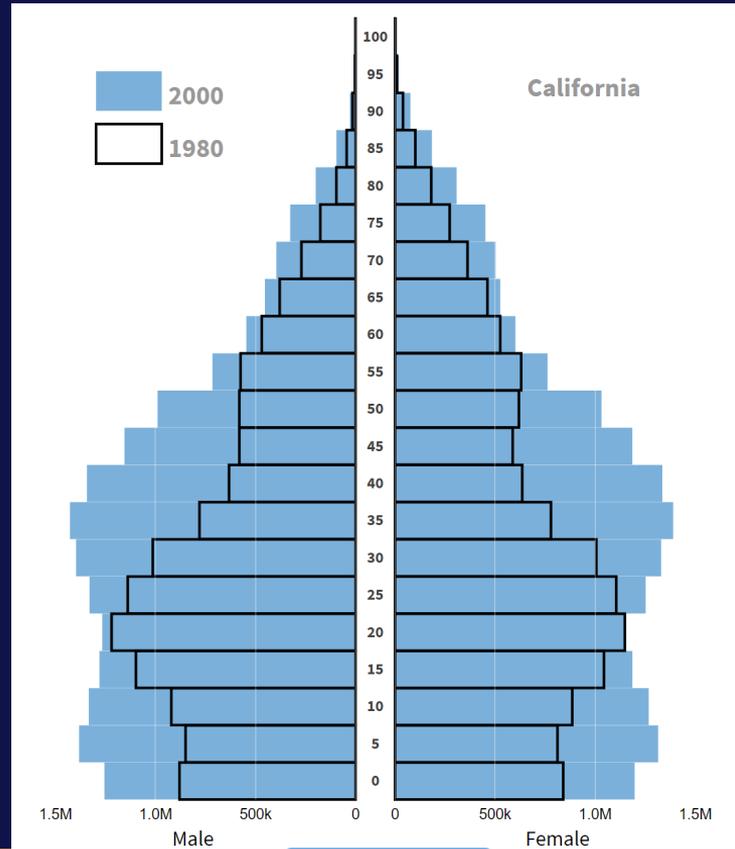
Slowing Population Growth



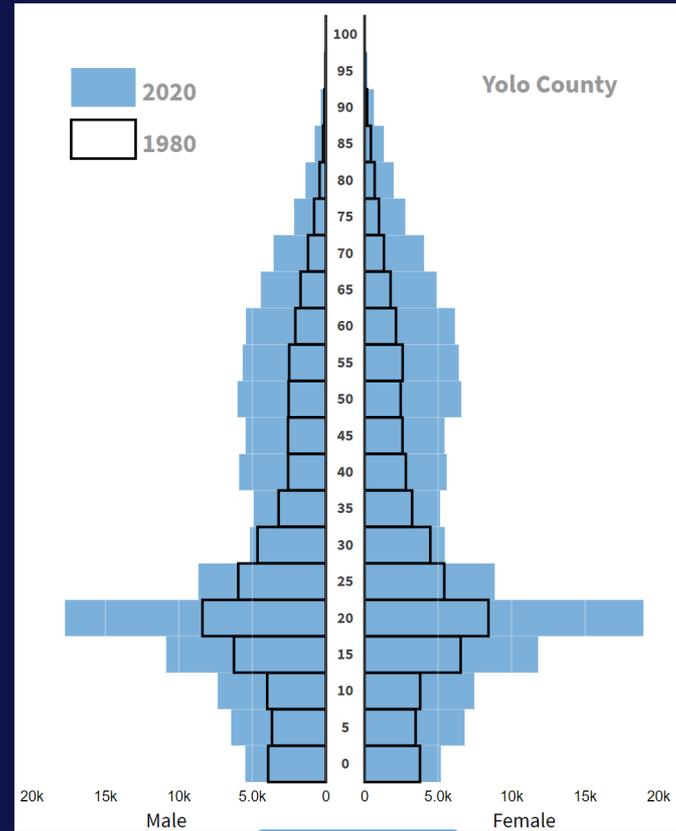
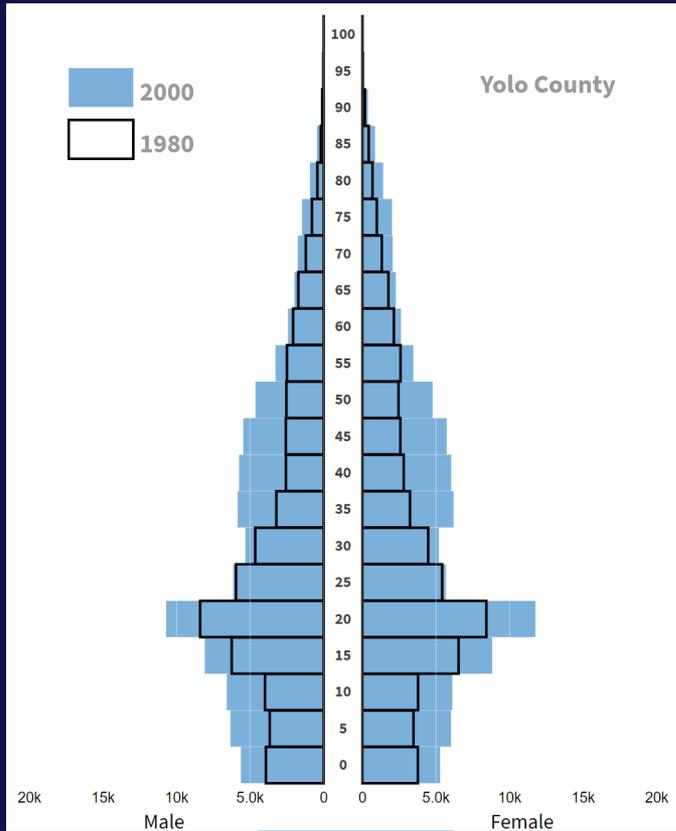
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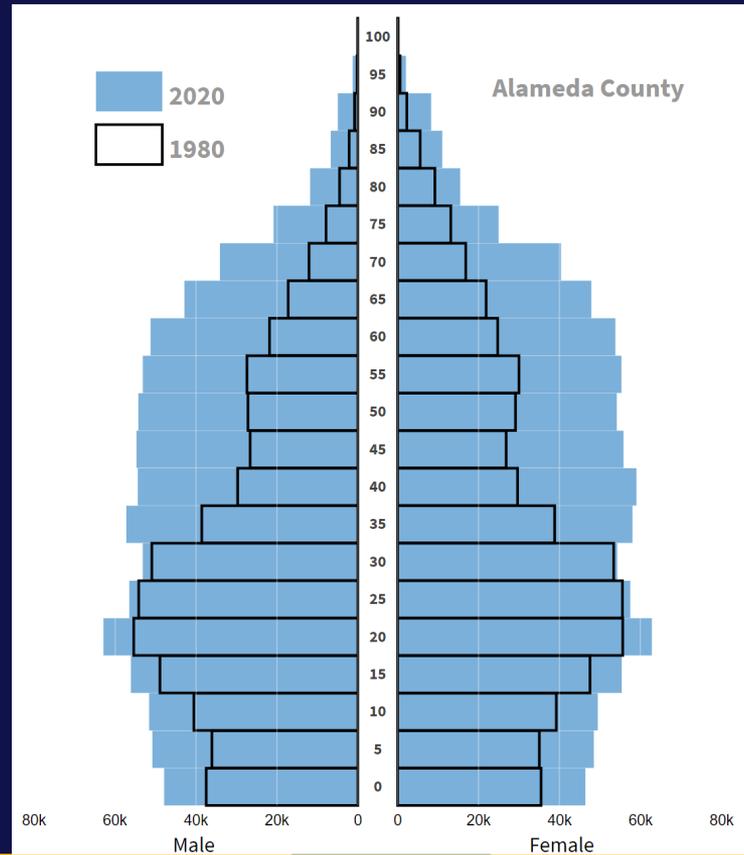
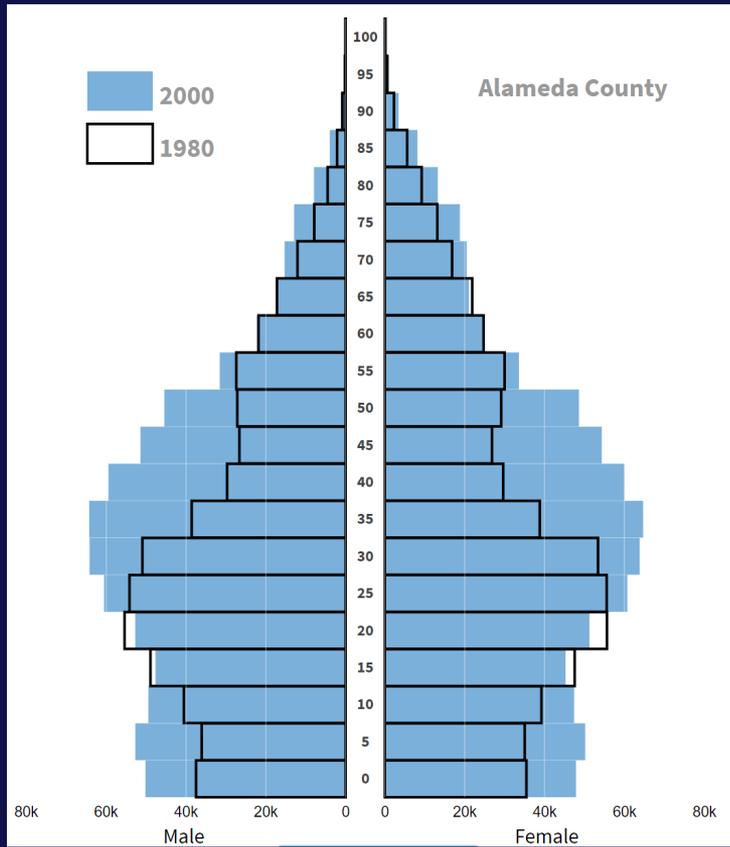
Aging Population



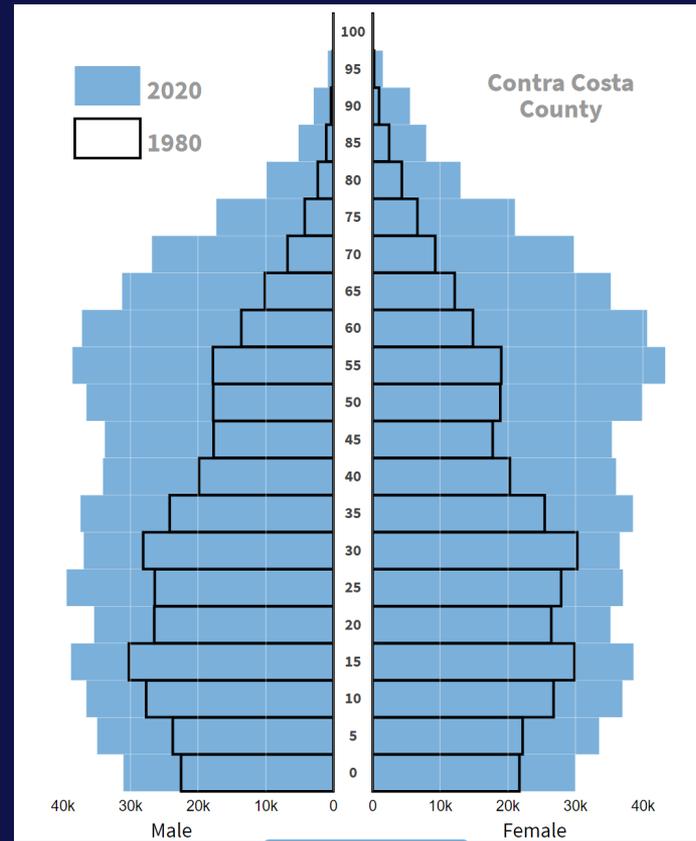
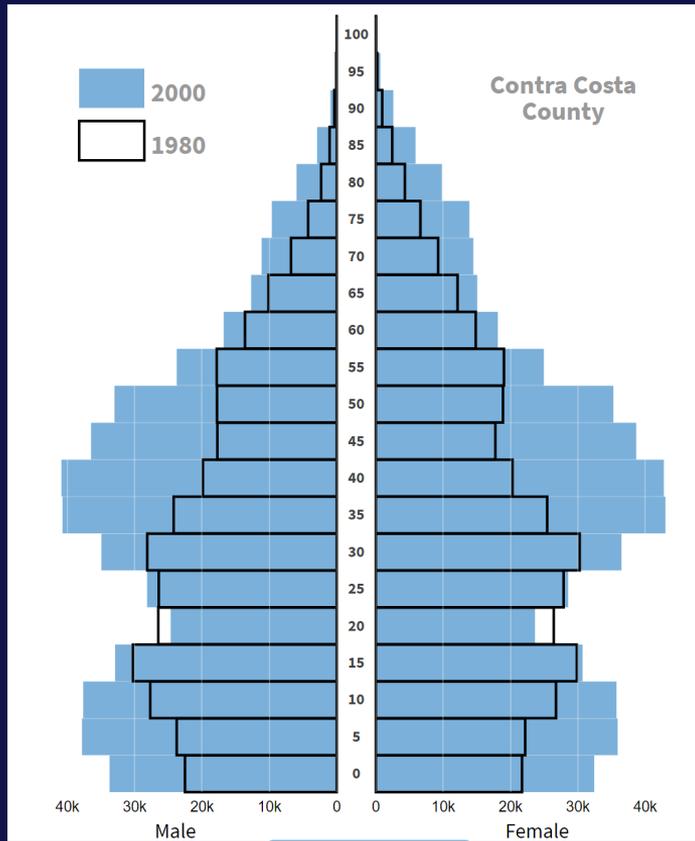
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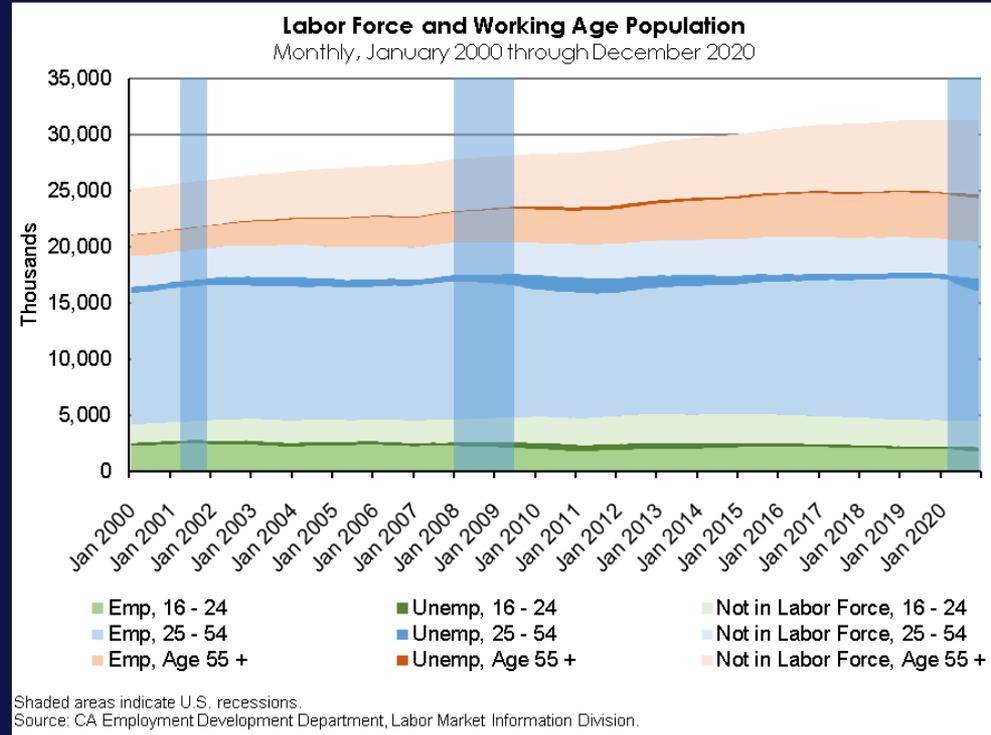
Aging Population



Aging Population

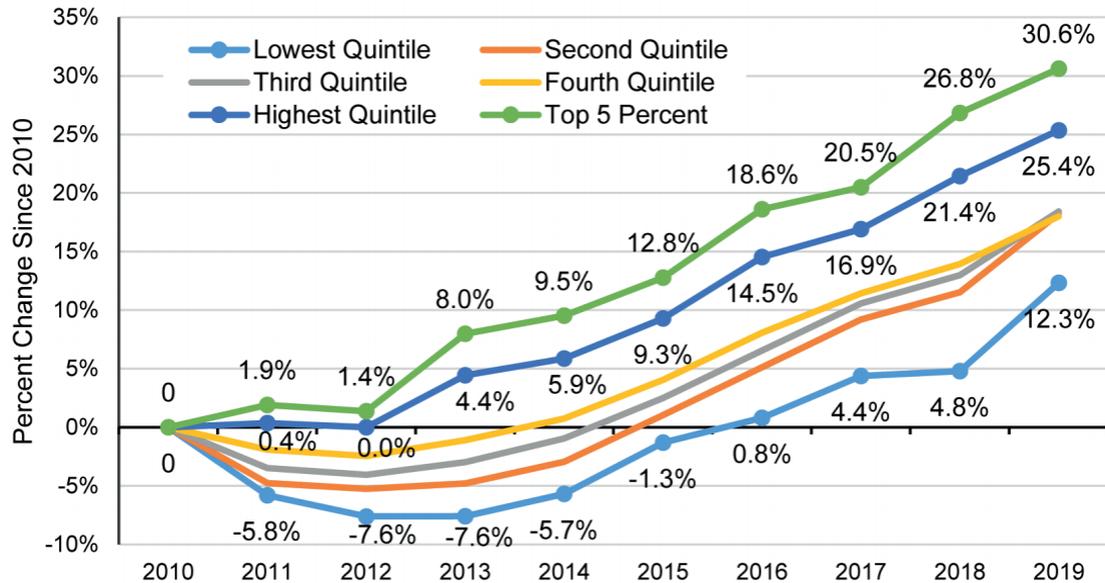


Aging Population



Pre-Existing Inequality

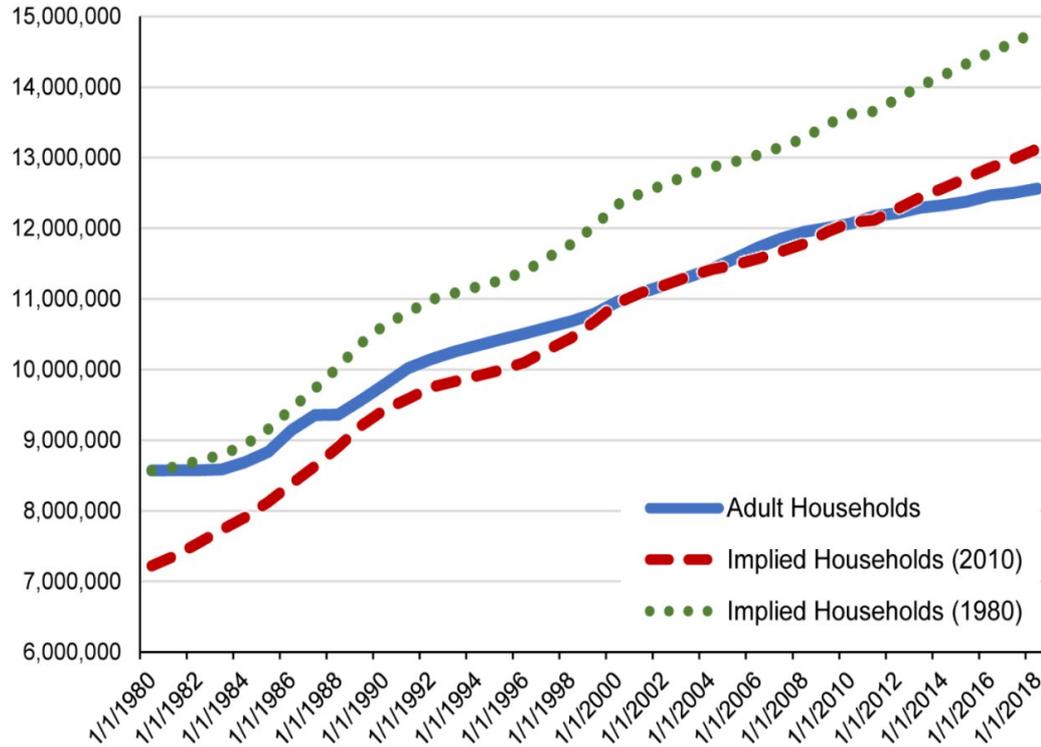
Percent Change of Mean Household Income within Quintiles, 2010-2019 - California



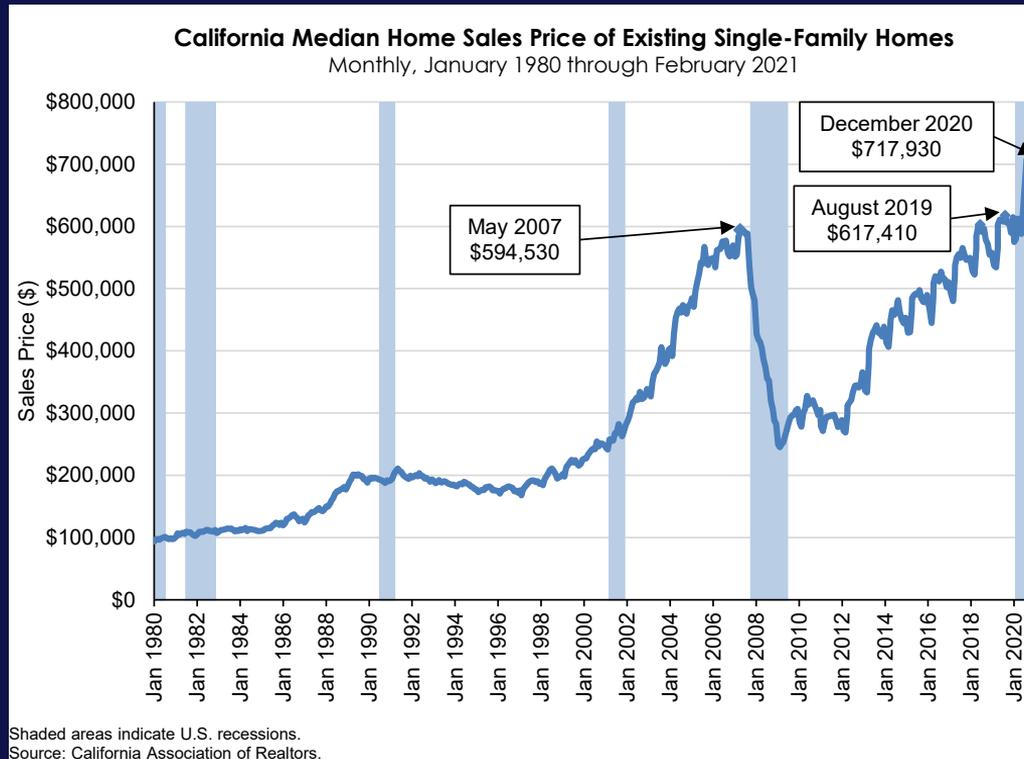
Data Source: U.S. Census Bureau 2010-2019 American Community Survey (1-year), Table B19081. Adjusted to 2019 constant dollars.

Pre-Existing Inequality

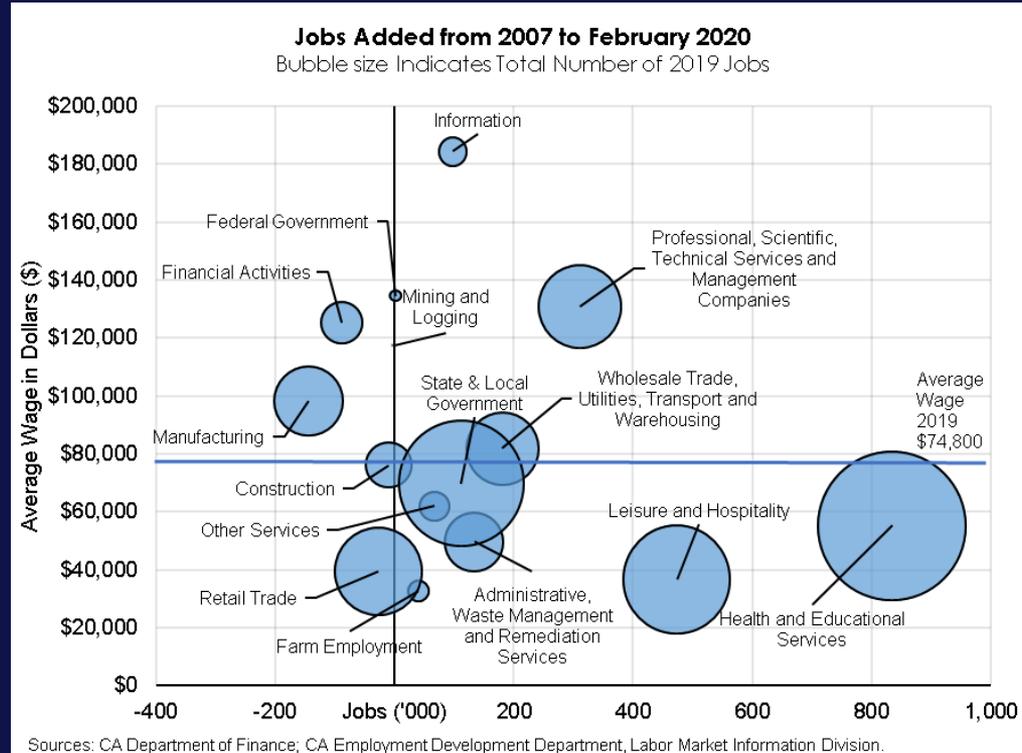
Actual Adult Households vs. Historical Adult Housing Demand



Pre-Existing Inequality



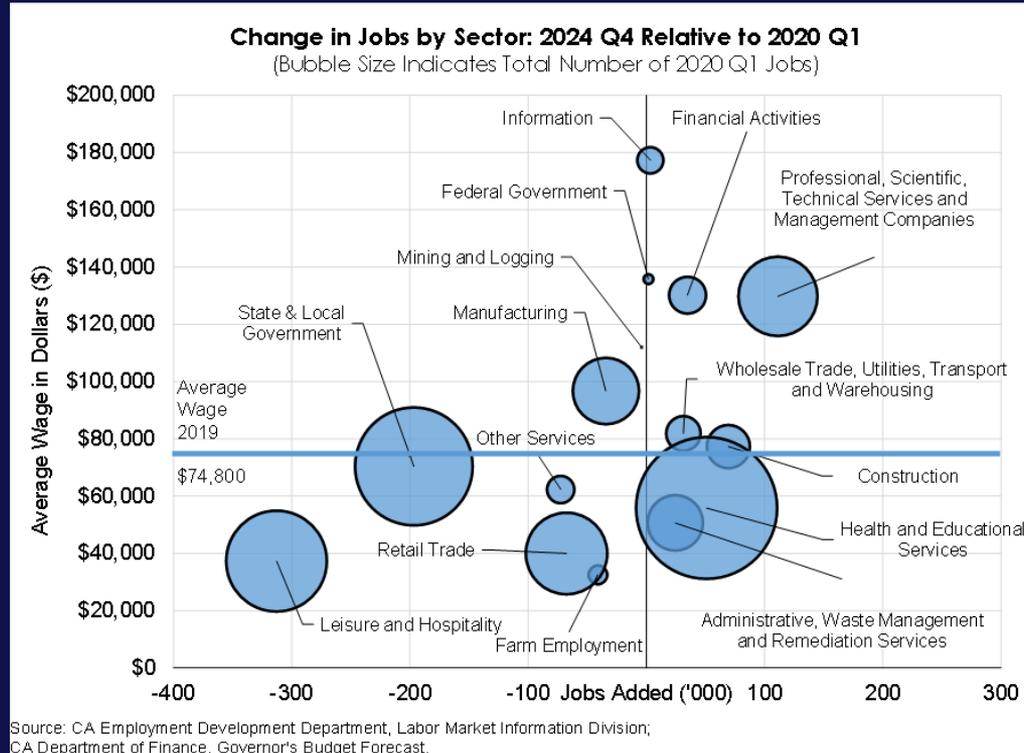
Pre-Existing Inequality



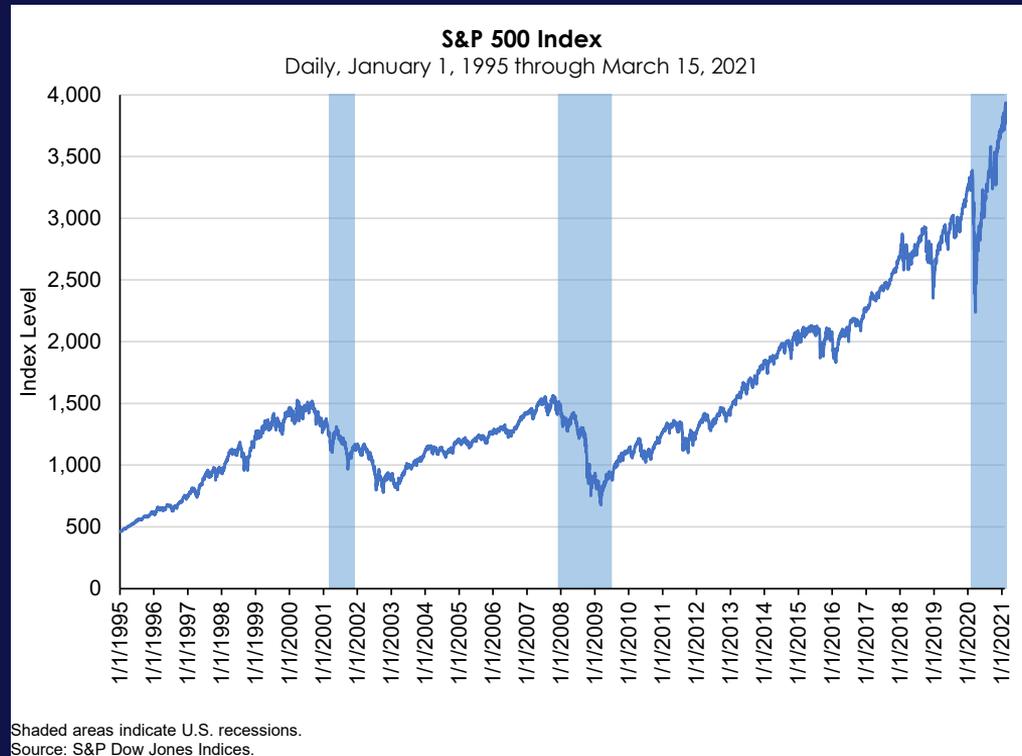
Widening Inequality



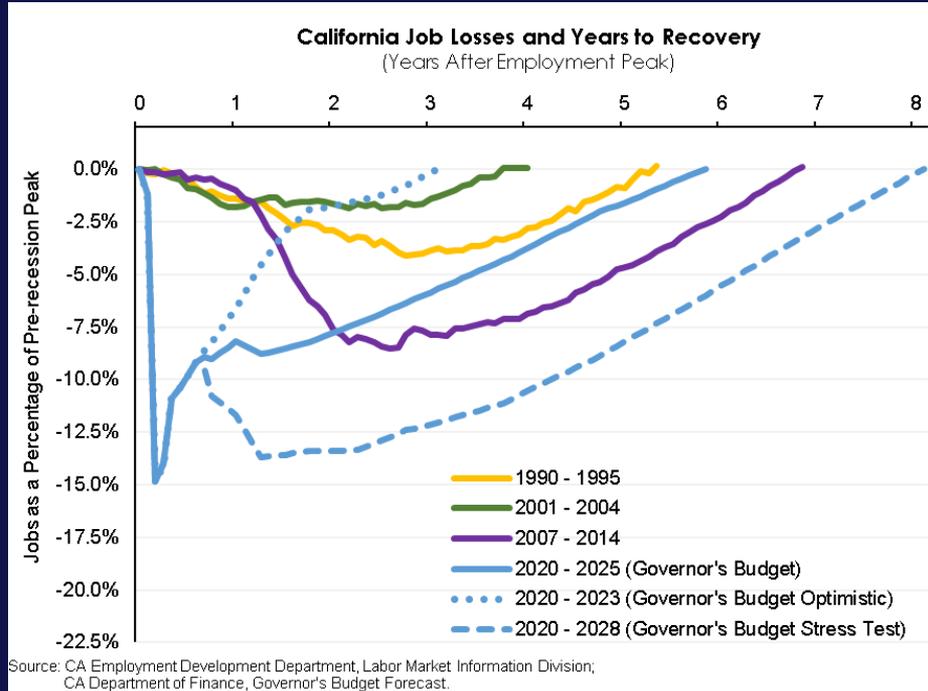
Widening Inequality



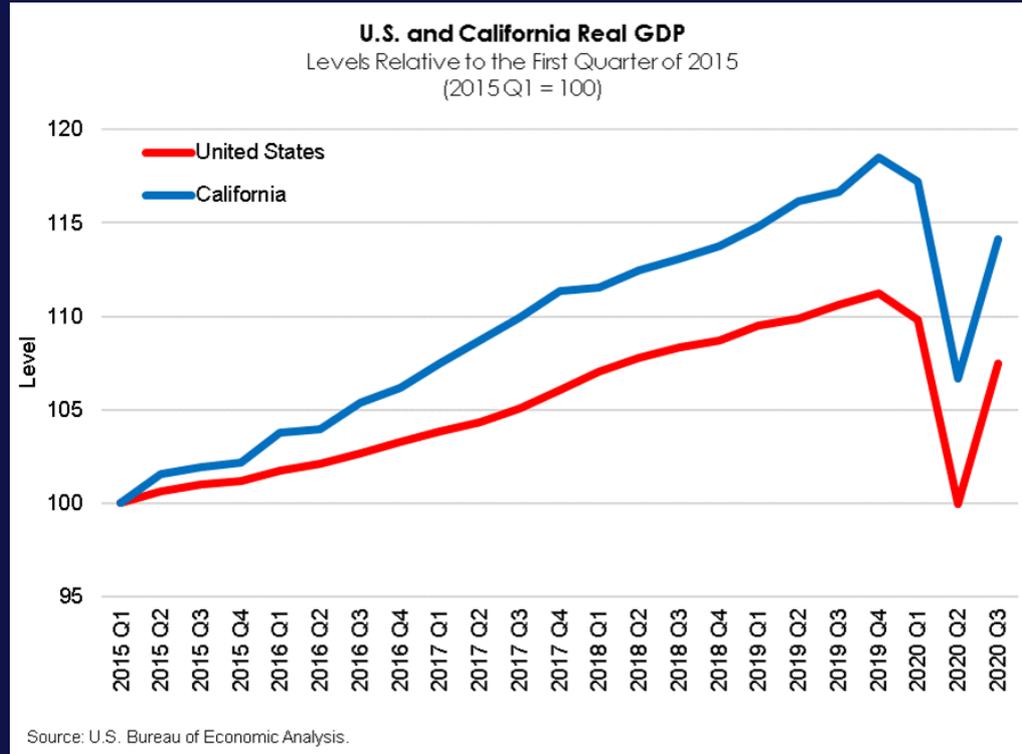
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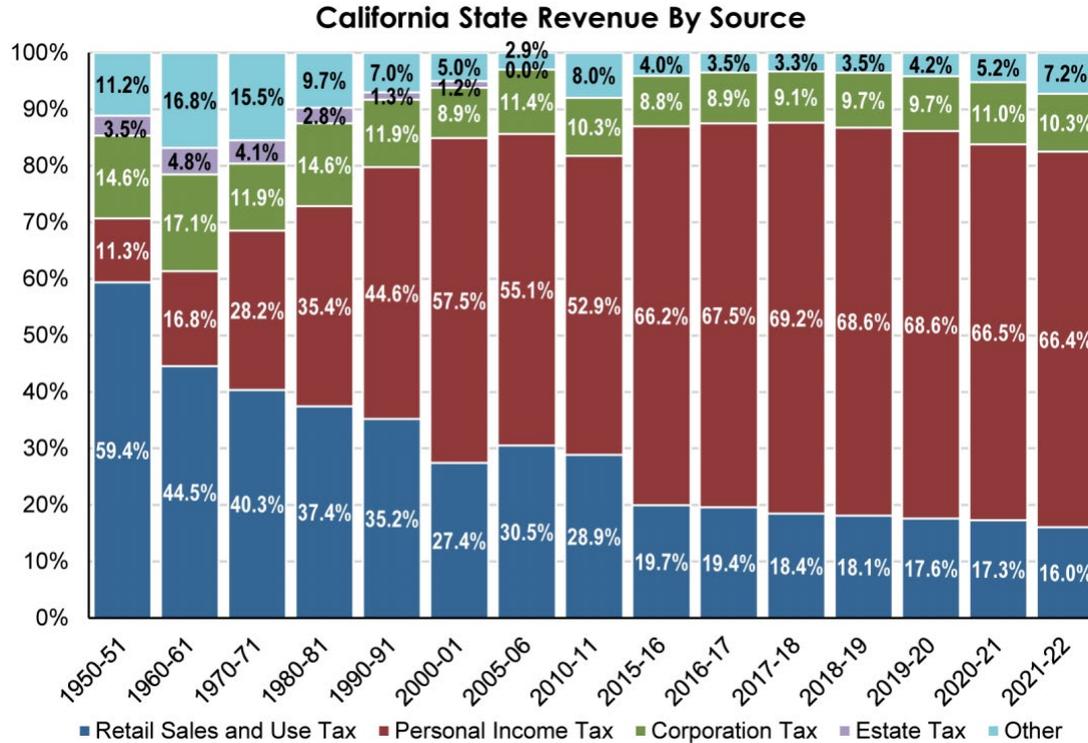
Years to Recovery



Signs of Recovery



Revenues



Revenues

Long-Term Revenue Forecast - Three Largest Sources

(General Fund Revenue - Dollars in Billions)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Average Year-Over- Year Growth
Personal Income Tax	\$99.5	\$102.2	\$107.4	\$108.4	\$109.3	\$112.4	2.1%
Sales and Use Tax	25.5	26.5	25.9	26.7	27.4	28.2	1.3%
Corporation Tax	14.0	16.9	16.6	15.8	14.9	15.2	1.6%
Total	\$139.0	\$145.7	\$149.9	\$150.9	\$151.6	\$155.8	1.9%

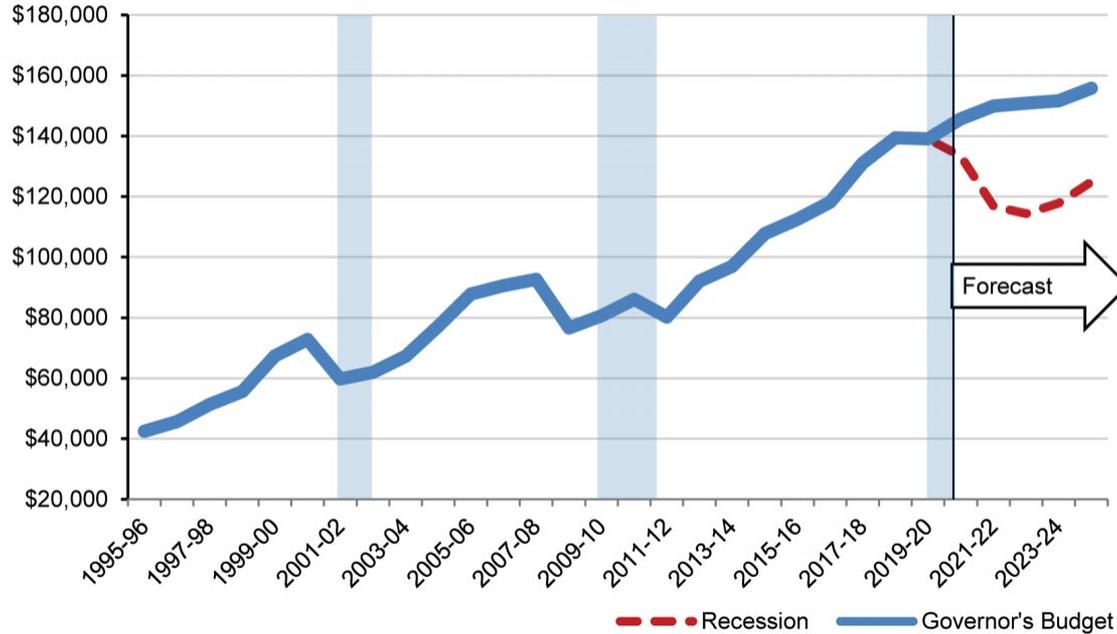
Note: Numbers may not add due to rounding.

Revenues



Revenues

**Annual Revenue Could Drop by
Tens of Billions of Dollars in a Typical Recession Scenario**
(Dollars in Millions)



Review

- Things were going relatively well before COVID-19
- Inequality exacerbated by the COVID-19 recession
- Path to recovery within sight
- Risks to our economic outlook

