

1
2 BOARD OF DIRECTORS
3 OF THE CALIFORNIA HOUSING FINANCE AGENCY

4 RESOLUTION NO. 21-09

5
6 RESOLUTION AUTHORIZING THE AGENCY BUSINESS PLAN
7 FOR FISCAL YEAR 2021/2022
8
9

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

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

21
22 WHEREAS, the COVID-19 virus has impacted every facet of daily life,
23 including the California economy and real estate markets, and will present financial
24 challenges within changing credit and capital markets into the foreseeable future;

25
26 WHEREAS, the Agency must responsibly manage real estate related risk
27 and liquidity for operating expenses and financial obligations;

28
29 WHEREAS, the Agency has presented to the Board of Directors a Business
30 Plan, for fiscal year 2021/22, with its goals, key strategies and action items
31 designed to assist the Agency in meeting its financial obligations, its statutory
32 objectives, support the housing needs of the people of California and to provide the
33 Agency with the necessary road map to respond to the current COVID-19 crisis and
34 continue as a leading affordable housing lender providing bond financing and
35 mortgage financing well into the future;

36
37 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the
38 Agency as follows:

39
40 1. The 2021/22 Business Plan, as presented by the written presentation
41 attached hereto and made a part hereof, and any additional presentations made at
42 the meeting, is hereby fully endorsed and adopted.
43
44
45
46
47
48

1 2. 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.

8
9 3. The updated Business Plan is necessarily based on various economic,
10 fiscal and legal assumptions. Therefore, for the Agency to respond to changing
11 circumstances, and subject to the provisions of Resolution 11-06, the Executive
12 Director shall have the authority to adjust both the Agency's day-to-day activities
13 to reflect actual economic, fiscal and legal circumstances, and budget
14 appropriations among cost categories to attain goals and objectives consistent with
15 the intent of the updated Business Plan.

16
17
18 Attachment
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47

SECRETARY'S CERTIFICATE

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. 21-09 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 20th day of May, 2021, 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, Gallagher, Gunning, Johnson-Hall, Starr (for Ma), Seeley (for Velasquez), Grant (for Castro Ramirez), Prince, Russell, Sotelo, White
- NOES: None
- ABSTENTIONS: None
- ABSENT: Hunter, Imbasciani

IN WITNESS WHEREOF, I have executed this certificate hereto this 20th day of May 2021.

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



CALHFA FY2021-22 BUSINESS PLAN

Executive Summary

SERVE PEOPLE

Promote state-wide, inclusive affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence

REFINE OPERATIONS

Continue to improve operational efficiencies through the use of technology, workforce planning and the implementation of best practices

BUILD PARTNERSHIPS

Collaborate with other housing entities, lenders and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions

SERVE PEOPLE



Single Family Lending

- Help 9,375 homebuyers purchase their first home
- Secure \$3 billion in 1st mortgage loans to generate \$52.5 million in revenue
- Finance \$157.5 million in subordinate loans for down payment assistance and closing costs, generating \$4.5 million in fees
- Implement Mortgage Assistance Program to distribute National Mortgage Settlement and American Rescue Plan Act funds
- Implement program to incentivize statewide construction of ADUs



Multifamily Lending

- Produce and preserve more than 5,726 units of affordable housing
- Finance \$1.86 billion in multifamily lending with \$1.5 billion in conduit issuance, \$51 million in permanent loan conversions and commitments, \$60 million in Mixed-Income Program (MIP) lending, and \$20 million in Special Needs Housing Program (SNHP) lending, and \$6.4 million in other subsidy loan conversions and commitments
- Monitor market acceptance and status of future funding allocations for MIP
- Create Preservation Program for targeted deals in collaboration with business partners and sister agencies to implement a preservation strategy

REFINE OPERATIONS



Financial Position

- Manage balance sheet capital reserves to achieve an AA General Obligation rating
- Expand bond recycling program to preserve tax exempt volume cap
- Eliminate all variable rate bonds



Operational Efficiencies

- Complete implementation of Optical Character Recognition (OCR) into MAS to streamline loan processing
- Expand use of Geographic Information Systems and Microsoft PowerBI for data visualization and mapping internally and externally
- Transition Multifamily origination and asset management activities to a new single-system platform
- Develop agency-wide e-signature project and e-taskforce
- Implement an Information Technology Service Management (ITSM) to improve IT customer service



Risk Mitigation

- Identify risks associated with agency activities in compliance with the State Leadership Accountability Act report
- Implement Security Information and Event Management (SIEM)

BUILD PARTNERSHIPS



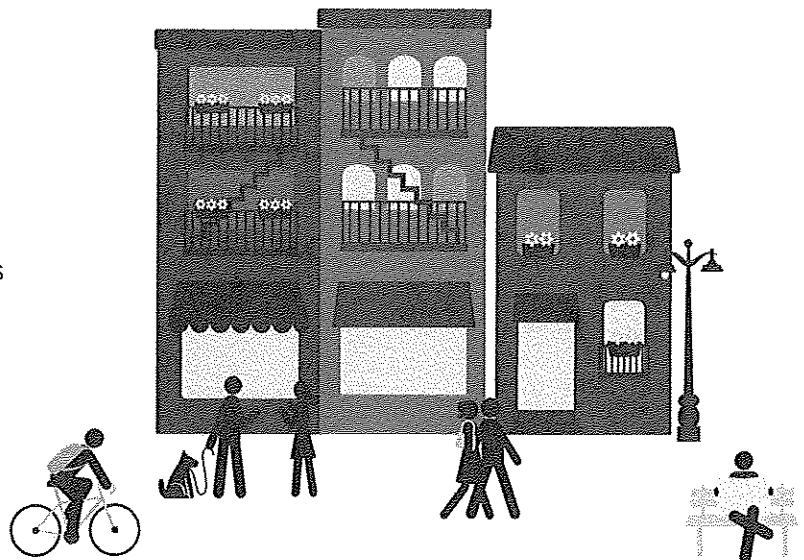
Partnerships for CA Housing Needs

- Build and maintain relationships with state and federal legislators by providing technical assistance, advocacy for affordable housing in CA, and resources to stabilize housing portfolio during and post COVID-19 crisis



Affirmatively Furthering Fair Housing

- Establish a working group to explore new opportunities to enhance our product line to better address racial inequities.
- Develop Racial Equity Action Plan through the CCORE
- Increase outreach to socially disadvantaged communities to raise awareness of CalHFA resources and help families build generational wealth
- Explore ideas to incentivize sustainable and affordable homeownership in socially disadvantaged communities with financing solutions which can be delivered into the housing secondary market



CalHFA Strategic Business Plan FY 2021-22

Attachment 5-B

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 FY21/22	Expected Completion FY22/23	Expected Completion FY23/24	
Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial independence and flexibility in the marketplace	1 Promote inclusive and sustainable homeownership opportunities by expanding product offerings while serving a broad range of income and housing types	Finance \$3. billion in single family lending activity and serve approximately 9,375 homebuyers	Volume	Fee Income	Homeowners			
		A Securitization of 1st mortgage loans	\$ 3,000,000,000	\$ 52,500,000	9,375			
		B MyHOME subordinate loans for down payment assistance	\$ 90,000,000	\$ 4,500,000				
		C Zero Interest Program (ZIP) Subordinate loans for closing cost assistance	\$ 67,500,000					
			\$ 3,157,500,000	\$ 57,000,000	9,375			
		E Continue to monitor and implement Fannie Mae's Duty to Serve mandate	20/21	YES	Continuous	Continuous	Continuous	
		F Automate data transfer of Fannie Mae's upload process for Universal Residential Loan Application (Form 1003) to MAS	20/21	YES	6/30/2022			
		G Implement program to incentivize statewide construction of ADUs	21/22	NO	12/31/2021			
		H Implement Mortgage Assistance Program to distribute National Mortgage Settlement and American Rescue Plan Act funds (until Sept 2025)	21/22	YES				
		I Streamline the Loan Administration unit's scope of services to ensure the most efficient uses of CalHFA resources.	21/22	NO	9/30/2021			
		Expand multifamily inclusive communities lending opportunities and unit production while addressing preservation needs	2	Finance \$1.86 billion in multifamily lending activity for approximately 5,726 units	Volume	Fee Income	Units	
A Conduit Issuance	\$1,500,000,000			\$1,000,000	3249			
B Permanent Loan Conversions*	\$51,000,000			\$333,000	0			
C Permanent Loan Commitments**	\$225,000,000			\$1,286,000	120			
D Subsidy Loan Perm Conversion	\$6,000,000			\$0	0			
E Subsidy Loan Commitments	\$0			\$0	0			
F Mixed-Income Program (MIP) Subsidy Loan Commitments	\$60,000,000			\$1,364,000	1628			
G SNHP Permanent Loan Conversions	\$20,000,000			\$285,000	729			
	* Units counted in previous fiscal year **Units for Perm. Loans tied to MIP subsidies are reported under the MIP subsidy Loan							
	TOTAL			\$1,862,000,000	\$4,268,000	5726		
H Monitor market acceptance of Mixed income Program (MIP) and adjust program as needed to address current market environment while ensuring the efficient utilization of funds	19/20			YES	Continuous	Continuous	Continuous	
I Monitor the status of future funding allocations for the MIP and develop strategies to expand or contract program as needed (i.e. continued disbursement of AB 101 funds, new allocations of state tax credits)	19/20			YES	Continuous	Continuous	Continuous	
J Continue portfolio preservation strategy to retain portfolio projects set to pay off in the next 5 years and to endeavor to extend regulatory agreement and preserve project affordability	19/20			YES	Continuous	Continuous	Continuous	
K Continue efforts to expand Conduit issuance to communities that are underserved and lack capacity	19/20			YES	Continuous	Continuous	Continuous	
L Continue responsible wind-down of the Special Needs Housing Program (SNHP):								
L1 Process remaining pipeline of SNHP projects	19/20	YES	6/30/2022					
L2 Implement plan to transfer servicing & compliance activities to HCD	19/20	YES	6/30/2022					
M Continue to close out Traditional Contract Administration (TCA) activities in coordination with HUD	20/21	YES			12/31/2023			
N Create Preservation Program Term Sheet for targeted deals in collaboration with business partners and sister agencies to implement a preservation strategy.	21/22		12/31/2021					
Strengthen Agency financial position by effectively managing liquidity while maximizing return on equity and investment	3	A Manage and invest balance sheet reserves to achieve an AA General Obligation rating, maintain a robust liquidity profile and generate future cashflow	19/20	YES		6/30/2022		
		B Establish strategic partnerships to expand financial executions that we can offer to developers	19/20	YES	Continuous	Continuous	Continuous	
		C Expand bond recycling program to preserve up to \$100M of tax exempt volume cap	19/20	NO	12/31/2021			
		D Eliminate all variable rate bonds	20/21	YES	6/30/2022			
		E Migrating LIBOR to a new index for Agency's legacy swap instruments	21/22	NO	6/30/2022			

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS		Initial Plan Year	Multi-Year Effort?	Expected Completion FY21/22	Expected Completion FY22/23	Expected Completion FY23/24	
Promote operational efficiencies through the use of technology and the implementation of best practices	4 Promote operational efficiencies and improve agency management reporting	A	Complete the implementation of the OCR/AI integration into MAS and explore other opportunities to leverage the system to streamline the document review processes.	19/20	YES	Continuous	Continuous	Continuous	
		B	Facilitate recruitment of position vacancies to reduce key employee dependencies and support succession planning.	17/18	YES	Continuous	Continuous	Continuous	
		C	Expand use data visualization and mapping needs throughout Agency reports; internal and external using GIS and PowerBI	19/20	YES		12/31/2021		
		D	Agency-wide E-Signature Project (State Memo 20-07) (E-Taskforce)						
		D1	E-Signature policy development	21/22	6/1/2021				
		D2	E-Signatures in place for all State Forms	21/22		9/1/2021			
		D3	E-Signatures in place for all other Agency business use forms	21/22			1/1/2022		
		D4	Implement Electronic Signatures/Notary for Loan Administration	21/22			2/28/2022		
		E	Upgrade Microsoft Great Plains (GP) Software to streamline operational efficiencies across all divisions/modules with the program's most recently added functions.	21/22		1/1/2022			
		F	Research and support the Agency's digital transformation (i.e. expanding Cloud strategy; improve telework experience)	21/22	NO	3/31/2022			
		G	Implement an Information Technology Service Management (ITSM) to improve IT customer service	19/20	YES		9/30/2022		
		H	Transition Multifamily origination and asset management activities to a new single-system platform.	20/21		12/31/2021			
		I	Continue cross training, creating desk manuals, succession planning in multiple units (Finance, MF, OGC, Admin etc.)	18/19	YES	Continuous	Continuous	Continuous	
	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 State Leadership Accountability Act (SLAA) report	18/19	YES	Continuous	Continuous	Continuous	
		B	Monitor and respond to state and federal legislation that could impact CalHFA.	21/22	YES	Continuous	Continuous	Continuous	
		D	Develop an internal control repository, including standardized cross-functional process maps to document internal controls for the enterprise-wide functions.	21/22	YES	6/30/2022	6/30/2023	06/30/2024	
		E	Implement Security Information and Event Management (SIEM)	19/20	YES			1/1/2023	
	Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities to deliver effective, inclusive and innovative housing solutions	6 Establish partnerships to increase opportunities for affordable housing production and preservation.	A	Build and maintain relationships with State and Federal legislators and their staff to provide them with technical assistance; advocate for affordable housing in CA, including resources to stabilize housing portfolio during and post COVID-19 crisis	18/19	YES	Continuous	Continuous	Continuous
7 Affirmatively Furthering Fair Housing		A	Establish a working group to explore new opportunities to enhance our product line to better address racial inequities.	20/21	YES	Continuous	Continuous	Continuous	
		B	Through the Capitol Collaborative on Racial Equity (CCORE) cohort, develop a Racial Equity Action Plan	21/22	NO	6/30/2022			
		C	Increase outreach to socially disadvantaged communities to raise awareness of CalHFA resources such as housing counseling and sustainable, affordable homeownership programs to help build generational wealth for families who have experienced government regulated discrimination.	21/22	YES	Continuous	Continuous	Continuous	
D	Explore ideas to incentivize sustainable and affordable homeownership in socially disadvantaged communities with financing solutions which can be delivered into the housing secondary market.	21/22	YES	Continuous	Continuous	Continuous			