

MINUTES

California Housing Finance Agency (CalHFA)

Board of Directors Meeting

March 25, 2021

Meeting noticed on March 15, 2021

Minutes approved by the Board
of Directors at its meeting held:

May 20, 2021

Attest: Claire Tauriainen

1. ROLL CALL

The California Housing Finance Agency Board of Directors Meeting was called to order at **9:00 a.m.** by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT: Cavier, Gallagher, Gunning, Hunter, Starr (for Ma), Sotelo, von Koch-Liebert (for Castro Ramirez), White

MEMBERS ARRIVING AFTER ROLL CALL: Avila Farias, Campbell (for Gordon), Imbasciani, Johnson-Hall, Prince, Russell, Seeley (for Velasquez)

MEMBERS ABSENT: Bosler

STAFF PRESENT: Claire Tauriainen, Melissa Flores, Jennifer LeBoeuf, Tim Hsu, Francesc Martí, Kate Ferguson

GUEST SPEAKERS: Dr. Somjita Mitra, Chief of Economic Research, *Department of Finance*

Michael Novogradac, Managing Partner, *Novogradac*

2. Approval of the Minutes – January 21, 2021

This agenda item was taken out of order following agenda item #15. The minutes were approved by unanimous consent of all members in attendance.

3. Chairperson/Executive Director comments

Chairperson comments:

- Acting Chair Gunning opened his comments by welcoming Mr. Frederick White to the CalHFA Board as a new governor appointee.
- He then congratulated Ms. AnaMarie Avila Farias on her recent re-appointment to the Board.
- He also congratulated Mr. Preston Prince for his new position as Executive Director of the Santa Clara County Housing Authority.
- He thanked Ms. Dalila Sotelo for accepting the position to serve as the Chair of the Board's Audit Committee.
- He closed his comments by informing the Board that Mr. Don Cavier has been named the CalHFA's Acting Executive Director until the Executive Director position is filled.

Executive Director comments:

- Acting Executive Director Cavier began by thanking former Executive Director Boatman Patterson for her years of excellent service to CalHFA and noted that an update regarding her replacement would be provided later in the meeting.
- CalHFA's Popular Annual Financial Report for FY 18/19 won the Government Financial Officer Association's award for financial reporting designed to be accessible and understandable to the public. This marks the third year in a row that CalHFA has received an award from the GFOA for financial reporting. He thanked staff in Fiscal Services, Financing, and Marketing for their consistent hard work that makes it possible.
- The FY 19/20 annual reports are expected to be finalized by the end of March. CalHFA is still awaiting final data on pension and post-retirement medical benefit liabilities from the State Controller's office.
- CalHFA's Mixed-Income Program application period has closed. The program received 44 applications and is over-subscribed by more than three to one. With \$60 million in funding, staff expects to fund 13 projects, adding approximately 1,800 units of affordable housing statewide.
- CalHFA's Building Black Wealth initiative was successfully launched last month and continues to draw praise and create industry partnerships with organizations like the California Association of Realtors and NAACP.

- A Board-approved project, Jamie Lane, was the subject of a Fannie Mae white paper released earlier this year that highlighted the project for its new approach to the rapid development of affordable homes.
- The first phase of CalHFA's National Mortgage Settlement program, which is the housing counseling portion of the program, is up and running. CalHFA expects to receive the first quarterly report regarding the program by the end of April. CalHFA is targeting the program to underserved communities with television, radio, print, and digital outreach ads.
- He briefly mentioned the recent passage of the American Rescue Plan Act and stated CalHFA's Director of Legislation and Policy, Francesc Martí, would provide the Board with an update on the impact the legislation will have on the Agency.

4. Executive Director recruitment process

Presented by Jennifer LeBoeuf

LeBoeuf outlined the recruitment process for the new Executive Director. Although the Executive Director is appointed by the Governor, his office is seeking input from CalHFA and BCSH. Once the final candidates have been properly vetted, the Board will be presented with a list for their input as well.

5. Presentations and discussions

- A. California's fiscal outlook, housing data and demographics and Governor Newsom's housing initiatives

Presented by Dr. Somjita Mitra, Chief of Economic Research, *Department of Finance*

Dr. Mitra provided the Board with an overview of the impact of COVID-19 on California's economy. While changes are expected during the May revise, she stated that based on current trends, California's recovery will take about five years. She provided data that shows demographic changes and trends in California and stated that the lack of affordable housing would be a factor affecting the overall economic recovery within the state.

- B. Federal trends, opportunities, and challenges for affordable housing

Presented by Michael Novogradac, Managing Partner, *Novogradac*

Mr. Novogradac spoke to the Board about recent federal legislation enacted and the impact it may have on California's affordable housing market. He shared that recent changes to the Low Income Housing Tax Credit program may result in an additional \$1.2 billion in equity for financing affordable housing in California. He also spoke about potential legislation, including proposals that would increase the amount of available 9% tax-credits and reduce the Private Activity Bonds threshold from 50% to 25%.

6. Legislative update – American Rescue Plan Act

Presented by Francesc Martí

Martí gave the Board an overview of some of the main provisions in the American Rescue Plan Act and how CalHFA may be impacted by the legislation. It's expected that CalHFA will be designated to administer the mortgage assistance program for California. He discussed the timeline and restrictions expected for the use of the funds and stated that he is still awaiting guidance from Treasury, so there are gaps in the parameters of the legislation until then.

7. Mid-year business plan and budget update for FY 2020/21

Presented by Don Cavier, Tim Hsu, and Kate Ferguson

- Mid-year first mortgage securitizations were \$1.4 billion or 70% of business planning goal for the year
- Single Family revenue estimate targets were significantly revised from \$23.5 million in fee income to \$67 million for the remainder of the year
- At the mid-year mark, Multifamily lending volume has surpassed the Agency's overall lending goal with \$1.18 billion in lending activity, including \$952 million in conduit issuances, \$18 million in permanent loan conversions, \$208 million in permanent loan commitments
- Multifamily lending projections were revised from \$1.18 billion to \$1.8 billion
- The Financing division is finalizing the details and timing for the retirement of the last of CalHFA's variable rate demand obligations

- Moody's upgraded CalHFA's single family bond indenture from A1 positive outlook to Aa3 stable outlook
- Mid-year operating costs are 13% below budget

8. Wrap-up discussion on workshop topics

The Board took a five-minute break after a brief discussion on workshop topics.

9. Final loan commitment for Flower Park Plaza, No. 19-056-S, for 199 units located in Santa Ana/Orange – Resolution No. 21-02

Presented by Kate Ferguson. Guest speaker: Sidney Stone, Director of Real Estate Development, *Christian Church Homes*

On a motion by Russell, the Board approved staff recommendation for **Resolution No. 21-02**. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunning, Hunter, Imbasciani, Johnson-Hall, Starr (for Ma), Seeley (for Velasquez), Russell, von Koch-Liebert (for Castro Ramirez), White

NOES: None

ABSENT: Prince, Sotelo

10. Final loan commitment for Gateway Family Apartments, No. 19-006-A/N, for 140 units located in Menlo Park/San Mateo – Resolution 21-03

Presented by Kate Ferguson. Guest Speaker: Serena Ip, Project Manager, *MidPen Housing Corp.*

On a motion by Hunter, the Board approved staff recommendation for **Resolution No. 21-03**. The votes were as follows:

AYES: Avila Farias, Gallagher, Imbasciani, Gunning, Hunter, Johnson-Hall, Starr (for Ma), Seeley (for Velasquez), von Koch-Liebert (for Castro Ramirez), Russell, White

NOES: None

ABSENT: Prince, Sotelo

11. Resolution 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 – Resolution 21-04

On a motion by Imbasciani, the Board approved staff recommendation for **Resolution No. 21-04**. The votes were as follows:

AYES: Avila Farias, Gunning, Hunter, Imbasciani, Johnson-Hall, Starr (for Ma), Seeley (for Velasquez), von Koch-Liebert (for Castro Ramirez), Russell, White

NOES: None

ABSTENTIONS: Gallagher

ABSENT: Prince, Sotelo

12. Resolution authorizing the financing of the Agency's multifamily housing program from non-bond sources, and related financial agreements and contracts for services – Resolution 21-05

Presented by Tim Hsu

By the same motion on agenda item #11, the Board approved staff recommendation for **Resolution No. 21-05**. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunning, Hunter, Imbasciani, Johnson-Hall, Starr (for Ma), Seeley (for Velasquez), von Koch-Liebert (for Castro Ramirez), Russell, White

NOES: None

ABSTENTIONS: None

ABSENT: Prince, Sotelo

13. Resolution 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 – Resolution 21-06

Presented by Tim Hsu

By the same motion on agenda item #11, the Board approved staff recommendation for **Resolution 21-06**. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunning, Hunter, Imbasciani, Johnson-Hall, Starr (for Ma), Seeley (for Velasquez), von Koch-Liebert (for Castro Ramírez), Russell, White

NOES: None

ABSTENTIONS: None

ABSENT: Prince, Sotelo

14. Resolution authorizing the Agency's single family non-bond financing mechanisms for homeownership purposes, and related financial agreements and contracts for services – Resolution No. 21-07

Presented by Tim Hsu

By the same motion on agenda item #11, the Board approved staff recommendation for **Resolution 21-07**. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunning, Hunter, Imbasciani, Johnson-Hall, Starr (for Ma), Seeley (for Velasquez), von Koch-Liebert (for Castro Ramírez), Russell, White

NOES: None

ABSTENTIONS: None

ABSENT: Prince, Sotelo

15. Resolution authorizing applications to the California Debt Limit Allocation Committee for private activity bond allocations for the Agency's multifamily programs – Resolution No. 21-08

Presented by Tim Hsu

By the same motion on agenda item #11, the Board approved staff recommendation for **Resolution No. 21-08**. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunning, Hunter, Imbasciani, Johnson-Hall, Starr (for Ma), Seeley (for Velasquez), von Koch-Liebert (for Castro Ramírez), Russell, White

NOES: None

ABSTENTIONS: None

ABSENT: Prince, Sotelo

16. Reports

Acting Chair Gunning asked if there were any comments or questions regarding the reports and there were none.

17. Other Board matters

Acting Chair Gunning asked if there were any other Board matters and there were none.

18. Public comment

Acting Chair Gunning asked if there were any comments from members of the public and there were none.

19. Adjournment

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 12:34 p.m.

HANDOUTS

- A. CalHFA American Rescue Plan PowerPoint presentation
- B. Dr. Somjita Mitra PowerPoint presentation
- C. Michael Novogradac PowerPoint presentation