Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, July 22, 2021
10:00 a.m.

Click on the link to register:
https://attendee.gotowebinar.com/register/6115120150587439115

To listen only by telephone without public comment:

Dial: +1 (415) 655-0052
Enter Access Code: 174-686-907

8. Discussion of other Board matters

9. Public comment: Opportunity for members of the public to address the Board on matters within the Board's authority

10. Adjournment

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
June 24, 2021

Meeting noticed on June 14, 2021

1. ROLL CALL

The California Housing Finance Agency Board of Directors Meeting was called to order at 09:35 a.m. by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT:	Avila Farias, Castro Ramírez, Cavier, Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Ma, Olmstead (for Velasquez), Prince, Russell, Sotelo, White
MEMBERS ARRIVING AFTER ROLL CALL:	None
MEMBERS ABSENT:	Bosler, Johnson Hall, Morgan
STAFF PRESENT:	Claire Tauriainen, Melissa Flores, Tim Hsu, Kathy Phillips, Jennifer LeBoeuf

2. Approval of the Minutes – May 20, 2021

The minutes were approved by unanimous consent of all members in attendance.

3. Chairperson/Executive Director comments

Chairperson comments:

- Acting Chair Gunning opened the meeting by welcoming everyone and congratulating White and Avila Farias on their recent confirmations by the Senate to the Board.

Executive Director comments:

- Acting Executive Director Cavier updated the Board that CalHFA staff continue to work hard to develop and submit a mortgage relief plan to the U.S. Treasury by June 30, although the U.S. Treasury may extend the deadline, as well as provide responses and guidance to questions critical in CalHFA's development of the plan.

- CalHFA held three 90-minute virtual listening sessions on June 15 and 17 to solicit feedback from a variety of stakeholders regarding the development of the CA Mortgage Relief Program. These listening sessions were augmented by a public survey made available online, which received over 100 responses.

4. <u>Report of the Chair of the Audit Committee</u>

Presented by Dalila Sotelo

Audit Committee Chair Sotelo reported to the Board that the Audit Committee met on May 27, 2021 to examine audit results. The CliftonLarsonAllen audit of the California Housing Finance Fund received an unmodified, or "clean" opinion. She further stated that the Single Audit of the Agency's Section 8 Program resulted in no findings.

5. <u>Progress update on the administration of the United States Treasury Department's Homeowner Assistance Fund</u>

Presented by Tim Hsu and Kathy Phillips

Director of Single Family Programs, Tim Hsu, outlined several issues that are preventing state HFAs from timely submissions of proposed mortgage relief programs to the U.S. Treasury by the June 30th deadline and indicated a request for an extension may be needed. He stated that CalHFA has received 10%, or $105 million in initial program funds. He was joined by Director of Marketing and Communications, Kathy Phillips, who reported that some of the consistent comments received at the three 90-minute listening sessions held on June15 & 17 to solicit stakeholder feedback included urgency, minimizing documentation as much as possible, having an easy application process, and a concern for using authentic translation for information.

6. <u>Closed session pursuant to Government Code §11126(a)(1) and (b) to consider the appointment of a public employee</u>

Closed session convened at 10:03 a.m. and was completed at 12:07 p.m. Returned to the open meeting at 12:08 p.m.

Chair Gunning reported that during the Closed Session the Board meet with multiple candidates for the Executive Director appointment as requested by the Governor’s office. The Board will share their input with the Governor’s team for consideration in making the final decision. No action by the Board was taken during the closed session.

7. Discussion of other Board matters

Unrelated to matters of the Board, Russell shared with the Board information about local predatory real estate investors who are buying large portfolios of multifamily properties and that in response to that, localities are looking into creating an equity fund that might be able to do opportunity purchases. He said he thought they would find it of personal interest. There was interest by several members. Chair Gunning asked for the Board Secretary’s advice on whether continued external discussions that included multiple members of the Board on this subject would be an infraction of the Bagley-Keene Act, but then decided not to discuss the issue and withdrew the question.

8. Public comment

Acting Chair Gunning asked if there were any comments from the public. There were none.

9. Adjournment

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 12:15 p.m.

State of California

M E M O R A N D U M

To: Board of Directors **Date:** June 10, 2021

Tim Hsu, Interim Director of Financing
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Resolution 21-12 rescinds resolution 12-05 which was the adoption of an Investment Policy dated March 14, 2012 and approves the adoption of an Updated Investment Policy ("Policy").

The Policy is intended to provide guidelines for the prudent investment of funds authorized to be deposited or invested by the California Housing Finance Agency. In methods, procedures and practices, the policy formalizes the framework for the Agency's activities. The highlights of the Policy are:

- The Agency's primary investment objectives, in priority order, are safety, liquidity and return on investment.
- All individuals authorized to make investments on behalf of the Agency shall be held to the prudent investor standard applicable to California municipal entities.
- The Director of Financing and the Director of Enterprise Risk Management have the ultimate responsibility for the decisions regarding the investment of bond proceeds and other Agency funds.
- The trustees under the bond resolutions along with the Comptroller are responsible for the execution of the Agency's investment decisions.
- The Agency's investment parameters regarding credit risk, interest-rate risk and reinvestment risk is summarized.
- The Director of Financing or Director of Enterprise Risk Management will prepare and present to the Board an annual investment report.

Key changes include:

- Permitted Investments for Bond Proceeds– addition of State of California Approved Depository Bank Accounts
- Permitted Investments for Agency Non-bond Funds – addition of Multifamily Projects (limited to those projects where CalHFA regulates some units)

Attachments

California Housing Finance Agency
Investment Policy

(Adopted March 14, 2012)
(Updated March 7, 2013 - see last page of policy)
(Updated February 11, 2014 - see last page of policy)
(Updated December 15, 2020 – see last page of Policy)

I. Introduction and Purpose

This Investment Policy and the related exhibits (collectively, the "Policy") are intended to provide guidelines for the prudent investment of funds authorized to be deposited or invested by the California Housing Finance Agency (the "Agency"). In methods, procedures and practices, the policy formalizes the framework for the Agency's investment activities that must be exercised to ensure effective and judicious fiscal and investment management of the Agency's funds. The primary objective of the Agency's investment activities is to enhance the Agency's financial return while adhering to the following:

1. prudent protection of the Agency's investments
2. conform to all applicable state statutes governing the investment of these funds.

II. Governing Authority

All investments shall be made in conformance with the State of California Government Code: Division 4, Part 2, Chapter 3 (see Exhibit 2); the State of California Health and Safety Code: Division 31, Part 3, Chapter 3 (see Exhibit 1) as well as bond covenants applicable to any debt issued by the Agency.

III. Investment Oversight Committee

The Agency has established an Investment Oversight Committee ("Committee"). The members of the Committee are the Agency's Executive Director, the Chief Deputy Director, the General Counsel, the Director of Financing, the Director of Enterprise Risk Management and the Comptroller. The primary responsibilities of the Committee are to approve any new credit counterparty and to monitor and review the Investment Policy. The Committee may also retain and consult with legal, financial and other investment professionals and advisors.

IV. Scope

It is intended that this Policy cover the deposit or investment of the following funds:

A. Bond Proceeds

Parity Indentures

Home Mortgage Revenue Bonds

Multifamily Housing Revenue Bonds III

Special Obligation Indentures

Multifamily Housing Revenue Bonds
Special Obligation Multifamily Housing Revenue Bonds

B. Agency General Obligation ("G-O") Accounts

Housing Assistance Trust
Supplementary Bond Security Account
Agency's Operating Account

This policy does not cover the Emergency Reserve Account. Resolution 17-12 specifies funding of the Emergency Reserve Account and the allocation of cash and investments held in this account.

This Policy does not cover the deposit or investment of funds of bonds for which the Agency serves as the conduit issuer of bonds.

V. General Objectives

The Agency's general objectives, in priority order, of investment activities shall be:

A. Safety: Safety of principal is the foremost objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal will be to mitigate credit risk.

B. Liquidity: The Agency's investments shall remain sufficiently liquid to meet all operating and cash flow requirements that may be reasonably anticipated.

C. Return on Investment: The Agency seeks to optimize the yield on its investments, consistent with constraints imposed by its safety and liquidity objectives.

VI. Prudence

The individuals authorized to make investment decisions on behalf of the Agency shall be held to the prudent investor standard applicable to California municipal entities: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

VII. Ethics and Conflicts of Interest

The Director of Financing or his/her designees (the "Director of Financing") the Director of Enterprise Risk Management or his/her designees (the "Director of Enterprise Risk Management"), the Comptroller or his/her designees (the "Comptroller) and all other members of the Oversight Committee as well as investment advisors and trustees involved in funds management operations shall operate in a manner that is consistent with applicable conflict of interest and incompatible activity laws of the State. They shall refrain from personal business activities that could conflict with the proper execution of the funds management program, or which could impair their ability to make impartial investment decisions, advise on investment decisions, or perform fund management activities impartially, as applicable.

VIII. Investment and Cash Management Operations

A. Investment Operations: The Director of Financing and the Director of Enterprise Risk Management ("Authorized Parties") have the authority to manage the investment operations in accordance with the decisions made by the Committee and this investment policy.

B. Cash Management Operations: The trustees under the bond resolutions along with the Comptroller are responsible for the execution of the Agency's investment decisions and for the safekeeping of investment securities.

IX. Permitted Investments and Investment Authority

A. Agency Investments: Attached are the provisions of State law which describe the types of investments that are authorized for the Agency (exhibit #1: Section 51003 of Part 3 of Division 31 of the California Health and Safety Code).

B. Agency Deposit of Non-Bond Proceeds in the State Treasury and Investment in Securities: Moneys other than bond moneys shall generally be invested, as authorized by State law, in the Surplus Money Investment Fund ("SMIF"), a State of California investment pool administered by the California State Treasurer under the supervision of the State's Pooled Money Investment Board ("PMIB") or in Eligible Securities (applicable as defined in Exhibits 1 & 2) . Attached are the provisions of State law which describe the types of investments that are authorized for the State of California (exhibit #2: Section 16430 of Part 2 of Division 4 of the State of California Government Code).

1. Investment in SMIF: The Comptroller may direct the State Treasurer's Office ("STO") to deposit funds in the State Treasury to be invested in SMIF.

2. Investment in securities: The Authorized Parties may direct the STO or a registered broker-dealer for fixed-income securities to invest funds that are not required for its current needs in the following Eligible Securities:

   a) Treasury notes, treasury bills or treasury bonds

   b) Mortgage-backed securities backed by FNMA, GNMA or FHLMC

3. State of California Approved Depository Bank Accounts and Money Market Funds (MMF): The Comptroller may deposit or direct the STO to deposit funds in State approved depository bank accounts or MMF outside the State's Centralized Treasury System (CTS) if; 1) the depository bank deposits, with the STO, collateral in excess of 110 percent of the deposit (in accordance with government code 16521); 2) the funds are deposited (intraday) for administrative efficiencies that are not available through the CTS.

4. Investment in Multifamily Projects: The Authorized Parties may direct the investment

of non-bond funds to loans in multifamily projects with units that are regulated by CalHFA.

C. Agency Investment of Bond Proceeds held by Bond Trustees Outside the STO: Bond moneys shall be invested in accordance with the provisions of each bond indenture and the Agency's governing authority. Attached are the provisions for the following bond indentures:

Parity Indentures
Home Mortgage Revenue Bonds (exhibit 3)
Multifamily Housing Revenue Bonds III (exhibit 4)

Special Obligation Indentures
Multifamily Housing Revenue Bonds (exhibit 5)
Special Obligation Multifamily Housing Revenue Bonds (exhibit 6)

Investment funds that are proceeds of bonds or are set aside and pledged to secure payment of bonds and are held by bond trustees shall be invested as follows:

1. Investment in Guaranteed Investment Contracts ("GICS"): If a decision is made, by the Authorized Parties , to use a GIC for the investment of bond proceeds, the Comptroller may directly deposit or direct the trustee to deposit funds in the GIC (note: a competitive bid process, which counsel to the Agency advises is in compliance with Federal Tax law, shall be used to award a GIC).

2. Investment in Securities: The Authorized Parties may direct the trustee to invest funds that are not required for its current needs in any Eligible Securities.

3. Investment in MMF: The Authorized Parties may direct the trustee to invest funds that are not required for its current needs in eligible MMFs, an investment recommended by the Trustee.

4. Investment in U.S. Bank N.A. Open Commercial Paper: The Authorized Parties may direct the trustee to invest funds that are not required for its current needs in U.S. Bank N.A. Open Commercial Paper, an investment recommended by the Trustee.

5. Investment of Funds in the State Treasury: The Authorized Parties may direct the trustee to invest funds in the State Treasury.

6. State of California Approved Depository Bank Accounts: The Authorized Parties may invest funds in accounts with State approved depository banks.

X. Safekeeping and Custody of Securities

A. Third Party Safekeeping: Securities will be held by an independent third-party trustee or other custodial arrangement. All securities will be held by the third party in the Agency's name.

B. Delivery vs. Payment: All trades of securities will be cleared and settled on a delivery vs. payment basis to ensure that securities are deposited with the third-party trustee prior to the release of funds.

C. Internal Controls: The Director of Enterprise Risk Management or the Comptroller, as applicable, shall establish a system of internal controls. The internal control structure shall be designed to ensure that the assets of the Agency are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met.

XI. Investment Parameters

A. In general, the Agency primarily has three types of risk:

1. credit (counterparty) risk
2. interest-rate risk
3. reinvestment risk

and seven classes of investments:

a) guaranteed investment contracts (GICs)
b) mortgage-backed securities (MBSs)
c) Money Market Funds (MMFs)
d) U.S. Bank N.A. Open Commercial Paper
e) the State of California's Surplus Money Investment Fund (SMIF)
f) State of California approved depository banks
g) Treasury notes, treasury bills or treasury bonds;

B. The Agency's policy regarding the monitoring of these risks for each class of investment is as follows:

1. <u>Credit risk</u>: The risk that an investment will lose some or all of its value due to a real or perceived change in the ability of the investment provider to meet its obligations.

a) <u>Guaranteed Investment Contracts</u>: All GICs shall include provisions protecting the Agency's interests in the event of a credit rating downgrade of the provider. Investment contracts with foreign financial institutions are allowed only if the Agency is sufficiently protected from the added risks of foreign investment: i) the sovereign debt of the home country should be rated double A by at least one credit rating service acceptable to the Agency; ii) the agreement should be with a domestic branch of the foreign institution so that it is enforceable under the laws of the United States.

The Agency's Authorized Parties have developed, and shall maintain, an automated process in which the Agency is automatically notified by Bloomberg if there is a change in the rating(s) of any of our counterparties. In addition to the automatic notification by Bloomberg, counterparties are required, via a signed investment contract, to notify the trustee and/or Agency, within a certain number of days that they were downgraded.

A credit downgrade triggers a review by the Authorized Parties of all the investment contracts related to the downgraded counterparty.

The majority of the Agency's GICs have language that provides the following options if either rating (by Moody's Investor Service or S&P Global Ratings) drops to single "A" or if both ratings drop to single "A":

1. the GIC provider could elect to assign or transfer its obligations to a related or unrelated entity, that has acceptable ratings.
2. the GIC provider could elect to post collateral as specified in the investment contract
3. if the GIC provider elects not to assign the obligation or post collateral and notifies the Agency of this decision, the Agency has the option to:

   a) terminate the GIC and receive the invested principal and accrued interest to date.
   b) keep the GIC with the provider at the lower credit rating.

In general, the Agency's policy on the retention of a "triggered" investment agreement is:

1. if the provider has a split rating of double "A" and single "A", the Agency's Authorized Parties have unlimited discretion to maintain the invested funds.
2. if the provider has two single "A" ratings, the Agency's Authorized Parties cannot maintain more than $10 million of the invested funds in the GIC.
3. if the provider has only one single "A" rating, the Agency's Authorized Parties cannot maintain more than $5 million of the invested funds in the GIC.
4. if the provider does not have at least one single "A" rating, the Agency's Authorized Parties must terminate the GIC.

b) Mortgage Backed Securities: The majority of the MBSs currently held by the Agency were created by securitizing whole loans originated through the Agency's TBA MBS Program. The scheduled principal and interest payments on these MBSs are guaranteed by Fannie Mae or Ginnie Mae and carry a triple A rating by Moody's and an AA+ rating by S&P, therefore, they have minimal credit risk.

c) Money Market Funds: The Agency currently uses two Trustees, U.S. Bank, National Association and Wilmington Trust, National Association (Trustees). These Trustees use certain money market funds as a short-term investment or "sweep" for the Agency's funds held by the Trustees. The MMFs are primarily invested in high-quality U.S. government securities and repurchase agreements collateralized at more than 100% and will have a stable NAV (Net Asset Value).

d) U. S. Bank Open Commercial Paper: U.S. Bank also uses an open commercial paper program as a short-term investment or "sweep" for the Agency's funds held in its accounts. An open commercial paper agreement has no specific end date; it continues to earn interest until the buyer requests the funds to be returned. The open commercial paper agreement allows for greater liquidity by providing flexibility to adjust or redeem at any point in time. Under the U.S. Bank Open Commercial Paper Agreement, the Agency's credit risk is with U.S. Bank N.A.

e) Surplus Money Investment Fund: SMIF is part of the State of California Pooled Money Investment Account (PMIA) which is managed by the Pooled Money Investment Board (PMIB) which has the oversight responsibility for SMIF. Additional information on the PMIA investment policy and PMIA investment reports can be obtained via the internet at www.treasurer.ca.gov/pmia-laif/answer/policy.

f) State of California Approved Depository Bank Accounts: The Agency has established demand accounts with one of the State of California's approved depository banks. The depository bank is required to deposit, with the STO, collateral in excess of 110 percent of the deposit (in accordance with government code 16521). This requirement greatly reduces any credit risk with this investment.

g) Treasury notes, treasury bills or treasury bonds: These investments are backed by the full faith and credit of the U.S. government or the Federal Reserve so there is virtually no credit risk on these investments.

2. Interest Rate Risk and Reinvestment Risk: For the purpose of this Policy, interest rate risk is the potential for investment losses that result from a change in interest rates if the investment were to be sold or terminated early. Reinvestment risk is the possibility that an investment's cashflow will be unable to earn a rate comparable to the current rate of return.

a) Guaranteed Investment Contracts: The GICs have a fixed interest rate and the term of the GIC is matched to the term of the applicable bond issue, therefore, they have no interest rate risk or reinvestment risk

b) Mortgage Backed Securities: The majority of the Agency's MBSs were created by securitizing the Agency's whole loans with the intent of holding the security until maturity; because of this intent to hold the security to maturity, the MBSs have minimal interest rate risk, but if the loans underlying the MBS were to prepay there could be some reinvestment risk, depending on the rate of prepayment .

c) Money Market Funds: Since the Agency is investing in MMFs that have a stable NAV, there is no interest rate risk for the MMF. This investment does carry some reinvestment risk.

d) U. S. Bank Open Commercial Paper: Similar to the MMF, this investment has no interest rate risk, but it does have some reinvestment risk.

e) Surplus Money Investment Fund: Similar to the MMF, SMIF has no interest rate risk, but it does have some reinvestment risk.

f) State of California Approved Depository Bank: Similar to the MMF, placing funds in a State of California approved depository banks has no interest rate risk, but it does have some reinvestment risk.

g) Treasury notes, treasury bills or treasury bonds: Because the Agency intends to hold these investments to maturity, there is minimal interest rate risk. This investment does carry some reinvestment risk.

❖ **Reporting**

The Authorized Parties will prepare and present to the Agency's Board of Directors an annual investment report. The report will include, at a minimum, the following information:

- A summary of the dollar amount invested in each type of investment.
- A summary of the dollar amount invested in Guaranteed Investment Contracts by provider.
- Moody's Investors Service and S&P Global Ratings investment ratings for each GIC provider
- A summary of the dollar amount invested in GICs at each rating
- A summary of securities by type of security showing the par value, market value, weighted average coupon and weighted average remaining maturity of the securities.

❖ **Annual Review of Investment Policy**

The investment policy will be reviewed at least annually by the Committee to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

❖ **Revisions**

- March 7, 2013 – added language describing the U.S. Bank N.A. Open Commercial Paper investment and deleted the language describing the U.S. Bank N.A. Open Repurchase Agreement.
- February 11, 2014 – added language regarding the investment of non-bond funds outside the Centralized State Treasury System.
- December 15, 2020
    - included language that clarifies the policy does not cover the Emergency Reserve Account
    - updated committee member titles
    - updated indentures covered by policy
    - updated permitted investments section
    - updated classes of investments and risks sections

EXHIBIT 1

STATE OF CALIFORNIA
Health and Safety Code
Division 31, Part 3, Chapter 3

51003 Investment of moneys; repurchase and reverse repurchase agreements; investment agreements; Eligible Securities; financial institutions; increments

The agency shall, from time to time, direct the Treasurer to invest moneys in the fund which are not required for its current needs, including proceeds from the sale of any bonds, in any Eligible Securities specified in Section 16430 of the Government Code which the agency shall designate. The agency may direct the Treasurer to invest the moneys by entering into repurchase agreements or reverse repurchase agreements, which, for purposes of this section, shall mean agreements for the purchase or sale of Eligible Securities pursuant to which the seller or buyer agrees to repurchase or sell back the securities on or before a specified date and for a specified amount. The agency may direct the Treasurer to invest the moneys in investment agreements with corporations, financial institutions, or national associations within the United States which are rated by a nationally recognized rating service within the top three ratings of the service. For purposes of this section, investment agreements shall mean any agreement for the investment of moneys in the fund whether at fixed or variable interest rates, and may include, but not be limited to, repurchase agreements, notes, uncollateralized time deposits and certificates of deposit. The agency may direct the Treasurer to deposit moneys in interest-bearing accounts in state or national banks or other financial institutions having principal offices in this state.

Subject to any agreement with holders of particular bonds, in furtherance of the provisions of Section 51373, and to the extent permitted by law, the agency may also invest moneys of the fund in obligations or financial institutions as are permitted by board resolution. The agency may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code.

All interest or other increment resulting from such investment or deposit shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund.

EXHIBIT 2

STATE OF CALIFORNIA
Government Code
Division 4, part 2, Chapter 3

16430. Eligible Securities for the investment of surplus moneys shall be any of the following:

(a) Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Bonds or interest-bearing notes on obligations that are guaranteed as to principal and interest by a federal agency of the United States.

(c) Bonds, notes, and warrants of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest.

(d) Bonds or warrants, including, but not limited to, revenue warrants, of any county, city, metropolitan water district, California water district, California water storage district, irrigation district in the state, municipal utility district, or school district of this state.

(e) Any of the following:

(1) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended (12 U.S.C. Sec. 2001 et seq.).

(2) Debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended (12 U.S.C. Sec. 2001 et seq.).

(3) Bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act (12 U.S.C. Sec. 1421 et seq.).

(4) Stocks, bonds, debentures, and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended (12 U.S.C. Sec. 1701 et seq.).

(5) Bonds of any federal home loan bank established under that act.

(6) Obligations of the Federal Home Loan Mortgage Corporation.

(7) Bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended (16 U.S.C. Sec. 831 et seq.).

(8) Other obligations guaranteed by the Commodity Credit Corporation for the export of California agricultural products under the Commodity Credit Corporation Charter Act, as amended (15 U.S.C. Sec. 714 et seq.).

(f) (1) Commercial paper of "prime" quality as defined by a nationally recognized organization that rates these securities, if the commercial paper is issued by a corporation, trust, or limited liability company that is approved by the Pooled Money Investment Board as meeting the conditions specified in either subparagraph (A) or subparagraph (B):

(A) Both of the following conditions:
(i) Organized and operating within the United States.
(ii) Having total assets in excess of five hundred million dollars ($500,000,000).
(B) Both of the following conditions:
(i) Organized within the United States as a special purpose corporation, trust, or limited liability company.
(ii) Having program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
(2) A purchase of eligible commercial paper may not do any of the following:
(A) Exceed 180 days' maturity.
(B) Represent more than 10 percent of the outstanding paper of an issuing corporation, trust, or limited liability company.
(C) Exceed 30 percent of the resources of an investment program.
(3) At the request of the Pooled Money Investment Board, an investment made pursuant to this subdivision shall be secured by the issuer by depositing with the Treasurer securities authorized by Section 53651 of a market value at least 10 percent in excess of the amount of the state's investment.
(g) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers’ acceptances, that are eligible for purchase by the Federal Reserve System.
(h) Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union. For the purposes of this section, negotiable certificates of deposits are not subject to Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600).
(i) The portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration.
(j) Bank loans and obligations guaranteed by the Export-Import Bank of the United States.
(k) Student loan notes insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1001 and following) and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2).
(l) Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, or the Government Development Bank of Puerto Rico.
(m) Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision shall be within the top three ratings of a nationally recognized rating service.
(n) Negotiable Order of Withdrawal Accounts (NOW Accounts), invested in accordance with Chapter 4 (commencing with Section 16500).

EXHIBIT 3

California Housing Finance Agency
General Indenture Relating to Home Mortgage Revenue Bonds

"Investment Securities" means any of the following which at the time are lawful investments under the laws of the State including the Act for the moneys held under the Indenture then proposed to be invested therein: (i) direct general obligations of the United States of America, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by the United States of America or any federal agency of the United States of America or the State; (ii) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended; (iii) the portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration; (iv) bonds, debentures, and notes issued by corporations organized and operating within the United States of America and within the top two ratings of a nationally recognized rating service; (v) negotiable certificates of deposit issued by a nationally or state-chartered bank or savings and loan association which, to the extent they are not insured by Federal deposit insurance, are collateralized by securities eligible to secure public deposits in the State, or which are issued by such an institution rated within the top two ratings of a nationally recognized rating service; (vi) interest bearing accounts in State or national banks or other financial institutions which, to the extent they are not insured by federal deposit insurance, are collateralized by securities eligible to secure public deposits in the State, or which are issued by such an institution rated within the top two ratings by a nationally recognized rating service, provided that the amounts of such deposits shall not be based on the relative participation of the different types of financial institutions as qualified mortgage lenders under the Act; or (vii) deposits in the Surplus Money Investment Fund referred to in Section 51002 of the Act.

EXHIBIT 4

California Housing Finance Agency
General Indenture Relating to Multifamily Housing Revenue Bonds III

"Investment Obligation" means any of the following which at the time are lawful investments under the laws of the State for the moneys held hereunder then proposed to be invested therein: (1) direct general obligations of the United States of America or of the State, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, any federal agency of the United States of America, or the State; (2) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Land Banks or Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of Fannie Mae or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation guaranteeing timely payment of principal and interest, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, except, in each case, securities evidencing ownership interests in specified portions of the interest on or principal of such obligations; (3) commercial paper rated within the highest three Rating Categories of each Rating Agency and issued by corporations (a) organized and operating within the United States; and (b) having total assets in excess of five hundred million dollars ($500,000,000); (4) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the highest three Rating Categories by each Rating Agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System, and negotiable certificates of deposits issued by a nationally or state-chartered bank or savings and loan association which are insured by federal deposit insurance, or which are issued by an institution the general obligations of which are rated within the highest three Rating Categories by each Rating Agency; (5) bonds, debentures, and notes issued by corporations organized and operating within the United States and rated within the highest three Rating Categories by each Rating Agency; (6) repurchase agreements or reverse repurchase agreements, with nationally recognized broker-dealers which are agreements for the purchase or sale of Investment Obligations pursuant to which the seller or buyer agrees to repurchase or sell back such securities on or before a specified date and for a specified amount, which seller or buyer has outstanding long-term indebtedness which are rated within the highest three Rating Categories by each Rating Agency; (7) investment agreements with corporations, financial institutions or national associations within the United States the general obligations of which (or, if payment of such investment agreement is guaranteed, the general obligations of the guarantor) are rated within the highest three Rating Categories by each Rating Agency; (8) interest bearing accounts in State or national banks or other financial institutions having principal offices in the State (including those of the Trustee or its affiliates) which, to the extent they are not insured by federal deposit insurance, are issued by an institution the general obligations of which are rated within the highest three Rating Categories by each Rating Agency; (9) interests in any short term investment fund (including those of the Trustee or its affiliates) restricted to investment in obligations described in any of clauses (1) through (5) of this definition, which are rated within the highest three Rating Categories by each Rating Agency; (10) deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act; or (11) other investment securities which will not cause any Unenhanced Rating on any Bonds to be reduced or withdrawn.

EXHIBIT 5

California Housing Finance Agency
Trust Indenture Relating to Multifamily Housing Revenue Bonds

"Investment Obligation" means includes any of the following securities and other investments (other than Program Securities), if and to the extent the same are at the time legal for
the investment of the Agency's moneys" means

(a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed the United States of America, which obligations include, but are not limited to, the following" means (i) United States Treasury obligations which are direct or fully guaranteed obligations, and (ii) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by Government National Mortgage Association ("GNMA");

(b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not impair the Rating of any Outstanding Bonds;

(c) Federal Home Loan Mortgage Corporation participation certificates guaranteed by Freddie Mac as to timely payment of principal and interest and senior debt obligations;

(d) Fannie Mae's mortgage-backed securities and senior debt obligations, excluding interest-only stripped securities;

(e) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) whose outstanding unsecured short-term debt obligations are rated by Moody's not less than P1 (or such comparable rating from each Rating Agency then providing a rating on the Bonds), provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not impair the Rating of any Outstanding Bonds, or (iii) the deposit of funds with such Depository will not impair the Rating of any Outstanding Bonds;

(f) Any repurchase agreement and reverse repurchase agreement with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreement is secured by obligations described in the preceding clauses (a) and (b) of this definition, as long as such agreement, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds;

(g) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a), (b) or (f) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any

successor regulation, whose only investments are in securities described in subparagraphs (a), (b) or (f) above and, in the case of both (i) and (ii), which are rated not less than Aaa by Moody's (or such comparable rating from each Rating Agency then providing a Rating on the Bonds);

(h) Any investment contract with any provider as long as such investment contract, as
of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds; and (i) Any other investment that as of the date does not impair the Rating of any Outstanding Bonds.

EXHIBIT 6

California Housing Finance Agency
Trust Indenture Relating to Special Obligation Multifamily Housing Revenue Bonds

"Investment Obligation" means includes any of the following securities and other investments (other than Program Securities), if and to the extent the same are at the time legal for
the investment of the Agency's moneys" means
(a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed by, the United States of America, which obligations include, but are not limited to, the following" means (i) United States Treasury obligations which are direct or fully guaranteed obligations, and6
OHSUSA:763602644.5
(ii) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by Government National Mortgage Association ("GNMA");
(b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not impair the Rating of any Outstanding Bonds;
(c) Federal Home Loan Mortgage Corporation participation certificates guaranteed by Freddie Mac as to timely payment of principal and interest and senior debt obligations;
(d) Fannie Mae's mortgage-backed securities and senior debt obligations, excluding interest-only stripped securities;
(e) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) whose outstanding unsecured short-term debt obligations are rated by Moody's not less than P1 (or such comparable rating from each Rating Agency then providing a rating on the Bonds). provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not impair the Rating of any Outstanding Bonds, or (iii) the deposit of funds with such Depository will not impair the Rating of any Outstanding Bonds;
(f) Any repurchase agreement and reverse repurchase agreement with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreement is secured by obligations described in the preceding clauses (a) and (b) of this definition, as long as such agreement, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds;
(g) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a),

(b) or (f) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a), (b) or (f) above and, in the case of both (i) and (ii), which are7
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rated not less than Aaa by Moody's (or such comparable rating from each Rating Agency then providing a Rating on the Bonds);

(h) Any investment contract with any provider as long as such investment contract, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds; and

(j) Any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 21-12

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY TO ADOPT THE NEW CALIFORNIA HOUSING FINANCE AGENCY INVESTMENT POLICY

WHEREAS, the California Housing Finance Agency (the "Agency") Board of Directors ("Board") resolved on March 14, 2012, pursuant to Resolution No. 12-05 to adopt an Investment Policy ("Policy") for the Agency; and

WHEREAS, the Agency desires to revise the Policy to better reflect the Agency's investment practices and policies; and

WHEREAS, such Policy authorizes that bond moneys be invested in accordance with the provisions of each bond indenture, as authorized by State law and resolution of the Board, and

WHEREAS, Section 51003 of Part 3 of Division 31 of the California Health and Safety Code requires the Agency to direct the Treasurer to invest moneys in the California Housing Finance fund which are not required for its current needs, including proceeds from the sale of any bonds, in any eligible securities specified in Section 16430 of the California Government Code, and authorizes the Agency to direct the Treasurer to invest such moneys in other investment vehicles as specified in Section 51003;

NOW, THEREFORE, BE IT RESOLVED by the Board of the California Housing Finance Agency as follows:

1. Resolution No. 12-05 is hereby rescinded.

2. That the Policy presented to this meeting is hereby adopted.

3. This Resolution shall take effect immediately.

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. 21-12 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 22nd day of July 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:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 22nd day of July 2021.

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: Board of Directors **Date:** June 10, 2021

Tim Hsu, Interim Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: UPDATED HEDGE RESOLUTION AND MASTER HEDGE POLICY

Resolution 21-13 rescinds Resolution 14-07 which adopted a Hedge Policy dated May 5, 2014 and approves the adoption of an updated Master Hedge Policy ("Policy").

Resolution 21- 13 authorizes staff to conduct certain hedging activities and approves the updated Master Hedge Policy which establishes guidelines for the use and management of hedges.

The Policy and its contemplated hedges are intended to cover hedging activities of the Agency's loan commitments entered into on or after the May 2014 meeting of the CalHFA Board of Directors.

The highlights of the Policy are:

- The Policy describes the circumstances where Hedges may be used, the methods and guidelines to be employed when Hedges are used and the management and reporting responsibilities of staff and others necessary in carrying out the Policy.
- The Agency's Executive Director, the Chief Deputy Director, the Director of Financing and the Director of Enterprise Risk Management (each an "Authorized Party") are authorized to enter into Hedges consistent with the Agency's normal management process.
- CalHFA will use Hedges solely to mitigate the interest risk associated with running a lending program. As part of the hedging program, CalHFA may amend, terminate or enter into offsetting transactions in order to manage market, counterparty and credit risk associated with its Hedges.
- As a general rule, the Agency will manage the risks of its Hedge exposure on an enterprise-wide or "macro" basis and will evaluate individual transactions within the larger context of their impact across the relevant enterprise. In each case, the degree of risk should be evaluated in comparison with degree of benefit provided.

Key changes to the Policy are:

- Establishment of a Hedge Oversight Committee and annual review requirement.
- Under the Permitted Hedges, Exposure Limitations and Costs Sections for Single Family, language was removed. These sections are currently undefined because there are no plans for in-house single-family hedging at this time.
- Updates to Exposure Limitations section and Hedging Costs sections for Multifamily.
- Under the Permitted Hedges Section, a longer term is permitted for multifamily hedges.

Attachments

California Housing Finance Agency

MASTER HEDGE POLICY

Dated: May, 5 2014

(Updated December 15, 2020, see last page of policy)

I. Purpose

The purpose of this Master Hedge Policy (the "Policy") is to establish guidelines for the use and management of various derivative financial products ("Hedges") in conjunction with the California Housing Finance Agency's ("CalHFA" or the "Agency") management of its loan commitment pipeline.

The Policy and its contemplated Hedges are intended to cover hedging activities of the Agency's loan commitments entered into on or after the May 2014 meeting of the CalHFA Board of Directors. This policy is not intended to encompass the Agency's portfolio of interest rate swaps entered into prior to the May 2014 meeting of the CalHFA Board of Directors which were used to hedge variable rate bonds. This policy is not intended to completely eliminate the Agency's interest rate risk. For example, the Agency will continue to bear some interest rate risk in situations where the closing of loans and/or delivery of mortgage-backed securities precede the issuance of bonds.

The use of Hedges allows CalHFA to mitigate the risk of its exposure to movements in interest rates as part of managing the Agency's single family and multifamily loan commitment pipelines. The short-term goal of the Policy is to ensure a pre-defined target profit on loan originations. The long-term goal of the Policy is to generate a stable profit margin range for the Agency's lending activities.

The Policy sets forth a framework for the utilization of Hedges with particular emphasis on their content and execution. As a framework, the intent of the Policy is to set forth guidance while maintaining the flexibility needed to effectively use and manage Hedges under changing market conditions.

II. Hedge Oversight Committee

The Agency has established an Hedge Oversight Committee ("Committee"). The members of the Committee are the Agency's Executive Director, the Chief Deputy Director, the General Counsel, the Director of Financing, the Director of Enterprise Risk Management and the Comptroller. The primary responsibilities of the Committee are to approve any proposed Hedges and to monitor and review the Hedge Policy. The Committee may also retain and consult with legal, financial and other investment professionals and advisors.

III. Scope

The Policy describes the circumstances where Hedges may be used, the methods and guidelines to be employed when Hedges are used and the management and reporting responsibilities of staff and others necessary in carrying out the Policy.

IV. Legal Authority

A. Authority

CalHFA may enter into Hedges in order to reduce the amount of interest rate risk. CalHFA has statutory authority to enter into Hedges.

B. Approval

CalHFA may enter into Hedges in connection with management of the Agency's loan commitments. The Agency's Executive Director, the Chief Deputy Director, the Director of Financing and the Director of Enterprise Risk Management (each an "Authorized Party") are authorized to enter into Hedges consistent with the Agency's normal management process.

The Policy shall govern CalHFA's use and management of all Hedges. While adherence to the Policy is required in applicable circumstances, the Agency recognizes that changes in the capital markets, Agency programs, and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and will require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate, provided the Board is informed of any significant departures from previous practice.

The Policy shall be reviewed and updated periodically and presented to the Board for approval. The Director of Financing is the designated administrator of the Policy, and shall have the day-to-day responsibility and authority for structuring, implementing, and managing Hedges.

CalHFA shall be authorized to enter into Hedges only with qualified Hedge counterparties, as described in Section VII below. The Director of Financing shall have the authority to select the counterparties, so long as the criteria set forth in the Policy are met.

The Authorized Parties may delegate individuals to authorize the execution of trades on CalHFA's behalf. Delegated individuals will have approval to authorize trades below certain trade limitations defined in the Hedging Procedures document. Authorization by an Authorized Party will be required when these trade limitations are exceeded. Trade limitations are set on:

1. The notional amount of any one specific trade;

2. The aggregate notional threshold amount for any one specific business day.

Initially, the trade limitations will be relatively small and, over time, will be increased as the program volume increases.

V. Use of Hedges

A. Appropriate Usage

CalHFA will use Hedges solely to mitigate the interest risk associated with running a lending program. As part of the hedging program, CalHFA may amend, terminate or enter into offsetting transactions in order to manage market, counterparty and credit risk associated with its Hedges.

B. Prohibited Strategies

CalHFA shall not enter into Hedges where one or more of the following conditions exist:

1. The Hedge serves a purely speculative purpose, such as entering into a hedge for the sole purpose of trading gains;

2. There is insufficient pricing data available to allow the Agency and its advisors to adequately value the hedge instrument.

C. Procedure

Recommendations to enter into Hedges will be made based on CalHFA's analysis of the loan commitment pipeline. Recommendations will consider the following elements:

1. The appropriateness of the transaction for the Agency based on the balance of risks and rewards presented by the proposed transaction, including a description of the transactional structure, a description of the risks it presents, and risk mitigation measures;

2. California statutes, Agency resolutions, and indenture and contractual requirements (including those contained in credit agreements), as well as any federal tax considerations;

3. Potential effects that the transaction may have on the credit ratings assigned by the rating agencies to any Agency obligations;

4. The potential impact of the transaction on any areas where the Agency's capacity is limited, now or in the future, including the use of variable-rate debt, bank liquidity facilities or letters of credit, and bond insurance;

5. The ability of the Agency to handle any administrative burden that may be imposed by the transaction, including accounting and financial reporting requirements; and,

6. Other implications of the proposed transaction as warranted.

VI. Permitted Hedges

A. Single Family

The Agency currently has no plans for in-house single family hedging activity.

B. Multifamily

All permitted Hedges for multifamily are intended to be cash settled and are not contemplated to remain in place over a long-term period (e.g., swaps associated with long-dated variable-rate bonds). Hedges are used to protect against adverse movements in interest rates that may occur over short-term periods. Such period may be as long as 42 months.

1. Forward Rate Option

Forward rate options are used to hedge multifamily permanent-only loan commitments. A forward rate option is an option on a forward swap whereby the issuer has the right, but not the obligation, to enter into a cash-settled swap similar to that described in the rate lock description above. The rate on the swap is decided when the option is purchased. The rate is typically set at a level above the current market rate and serves as insurance against rates rising above the designated rate. A forward rate option used to hedge multifamily commitments will have a forward starting date of less than 42 months. The nominal term of the underlying swap shall not exceed 40 years. An upfront payment by CalHFA is required with a forward rate option, but upon termination, CalHFA would not face the risk of having to make a payment. The hedge can only result in CalHFA receiving a payment or, at worst, expiring worthless.

On the forward starting date (the "Exercise Date"), if the option is "in-the-money," CalHFA will exercise the option and receive a payment, but if the option is "out-of-the-money," CalHFA will not exercise the option and allow the option to expire. Because CalHFA cannot owe the counterparty any payment on the Exercise Date, the counterparty does not bear any additional credit risk to CalHFA. That is, these transactions will not result in additional collateral posting requirements by CalHFA to the counterparties.

VII. Hedging Limitations, Exposure Limitations and Costs

A. Hedging Limitations

1. Single Family Reservation Pipeline

The Agency has no current plans for in-house hedging of the single family pipeline.

2. Multifamily pipeline

There are no hedging limitations for the multifamily pipeline so long as each hedge is properly constructed as to meet the IRS requirements to qualify the hedge as a qualified hedging transaction.

Any changes in the mark to market of the hedge is anticipated to be offset by a similar but opposite change in the Net Present Value of the earnings on the loan being hedged.

B. Exposure Limitations

1. Single Family Reservation Pipeline

The Agency has no current plans for in-house hedging of the single family pipeline.

2. Multifamily pipeline

There are no exposure limitations for the multifamily pipeline so long as each hedge is properly constructed as to meet the IRS requirements to qualify the hedge as a qualified hedging transaction.

Any changes in the mark to market of the hedge is anticipated to be offset by a similar but opposite change in the Net Present Value of the earnings on the loan being hedged.

C. Hedging Costs

1. Single Family Reservation Pipeline

The Agency has no current plans for in-house hedging of the single family pipeline.

2. Multifamily pipeline

If CalHFA chooses to purchase a forward rate option then an upfront payment shall be required. Any upfront payment shall not exceed the loan commitment amount by more than 10%.

If CalHFA chooses to enter into a forward starting interest rate swap then an upfront payment may be required to a hedge advisor and bond counsel, such payment shall not exceed 1% of the expected loan.

VIII. Counterparties

Hedge products may create, for the Agency, exposure to the creditworthiness of financial institutions (when the mark-to-market of the Hedges are "in-the-money" to the Agency; i.e., when CalHFA is due a payment upon immediate termination) that serve as the Agency's counterparties on Hedge transactions. In general, the Agency will utilize the following standards in selecting counterparties:

A. Credit Standards

Standards of creditworthiness, as measured by credit ratings, will determine eligible counterparties. Differing standards may be employed depending on the term, size and interest-rate sensitivity of a transaction, type of counterparty, and potential for impact on the Agency's or a specific enterprise-fund's credit rating. As a general rule, the Agency will enter into transactions only with counterparties whose obligations are rated in the A category or better from at least two nationally-recognized rating agencies. In cases where the counterparty's obligations are rated based on a guarantee or specialized structure to achieve the required credit rating, the Agency shall thoroughly investigate the nature and legal structure of the guarantee or structure in order to determine that it meets the Agency's requirements in full.

B. Diversification of Exposure

The Agency will seek to avoid excessive exposure to a specific counterparty by diversifying its counterparties and monitoring the potential termination value of each counterparty both in absolute dollar values and in percentages of the entire portfolio.

C. Termination

When a counterparty fails to maintain its ratings above a certain specified threshold, the Agency may exercise a right to terminate the transaction prior to its scheduled termination date. The Agency will seek to require, whenever possible, that terminations triggered by a counterparty credit downgrade will occur in financial terms that are favorable to the Agency and which would allow the

Agency to go back into the market to replace the downgraded party with another suitable counterparty at no out-of-pocket cost to the Agency.

IX. Internal Management of Obligations and Exposure

Achieving the Agency's goals to meet state housing needs while protecting interest rates committed to borrowers requires the Agency to address several risks. The provisions of the Policy are designed to create a framework for evaluating and addressing these risks with hedging and ongoing management. The following paragraphs describe pertinent risks and the means through which the Agency may mitigate them.

Counterparty Risk is the risk that a counterparty will fail to make required payments. In order to limit the Agency's counterparty risk, the Agency will seek to avoid excessive concentration of exposure to a single counterparty or guarantor by diversifying its counterparty exposure over time. Exposure to any counterparty will be measured based on the termination value of all Hedge contracts entered into with the counterparty. In addition, the Agency will determine and monitor the Maximum Potential Exposure, which is a reasonable worst-case value of a mark-to-market calculation of the cost of terminating the Hedge contracts, on a quarterly basis. Aggregate Hedge termination value for each counterparty should take into account netting of offsetting transactions (i.e., fixed-to-floating vs. floating-to-fixed). As a matter of general principle, the Agency may require counterparties to provide regular mark-to-market valuations of Hedges they have entered into with the Agency, and may also seek independent valuations from third party professionals.

Hedge Mismatch Risk is the risk that the settlement payment on the hedge fails to offset the change in the actual cost of the deferred debt financing. This risk arises because debt instruments are issuer and market-specific while the market for hedges is generally limited to generic market indexes whose price movement may vary from that of any individual instrument.

Interest Rate Risk is the risk that unhedged rates committed to through the single family loan reservation process or the multifamily loan commitment process may rise, producing either losses in income or absolute losses. The Agency may enter into Hedges to mitigate this interest rate risk. The Agency may also choose to incur an acceptable level of interest rate exposure. In defining the desired amount of rate exposure, the Agency will consider its ability to withstand losses in a rising rate environment.

Market Risk is the risk that under a termination event, the Agency will not be able to obtain a replacement Hedge. Market risk can be divided into general market risk and market access risk. General market risk may occur because the Hedge market has suffered a loss of liquidity or collapsed, making it difficult or impossible to obtain a replacement hedge. Market access risk is the risk that following an early termination, the Agency will not be able to obtain a replacement Hedge because its credit has deteriorated or it is shut out of the market for other Agency-specific reasons. To mitigate this risk, the Agency will carefully monitor its credit and act to maintain its rating.

Non-Delivery Risk/Fallout Risk is the risk that the committed loans are not delivered thus the Hedges effectively become an investment, which exposes the Agency to the mark-to-market of the Hedges. Typically, fallout moves in an inverse relationship to mortgage rates, that is, if mortgage rates decrease after rate lock then fallout will increase but if mortgage rates increase after rate lock then fallout will decrease.

Size Risk is the risk that the amount of loan commitments that deliver is significantly above or below the anticipated size, leaving the loan commitment over-hedged or under-hedged, and the issuer is left with a potentially costly settlement upon termination.

Termination Risk is the risk that due to some event or exercise of a right the Hedge may terminate or be terminated prior to its scheduled expiration, which could result in a termination payment becoming payable by the Agency. To mitigate this risk, the Agency will enter Hedges with appropriate termination provisions. If a Hedge terminates, the Agency must decide whether to replace the Hedge. The Agency would evaluate the nature and scope of its interest rate risk without the terminated Hedges and its ability to make any termination payments without entering a replacement. Since any termination payment owed by the Agency will generally be funded by payment from the replacement counterparty, the Agency considers its exposure to be market risk (as defined above) and the aggregate value of the bid-ask spread or the difference between the payments it would receive and make on each Hedge.

Timing Risk is the risk that loan extensions or early closings leave the loan commitment under-hedged or over-hedged and the issuer is left with a potentially costly settlement upon termination.

As a general rule, the Agency will manage the risks of its Hedge exposure on an enterprise-wide or “macro” basis, and will evaluate individual transactions within the larger context of their impact across the relevant enterprise. In each case, the degree of risk should be evaluated in comparison with degree of benefit provided.

X. Disclosures and Financial Reporting Requirements

The Agency will track the financial implications of the Hedges it enters into, taking steps to ensure that there is full and complete monitoring and disclosure of all Hedges to the Board, to rating agencies, and in disclosure documents. The disclosure shall include a clear summary of the special risks involved with Hedges and any potential exposure to interest rate volatility or unusually large and rapid changes in market value. With respect to its financial statements, the Agency will adhere to the guidelines for the financial reporting of Hedges, as set forth by the Government Accounting Standards Board.

Internal disclosures: A regular report will be prepared for the Board including:

A. A summary of outstanding Hedges and their counterparties;

B. The mark-to-market value (termination value) of its Hedges, as measured by the economic cost or benefit of terminating outstanding contracts as of a designated valuation date;

C. The mark-to-market value (termination value) that the Agency has to each specific counterparty, as measured by aggregate mark-to-market value, netted for offsetting transactions;

D. The Maximum Potential Exposure that the Agency has to each specific counterparty, as measured by aggregate mark-to-market value, netted for offsetting transactions;

E. The credit ratings of each counterparty (or guarantor, if applicable) and any changes in the credit rating since the last reporting period; and

F. Any collateral posting as a result of Hedge agreement requirements.

XI. Selecting and Procuring Interest Rate Hedges

The Agency will choose counterparties for entering into Hedge contracts on either a negotiated or competitive basis. As a general rule, a competitive selection process will be used if the product is relatively standard, if it can be broken down into standard components, if two or more providers have proposed a similar product to the Agency, or if competition will not create market pricing effects that would be detrimental to the Agency's interests. Negotiated procurement may be used for original or proprietary products, for original ideas of applying a specified product to an Agency need, to avoid market pricing effects that would be detrimental to the Agency's interests, or on a discretionary basis in conjunction with other business purposes. The Agency will strive to use standard Hedge products wherever possible in order to increase price transparency and liquidity.

Consideration may be given in negotiated transactions to those counterparties who have demonstrated their willingness to participate in competitive transactions and have performed well. If it is determined that a Hedge should be competitively bid, the Agency may employ a hybrid structure to reward unique ideas or special effort by reserving a specified percentage of the Hedge to the firm presenting the ideas on the condition that the firm match or better the best bid. To provide safeguards on negotiated transactions, the Agency should generally secure outside professional advice to assist in the process of structuring, documenting and pricing the transaction, and to verify that a fair price was obtained. In any negotiated transactions, the counterparty shall be required to disclose all payments to third parties (including lobbyists, consultants and attorneys) who had any involvement in assisting the counterparty in securing business with the Agency.

XII. Hedging Procedures

Hedging procedures will be implemented and changed, from time to time, to reflect current market conditions and operational practices. This document will be shared with the Board when it is available in final form and also when material changes are made to the document.

XII. Annual Review of Hedge Policy

The hedge policy will be reviewed at least annually by the Committee.

Update Log

- December 15, 2020:
  - added “Chief Deputy Director” as authorized party
  - changed “Financing Risk Manager” to “Director of Risk Management Enterprise”
  - clarified covered hedges in Section I. Purpose
  - reworked Section XII. Hedging Limitations, Exposure Limitations and Costs

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 21-13

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
AUTHORIZING LOAN COMMITMENT HEDGES AND
ADOPTING THE CALIFORNIA HOUSING FINANCE AGENCY
MASTER HEDGE POLICY

WHEREAS, the California Housing Finance Agency (the “Agency”) Board of Directors resolved on May 5, 2014, pursuant to Resolution 14-07 to adopt a Master Hedge Policy (“Policy”) for the Agency;

WHEREAS, the Agency desires to revise the Policy to better reflect the Agency’s hedge practices and policies; and;

WHEREAS, such Policy authorizes certain hedging activities and establishes guidelines for the use and management of hedges;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the “Board”) of the California Housing Finance Agency as follows:

1. Resolution 14-07 is hereby rescinded.

2. That the Policy presented at this meeting is hereby adopted.

3. This resolution shall take effect immediately.

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.21-13 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 22nd day of July 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:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 22nd day of July 2021.

ATTEST: ______________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To Board of Directors **Date:** July 13, 2021

From: Timothy Hsu, Director of Single Family Programs
CALIFORNIA HOUSING FINANCE AGENCY

Subject: ITEM 6 – National Mortgage Settlement Funds

The Governor's 20/21 budget allocated to CalHFA $300 million from the National Mortgage Settlement (NMS) funds for the purpose of providing housing counseling services and mortgage assistance to qualified California households. In August 2020, the Board approved an allocation of $50 million of the $300 million to fund a statewide housing counseling program. As staff has reported to the Board on a number of occasions, the counseling program is up and running and providing critical assistance to vulnerable homeowners impacted by the COVID-19 pandemic.

Resolution 21-14 requests the Board to consider allocating the remaining $235 million of NMS funds: i) to create a mortgage assistance program; ii) to strengthen the existing statewide housing counseling program, provided that no more than 10% of these funds ($23.5 million) may be used for housing counseling.

In addition, Resolution 21-14 requests the Board to consider providing authority to CalHFA staff to enter into agreements and take actions to create and administer a statewide mortgage assistance program using the NMS funds. For example,

1) to hire the requisite staff and contractors;
2) to build the requisite systems and infrastructure;
3) to execute the requisite agreements and contracts;
    - To the extent contracts entered into by CalHFA are for the sole purpose of administrating the NMS funds, all such contract expenditures will be reimbursed by NMS and will not be considered a part of the Agency operating budget.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 21-14

RESOLUTION AUTHORIZING UTILIZATION OF NATIONAL MORTGAGE SETTLEMENT FUNDS FOR A STATEWIDE MORTGAGE ASSISTANCE PROGRAM PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 12531

WHEREAS, the State of California represented by the California Attorney General, entered a national multistate settlement with the country's five largest loan servicers. This settlement, the National Mortgage Settlement ("NMS"), allocated three hundred million dollars ($300,000,000) to CalHFA for the purposes of providing housing counseling services and mortgage assistance as described in California Government Code Section 12531,

WHEREAS, CalHFA staff received Board approval in August 2020 to create and fund a statewide housing counseling program using fifty million dollars ($50,000,000) of NMS funding and has done so,

WHEREAS, the COVID-19 pandemic caused enormous financial disruption and destabilization for many Californians,

WHEREAS, there is possible further need for additional housing counseling services so that homeowners are informed of all alternatives to keep their homes,

WHEREAS, CalHFA's Board of Directors recognizes the necessity of having ample resources available to expeditiously assist California homeowners at risk of foreclosure,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

1. The Executive Director and other authorized officers of the Agency may utilize up to two hundred thirty-five million dollars ($235,000,000) of NMS funds to create a mortgage assistance program and strengthen the existing statewide housing counseling network. No more than ten percent (10%) of these funds may be used for housing counseling.
2. The Executive Director and other authorized officers of the Agency may enter into such agreements and take such actions as may be necessary or proper to permit the Agency to administer a statewide mortgage assistance program using NMS funds.
3. The Executive Director and other authorized officers of the Agency may and are directed to:
    - i. Amend the Agency operating budget as needed, however, to the extent contracts entered into by CalHFA are for the sole purpose of a statewide mortgage assistance program, administrative costs in the utilization of NMS funds will be reimbursed by NMS and will not be considered part of the Agency operating budget,
    - ii. Hire the requisite staff and contractors,
    - iii. Build the necessary systems and infrastructure,

iv. Execute requisite agreements and contracts,

v. Take all of the necessary and proper actions, at the discretion of the Executive Director, to create and administer the NMS-funded mortgage assistance program efficiently and effectively.

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. 21-14 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 22nd day of July 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:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 22nd day of July 2021.

ATTEST: ____________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: Board of Directors **Date:** May 25, 2020

From: Timothy Hsu, Interim Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY

Subject: ANNUAL INVESTMENT REPORT

In 2012, the Board adopted an investment policy and asked for a periodic investment report. Attached for your information is an investment report as of June 30, 2020, the end date for the most recent fiscal year. This report shows that CalHFA moneys continue to be invested in accordance with the Board-approved investment policy.

INVESTMENT REPORT
JUNE 30, 2020

SUMMARY

As of June 30, 2020, CalHFA had $1.2 billion of cash equivalents and investments (together "investments"), see Table 1 on page 4.

The portfolio is still heavily concentrated in the State Investment Pool (78% of the total), which means the investment earnings are likely to remain low (Table 1). The State Investment Pool's year-to-date yield at June 30, 2020 was 1.93%. The persistence of lower interest rates is the key risk of the investment portfolio.

STATE INVESTMENT POOL (SURPLUS MONEY INVESTMENT FUND "SMIF")

As shown in the Table 1 on page 4, we have $934.2 billion invested in the State Investment Pool, also referred to as Surplus Money Investment Fund ("SMIF"), which, over time, has given us security, a relatively competitive return (relative to similar investment vehicles such as Money Market Funds), complete liquidity, and administrative simplicity.

As stated in the Investment Policy, we invest most of the non-bond indenture moneys (funds invested under our Housing Assistance Trust, Contract Administration Programs, money received from HUD for the Section 8 projects, servicing impound account moneys, funds held in the Agency's operating account and general reserves of the Agency), in the SMIF (Table 1).

The State's treasury operations are managed in compliance with the California government code and according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments. The Pooled Money Investment Account (PMIA) operates with the oversight of the Pooled Money Investment Board (consisting of the State Treasurer, the State Controller and Director of Finance).

SECURITIES

Tables 2-4 provide additional information about the $258.1 million (fair market value) of securities held by the Agency, which are Fannie Mae and Ginnie Mae securities backed by loans originated for our single family and multifamily programs.

U.S. BANK N.A. COMMERCIAL PAPER

The Agency invests funds under the Residential Mortgage Revenue Bond and the Affordable Multifamily Housing Revenue Bond indentures in U.S. Bank Open Commercial Paper (CP). On these transactions, U.S. Bank also serves as the bond trustee. The Open CP agreements are unsecured promissory notes issued by U.S. Bank National Association and are not insured by Federal Deposit Insurance Corporation ("FDIC") or guaranteed by any governmental agency or authority, or by U.S. Bank N.A. The Open CP has a short term rating of A1+/P1 and a long term rating of AA- . At June 30, 2020, the amount deposited in CP was $1.0 million (Table 1).

MONEY MARKET AND BANK DEPOSITS

Occasionally the Agency will have on deposit, with our bond trustee, bond (indenture) funds which the bond trustee sweeps, nightly, into a U.S. Treasury money market fund. At June 30, 2020, the amount deposited in the MMF was $5.4 million (Table 1).

CalHFA Investments Summary

Table 1: Amount Invested ($ in millions)					
Investment Type	**Bond Indentures**	**CalHFA G-O**	**Admin**	**NIBP**	**Total**
State Investment Pool	163.0	173.8	597.4	0.0	934.2
Securities (market value)	19.6	213.3	0.0	25.2	258.1
U.S. Bank Open CP	0.0	0.0	0.0	1.0	1.0
Money Market Funds	3.4	2.0	0.0	0.0	5.4
Totals	$ 186.0	$ 389.1	$ 597.4	$ 26.2	$ 1,198.7

Table 2: Investments in Securities by Type
June 30, 2020

Type of Investment	Par Value: Program	Par Value: Reserve	Par Value: Unencumbered	Par Value: Total	Book Value	Market Value
GNMA Securities	$ 23,510,865	$ 4,377,533	$ 74,045,285	$ 101,933,683	$ 101,933,683	$ 108,800,591
FNMA Securities	$ -	$ 14,144,373	$ 120,113,534	$ 134,257,906	$ 134,257,906	$ 149,381,914
Totals	$ 23,510,865	$ 18,521,906	$ 194,158,818	$ 236,191,589	$ 236,191,589	$ 258,182,505

Table 3: Securities Detail by Type
June 30, 2020

Type of Investment	Par Value	Market Value	Yearly Interest	Dollar Days	Weighted Avg Coupon	Weighted Avg Remaning Mat
GNMA Securities	$ 101,933,683	$ 108,800,591	$ 3,634,229	$ 903,530,361,358	3.57%	24.27
FNMA Securities	$ 134,257,906	$ 149,381,914	$ 5,185,158	$ 1,048,064,079,494	3.86%	21.37
Totals	$ 236,191,589	$ 258,182,505	$ 8,819,387	$ 1,951,594,440,853		

Table 4: Investments in Securities by Account

June 30, 2020

Indenture or Account Description	Par Value Program Account Assets	Par Value Reserve Account Assets	Par Value Unencumbered Assets	Total Par Value	Market Value
Home Mortgage Revenue Bonds	$ -	$ 18,521,906	$ -	$ 18,521,906	$ 19,649,293
Residential Mortgage Revenue Bonds	$ 23,510,865	$ -	$ -	$ 23,510,865	$ 25,209,849
Housing Assistance Trust	$ -	$ -	$ 165,620,415	$ 165,620,415	$ 181,372,565
Federal Home Loan Bank	$ -	$ -	$ 991,165	$ 991,165	$ 1,030,811
Emergency Reserve Account	$ -	$ -	$ 27,547,238	$ 27,547,238	$ 30,919,987
Totals	$ 23,510,865	$ 18,521,906	$ 194,158,818	$ 236,191,589	$ 258,182,505

State of California

M E M O R A N D U M

To: Board of Directors Date: July 22, 2021

Kate Ferguson, Director of Multifamily
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: UPDATE ON MULTIFAMILY LOAN PRODUCTION

CalHFA offers a variety of loan programs with competitive rates and long-term financing to advance the creation and preservation of affordable housing for people who truly need it. CalHFA's Taxable, Tax-Exempt, and/or CalHFA funded Permanent Loan programs provide competitive long-term financing for affordable multifamily rental housing projects. The CalHFA Mixed-Income Program provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units between 30% and 120% of county Area Median Income. The CalHFA Conduit Issuer Program (Conduit Program) is designed to facilitate both for-profit and non-profit developers in accessing tax-exempt and taxable bonds for the financing of family and senior affordable and mixed-income housing developments. The goals of the programs are to increase and preserve the supply of affordable rental housing, maintain a quality living environment, leverage private sector funds to the greatest extent possible, and to cooperate with local jurisdictions to advance affordable housing goals.

FY 2020-21 Conduit Issuance as of June 30, 2021

	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Tax Exempt Loan	Taxable Loan	Recycled Bonds
Conduit Pool Securitization Program									
1	2019-1 Class A & Class X Certificates	Conduit - Citi	Various	Various	5,158	03/25/2021	$522,633,454	-	-
							$ 522,633,454	$ -	$ -

	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Tax Exempt Loan	Taxable Loan	Recycled Bonds
Multifamily Conduit Transactions									
(Closed)									
1	AJ Apartments (fka Revolve)	Conduit - Reg Only	Sacramento	Individuals/Families	332	07/24/2020	$85,000,000	-	-
2	Meadow View Place	Conduit - Reg Only	Truckee	Individuals/Families	56	07/27/2020	$14,500,000	$2,500,000	-
3	CCBA Senior Garden Apts	Conduit - Reg Only	San Diego	Senior	45	07/28/2020	$8,000,000	-	-
4	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	$24,000,000	-	$12,000,000
5	833 Bryant Street Apartments	Conduit - Reg Only	San Francisco	Individuals/Families	146	07/29/2020	$33,282,714	-	-
6	Courtyards at Cottonwood	Conduit - Reg Only	Moreno Valley	Individuals/Families	81	08/07/2020	$18,000,000	-	-
7	Mission Gateway	Conduit - MIP	Los Angeles	Individuals/Families	356	08/18/2020	$90,000,000	-	-
8	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	$17,000,000	-	-
9	The Monarch at Chinatown	Conduit - PTO	Fresno	Family	57	08/19/2020	$17,228,153	-	-
10	Hayward Mission Apts	Conduit - MIP	Hayward	Family/Senior	140	08/26/2020	$37,200,000	$12,000,000	-
11	The Parkway Apartments	Conduit - MIP & Perm	Folsom	Individuals/Families	72	09/08/2020	$16,800,000	$2,200,000	-
12	Light Tree Two	Conduit - Reg Only	East Palo Alto	Individuals/Families	128	09/25/2020	$55,785,000	$33,881,988	-
13	Light Tree Three	Conduit - Reg Only	East Palo Alto	Individuals/Families	57	09/25/2020	$24,642,500	$10,282,061	-
14	Valencia Point	Conduit - MIP	San Diego	Individuals/Families	102	09/30/2020	$25,439,115	$11,000,000	-
15	Arden Way Apartments	Conduit - MIP & Perm	Sacramento	Individuals/Families	120	10/07/2020	$26,466,000	$7,605,546	-
16	Brand Haven Senior Apartments	Conduit - MIP & Perm	Fresno	Senior	180	10/13/2020	$18,525,000	$3,975,000	-
17	Beacon Villa	Conduit - MIP & Perm	Pittsburg	Individuals/Families	54	10/21/2020	$19,000,000	$9,300,000	-
18	1717 S Street	Conduit - MIP	Sacramento	Individuals/Families	159	10/27/2020	$39,140,000	-	-
19	Vintage at Woodman	Conduit - MIP	Los Angeles	Senior	239	11/13/2020	$45,000,000	-	-
20	Twin Oaks Senior Apts	Conduit - MIP	Oakley	Senior	130	11/18/2020	$31,000,000	-	-
21	One Lake Family Apartments	Conduit - MIP & Perm	Fairfield	Individuals/Families	190	11/20/2020	$45,500,000	$27,000,000	-
22	The Atchison	Conduit - MIP	Pittsburg	Individuals/Families	202	12/01/2020	$47,100,000	$26,275,000	-
23	Kawana Springs Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	151	12/01/2020	$38,250,000	$17,300,000	-
24	Hayes Valley North	Conduit - Reg Only	San Francisco	Individuals/Families	84	01/19/2021	$49,000,000	-	-
25	Hope on Avalon	Conduit - Reg Only	Los Angeles	Individuals/Families	88	01/29/2021	$23,390,000	$10,573,000	-
26	Santa Rosa Avenue Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	154	01/29/2021	$39,700,000	$17,700,000	-
27	Heritage Common Phase III	Conduit - Reg Only	Dixon	Individuals/Families	44	01/29/2021	$8,000,000	-	-
28	Douglas Park Apts	Conduit - Reg Only	Compton	Individuals/Families	72	02/25/2021	$14,555,000	-	-
29	The Helm	Conduit - MIP	San Diego	Individuals/Families	78	03/11/2021	$20,524,006	-	-
30	South Bay Villa	Conduit - Reg Only	Los Angeles	Individuals/Families	80	05/27/2021	$16,300,000	-	-
31	921 Howard Street Apts	Conduit - MIP & Perm	San Francisco	Individuals/Families	203	06/02/2021	$89,339,803	$8,424,756	-
32	1322 O Street	Conduit - Reg Only	Sacramento	Family/Senior	55	06/03/2021	$10,305,237	-	-
33	Gateway Apartments	Conduit - Perm	Menlo Park	Individuals/Families	140	06/16/2021	$65,000,000	$24,947,232	-
34	Healdsburg Scattered Site	Conduit - Reg Only	Healdsburg	Individuals/Families	90	06/25/2021	$22,682,424	-	-
					4,249		$ 1,135,654,952	$ 224,964,583	$ 12,000,000

Total Conduit Issuance: $1,372,619,535

FY 2020-21 Permanent & Subsidy Loan Conversions as of June 30, 2021

	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Permanent Loan Amount	Subsidy Loan Amount
Multifamily Permanent & Subsidy Transactions								
(Closed)								
1	Whittier and Downey SE	Perm	Los Angeles	Family	71	10/16/2020	$6,500,000	-
2	Redwood Oaks Apts	Perm	Redwood City	Family	36	01/29/2021	$5,785,000	-
3	Heritage Plaza Apartments	Conduit - Perm	Redding	Family	180	03/25/2021	$9,954,000	$2,006,000
4	Gravenstein Apartments	Perm	Sebastopol	Family	60	05/13/2021	$3,310,200	-
5	Montevista Apartments	Perm	Milpitas	Family	306	06/14/2021	$44,267,432	-
					653		$ 69,816,632	$ 2,006,000

Total Permanent & Subsidy Loan Conversions: $71,822,632

FY 2020-21 Permanent & Subsidy Loan Commitments as of June 30, 2021

	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Permanent Loan	Subsidy Loan
Multifamily Permanent & Subsidy Transactions								
(Closed)								
1	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	$15,000,000	-
2	Reedley Village	Perm & Subsidy	Reedley	Family	32	08/12/2020	$1,050,000	$640,000
3	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	$6,610,000	-
4	The Monarch at Chinatown	Conduit - Perm	Fresno	Family	57	08/19/2020	$2,135,000	$775,000
5	The Parkway Apartments	Conduit - MIP & Perm	Folsom	Individuals/Families	72	09/08/2020	$7,500,000	-
6	Arden Way Apartments	Conduit - MIP & Perm	Sacramento	Individuals/Families	120	10/07/2020	$12,435,000	-
7	Brand Haven Senior Apartments	Conduit - MIP & Perm	Fresno	Senior	180	10/13/2020	$10,459,902	-
8	Beacon Villa	Conduit - MIP & Perm	Pittsburg	Individuals/Families	54	10/21/2020	$13,091,000	-
9	One Lake Family Apartments	Conduit - MIP & Perm	Fairfield	Individuals/Families	190	11/20/2020	$25,780,000	-
10	Panas Place	Perm	Santa Rosa	Individuals/Families	66	02/26/2021	$6,400,000	-
11	West Oaks Apartments	Perm	Santa Rosa	Individuals/Families	53	02/26/2021	$4,750,000	-
12	921 Howard Street Apts	Conduit - MIP & Perm	San Francisco	Individuals/Families	203	05/26/2021	$43,542,000	
13	Gateway Apartments	Conduit - Perm	Menlo Park	Individuals/Families	140	06/16/2021	$47,615,000	$3,500,000
					1,331		$ 196,367,902	$ 4,915,000

Total Permanent & Subsidy Loan Commitments: $201,282,902

FY 2020-21 Mixed Income Program Loan Commitments as of June 30, 2021

	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	MIP Loan
Multifamily Mixed Income Program Transactions							
(Closed)							
1	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	$4,750,000
2	Mission Gateway	Conduit - MIP	Los Angeles	Individuals/Families	356	08/18/2020	$15,500,000
3	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	$4,388,000
4	Hayward Mission Apts	Conduit - MIP	Hayward	Family/Senior	140	08/26/2020	$5,000,000
5	The Parkway Apartments	Conduit - MIP & Perm	Folsom	Individuals/Families	72	09/08/2020	$3,350,000
6	Valencia Point	Conduit - MIP	San Diego	Individuals/Families	102	09/30/2020	$4,040,000
7	Arden Way Apartments	Conduit - MIP & Perm	Sacramento	Individuals/Families	120	10/07/2020	$7,610,000
8	Brand Haven Senior Apartments	Conduit - MIP & Perm	Fresno	Senior	180	10/13/2020	$4,500,000
9	Beacon Villa	Conduit - MIP & Perm	Pittsburg	Individuals/Families	54	10/21/2020	$6,350,000
10	1717 S Street	Conduit - MIP	Sacramento	Individuals/Families	159	10/27/2020	$7,900,000
11	Vintage at Woodman	Conduit - MIP	Los Angeles	Senior	239	11/13/2020	$11,850,000
12	Twin Oaks Senior Apts	Conduit - MIP	Oakley	Senior	130	11/18/2020	$5,160,000
13	One Lake Family Apartments	Conduit - MIP & Perm	Fairfield	Individuals/Families	190	11/20/2020	$14,255,000
14	The Atchison	Conduit - MIP	Pittsburg	Individuals/Families	202	12/01/2020	$10,000,000
15	Kawana Springs Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	151	12/01/2020	$7,450,000
16	Santa Rosa Avenue Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	154	01/29/2021	$7,600,000
17	The Helm	Conduit - MIP	San Diego	Individuals/Families	78	03/11/2021	$3,785,968
18	921 Howard Street Apts	Conduit - MIP & Perm	San Francisco	Individuals/Families	203	05/26/2021	$10,150,000
					2,694		$ 133,638,968

Total Mixed Income Loan Commitments: $133,638,968

FY 2020-21 Special Needs Housing Program Loan Conversions as of June 30, 2021

		Project Name	Underwriting Type	City	Project Type	Units	Closing Date	SNHP Loan
Multifamily Special Needs Housing Program Transactions								
(Closed)								
1		Courson Arts Colony West	SNHP/MHSA	Palmdale	Family	84	07/16/2020	$855,000
2		The Groves	SNHP/MHSA	San Juan Capistrano	Senior	75	09/04/2020	$1,574,810
3		Beacon Pointe	SNHP/MHSA	Long Beach	Senior	121	10/30/2020	$1,000,000
4		Ruth Teague Homes	SNHP/MHSA	Los Angeles	Individuals/Families	52	12/11/2020	$1,300,000
5		Airport Inn Apartments	SNHP/MHSA	Buena Park	Individuals/Families	58	12/15/2020	$4,409,468
6		Alegre Commons	SNHP/MHSA	Fresno	Individuals/Families	42	12/23/2020	$2,800,000
7		Legacy Square	SNHP/MHSA	Santa Ana	Individuals/Families	93	02/11/2021	$1,514,240
8		Benson Place (fka Hollister Apartments)	SNHP/MHSA	San Diego	Individuals/Families	83	03/30/2021	$3,775,000
9		Villa Serena Apts. I	SNHP/MHSA	San Marcos	Family	85	03/30/2021	$1,067,000
10		Olive Grove	SNHP/MHSA	Corning	Individuals/Families	32	04/01/2021	$877,773
11		Casa Paloma	SNHP/MHSA	Midway City	Individuals/Families	71	04/09/2021	$6,688,000
						796		$25,861,291

Total Special Needs Housing Program Loan Conversions: $25,861,291

Mixed Income Program (MIP) Details

MIP 2019 Allocation to CalHFA from SB-2: $47.4 million

MIP 2020 Allocation to CalHFA from SB-2 & AB101: $180 million

The breakdown of 2019 & 2020 MIP projects that received final loan commitments from CalHFA is as follows:

- **MIP 2019 Projects:** $43.75 million total
  - 7 Projects
    - 7 Projects closed on construction financing and under construction
  - 1,296 Units
    - 1,296 Units closed on construction financing and under construction

- **MIP 2020 Projects:** $125.94 million total
  - 16 Projects
    - 16 Projects closed on construction financing and under construction
  - 2,453 Units
    - 2,453 Units closed on construction financing and under construction

State of California

M E M O R A N D U M

To: Board of Directors **Date:** July 1, 2021

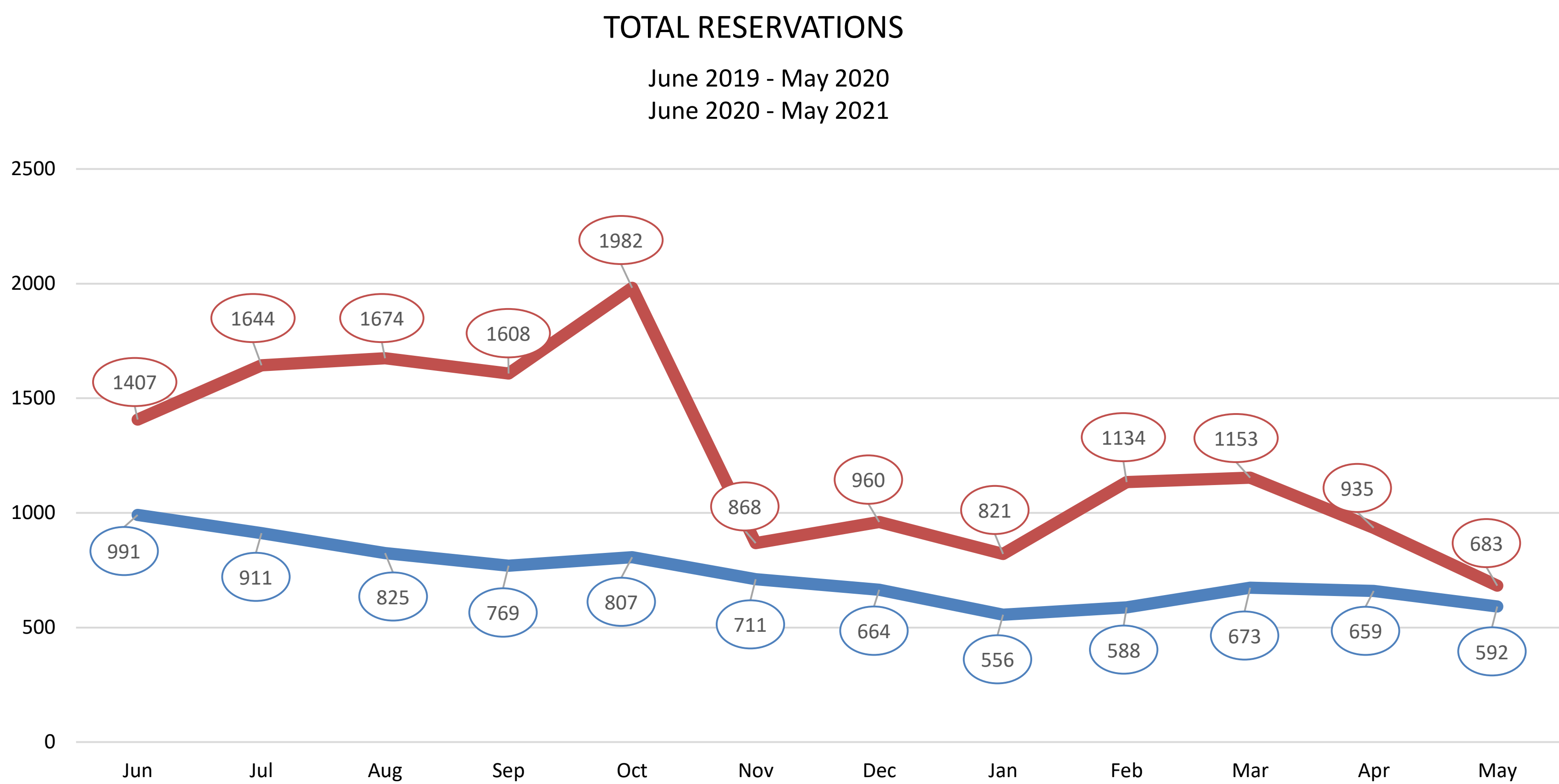
From: Timothy Hsu, Director of Single Family Programs
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Single Family Loan Production Report (May 2021)

Highlights:

- Reservations Fiscal Year 2020-21: 7700+
- Securitization Fiscal Year 2020-21: 7000+ ($2.2Bn)
- About 1/3 of our production are from 3 counties:
    - San Bernardino
    - Riverside
    - Sacramento

Reservations down from last year



FY 2020/21 Totals:		
Conventional	2283	30%
FHA	5435	70%
	7718	

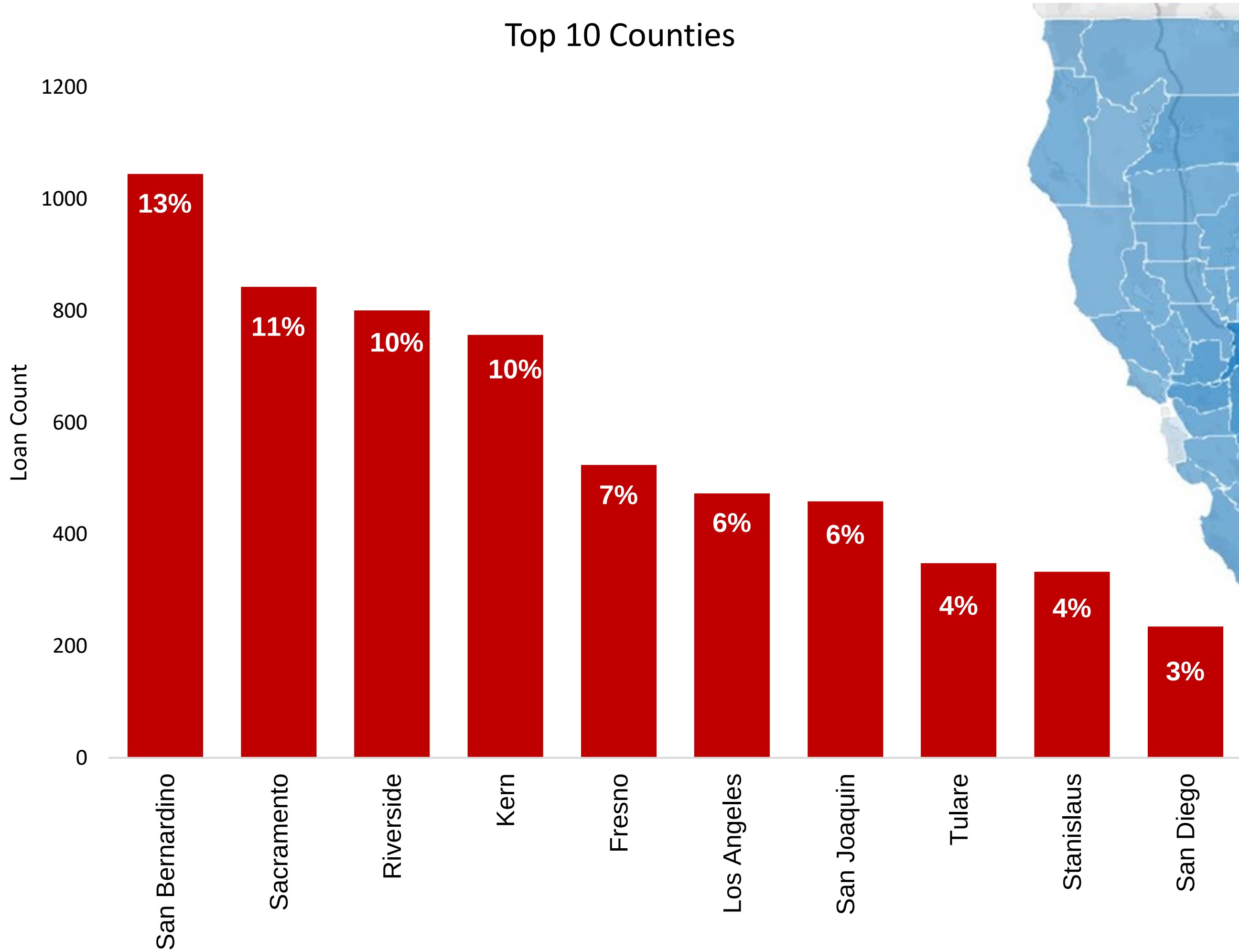
Totals:

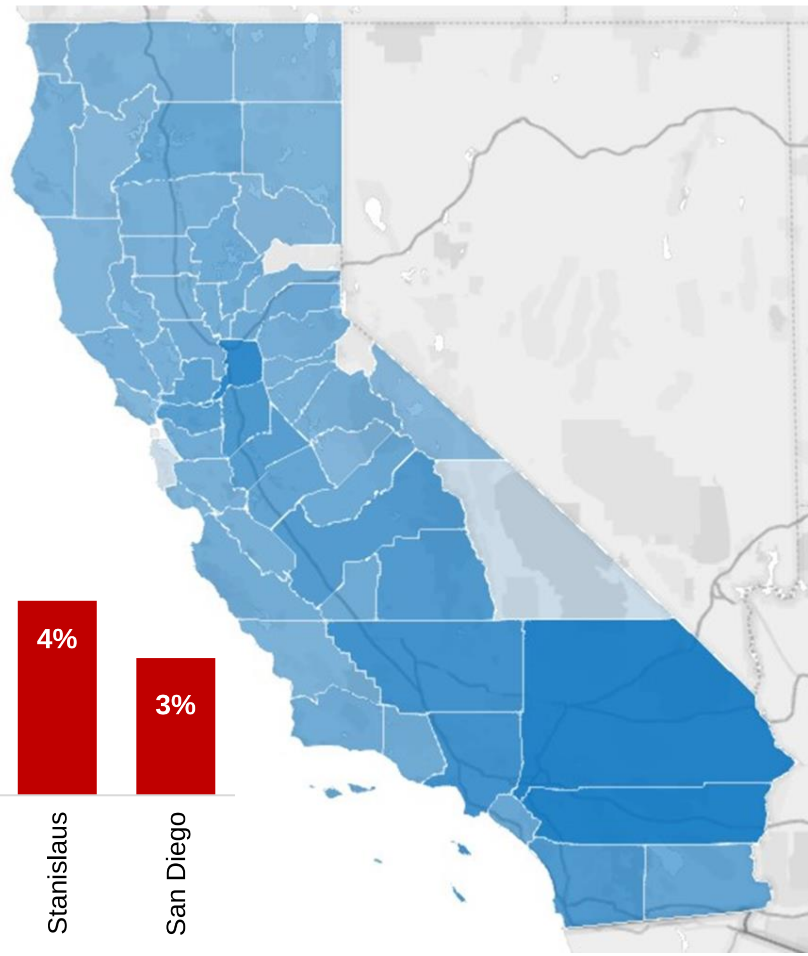
June 2019 - May 2020 = 14869
June 2020 - May 2021 = 8746

FY 2020/21 Totals

FHA with ZIP	**4930**	**1,590,614,009**	**73%**
FHA no ZIP	**221**	**60,797,611**	
VA	**8**	**2,947,620**	
USDA	**12**	**3,139,133**	
Conventional with ZIP	**1360**	**487,097,851**	
Conventional no ZIP	**111**	**39,327,633**	**27%**
LI/VLI Conventional with ZIP	**394**	**104,545,113**	
LI/VLI Conventional no ZIP	**23**	**5,817,900**	
	7059	**2,294,286,870**	

Where are our borrowers?





State of California

MEMORANDUM

To: **Board of Directors** **Date:** July 15, 2021

From: Francesc Martí, Director of Legislation and Policy
CALIFORNIA HOUSING FINANCE AGENCY

Subject: LEGISLATIVE UPDATE

The last few months in the State Legislature have been dominated by budget negotiations. The main budget bill and the budget bill junior were signed by the Governor on June 28 and the housing trailer bill was passed on July 15th, 2021. The Legislature's full summary of the housing trailer bill is available here.

The final budget includes the following housing items: $5.2 billion to cover past-due rent payments, $1.75 billion for backlogged HCD projects awaiting bond and tax credit allocations, $2.7 billion over the next two years for Project Homekey, another round of $500 million in State Low Income Housing Tax Credits, $300 million for preservation, and $534.1 million for the Infill Infrastructure Grant Program.

CalHFA will be administering two new initiatives in the 2021-22 State Budget: $100 million for homebuyer assistance, which CalHFA plans to use to provide higher assistance levels to households are the lower end of the homebuyer income spectrum, and $81 million in federal stimulus funds to supplement the $19 million CalHFA is already deploying to stand up a new Accessory Dwelling Unit (ADU) program. The State Budget also contains a restoration of $45 million in AB101 funds that were cut in the 2020-2021 budget. In addition, the State Treasurer's Office, in consultation with HCD and CalHFA, will be studying a new large-scale homeownership initiative called the California Dream for All program.

The regular session is gearing up for the homestretch period after legislators come back from summer recess on August 16th. At that point each house will be considering a narrowed down list of bills having originated in the other chamber that are still alive for the year. September 10 is the last day for any bill to be passed. Below is a non-exhaustive list of housing bills still active this session that can be considered during this final stage of the legislative process.

AB 68 (Quirk-Silva) Department of Housing and Community Development: California Statewide Housing Plan: annual reports

This bill would revise and recast certain provisions related to the California Statewide Housing Plan. The bill would, starting with any update or revision to the plan on or after January 1, 2023, require the plan to include specified information, including, among other things, an inventory number of affordable units needed to meet the state's affordable housing needs and an identification of strategies to help individuals experiencing homelessness.

Status:7/12/21-From committee: Read second time and amended. Re-referred to Com on APPR

AB 215 (Chiu) Housing element: regional housing need: relative progress determination

This bill, starting with the 6th housing element revision, would require the department to determine the relative progress toward meeting regional housing needs of each jurisdiction, council of governments, and subregion, as specified. The bill would require the department to make this determination based on the information contained in the annual reports submitted by each jurisdiction, as specified.

Status: 7/12/2021-In committee: Hearing postponed by committee

AB 447 (Grayson) Income taxes: low-income housing tax credits

This bill would revise and expand, for purposes of the definition of "at risk of conversion," the types of programs that qualify as governmental assistance.

Status: 7/8/21-From committee: Do pass and re-refer to Com on APPR with recommendation: To Consent Calendar

AB 491 (Ward) Housing: affordable and market rate units

Would require that a mixed-income multifamily structure provide the same access to the common entrances, common areas, and amenities of the structure to occupants of the affordable housing units in the structure as is provided to occupants of the market-rate housing units. The bill would also prohibit a mixed-income multifamily structure from isolating the affordable housing units within the structure to a specific floor or an area on a specific floor.

Status: 7/1/21-From committee: Do pass and re-refer to Com on APPR

AB 561 (Ting) Help Homeowners Add New Housing Program: accessory dwelling unit financing

This bill would authorize the Treasurer, within 6 months of the effective date of these provisions, to develop the Help Homeowners Add New Housing Program with the purpose of assisting homeowners, as defined, in qualifying for loans to construct additional housing units on their property, including accessory dwelling units and junior accessory dwelling units. The bill would, with regard to the development of the program, authorize the Treasurer to consult with the California Housing Financing Agency, the Department of Housing and Community Development, and various other entities, including private lenders, community development financial institutions, community-based organizations, and local housing trust funds.

Status: 7/12/21-Read second time and amended. Re-referred to Com on APPR

AB 571 (Mayes) Planning and zoning: density bonuses: affordable housing

This bill would prohibit affordable housing impact fees, including inclusionary zoning fees and in-lieu fees, from being imposed on a housing development's affordable units.

Status: 7/1/21-From committee: Do pass and re-refer to Com on APPR

AB 634 (Carrillo) Density Bonus Law

This bill would provide that, if permitted by local ordinance, the Density Bonus Law is not to be construed to prohibit a city, county, or city and county from requiring an affordability period that is longer than 55 years for any units that qualified the applicant for the award for the density bonus developed in compliance with a local ordinance that requires, as a condition of development of residential units, that a development include a certain percentage of units that are affordable to, and occupied by low-income, lower income, very low income, or extremely low income households and that will be financed without low-income housing tax credits.

Status: 6/21/21-Read second time. Ordered to third reading

AB 721 (Bloom) Covenants and restrictions: affordable housing

Would make any recorded covenants, conditions, restrictions, or limits on the use of private or publicly owned land contained in any deed, contract, security instrument, or other instrument affecting the transfer or sale that restricts the number, size, or location of the residences that may be built on the property, or that restricts the number of persons or families who may reside on the property, unenforceable against the owner of an affordable housing development, as defined, if an approved restrictive covenant affordable housing modification document has been recorded in the public record, as provided, unless a specified exception applies.

Status: 7/14/21-From committee: Do pass and re-refer to Com on APPR

AB 803 (Boerner Horvath) Starter Home Revitalization Act of 2021

Current law provides for various incentives intended to facilitate and expedite the construction of affordable housing. This bill would authorize a development proponent to submit an application for the construction of a small home lot development, as defined, that meets specified criteria. The bill would require a small home lot development to be located on a parcel that is no larger than 5 acres, is substantially surrounded by qualified urban uses, as defined, and is zoned for multifamily residential use.

Status: 7/14/21-In committee: Hearing postponed by committee

AB 816 (Chiu) State and local agencies: homelessness plan: Housing Trust Fund: housing projects

Current law requires the Governor to create the Homeless Coordinating and Financing Council and to appoint up to 19 members of that council, as provided. This bill, upon appropriation by the Legislature or upon receiving technical assistance offered by HUD, if available, would require the coordinating council to conduct, or contract with an entity to conduct, a statewide needs and gaps analysis to, among other things, identify state programs that provide housing or services to persons experiencing homelessness and create a financial model that will assess certain investment needs for the purpose of moving persons experiencing homelessness into permanent housing.

Status: 7/7/21-From committee: Do pass and re-refer to Com on APPR

AB 977 (Gabriel) Homelessness program data reporting: Homeless Management Information System

Would require, on or before January 1, 2023, that a grantee or entity operating specified state homelessness programs, including the No Place Like Home Program, as a condition of receiving state funds, to enter the collected data elements on the individuals and families it serves into its local Homeless Management Information System, unless otherwise exempted by state or federal law.

Status: 7/12/21-Read second time and amended. Re-referred to Com on APPR

AB 1029 (Mullin) Housing elements: pro-housing local policies

Would add the preservation of affordable housing units through the extension of existing project-based rental assistance covenants to avoid the displacement of affected tenants and a reduction in available affordable housing units to the list of specified prohousing local policies.

Status: 7/9/21-From committee chair, with author's amendments: Amend and re-refer to committee. Read second time, amended, and re-referred to Com on APPR

AB 1043 (Bryan) Housing programs: rental housing developments: affordable rent

This bill, for leases entered into on or after January 1, 2022, would additionally prohibit "affordable rent" for certain rental housing developments that receive assistance from exceeding the product of 30 percent times 15 percent of the area median income adjusted for family size appropriate for the unit if the household is an "acutely low income household," as defined to mean persons and families whose incomes do not exceed 15 percent of area median income, adjusted for family size, as specified.

Status: 7/8/21-From committee: Do pass and re-refer to Com on APPR

AB 1288 (Quirk-Silva) Taxation: income: insurance: tax credits: low-income housing

Current law establishes a low-income housing tax credit program pursuant to which CTCAC provides procedures and requirements for the allocation, in modified conformity with federal law, of state insurance, personal income, and corporation tax credit amounts to qualified low-income housing projects that have been allocated, or qualify for, a federal low-income housing tax credit, and farmworker housing. Current law provides for an additional allocation of $500,000,000 in low-income housing tax credits for the 2020 calendar year and up to $500,000,000 for the 2021 calendar year and thereafter. Current law provides that the additional amount for the 2021 calendar year and thereafter is available only if the Budget Act or related legislation specifies an amount available for allocation. This bill would, instead, provide that the above-described allocation of an additional $500,000,000 in low-income housing tax credits applies only with respect to the 2020 and 2021 calendar years.

Status: 7/5/21-In committee: Hearing posted by committee

AB 1401 (Friedman) Residential and commercial development: remodeling, renovations, and additions: parking requirements

Would prohibit a public agency in a county with a population of 600,000 or more from imposing a minimum automobile parking requirement, or enforcing a minimum automobile parking requirement, on residential, commercial, or other development if the development is located on a parcel that is within1/2 mile, as specified, of public transit, as defined. The bill would prohibit a public agency in a city with of 75,000 or more located in a county with a population of less than 600,000 from imposing a minimum automobile parking requirement, or enforcing a minimum automobile parking requirement, on residential, commercial, or other development if the project is located within 1/4 mile, as specified, of public transit, as defined. The bill would create authorizations in this regard for a city or a county to which these prohibitions do not apply.

Status: 7/8/21-From committee: Do pass and re-refer to Com on APPR

SB 6 (Caballero) Local planning: housing: commercial zones

This bill, the Neighborhood Homes Act, would deem a housing development project, as defined, an allowable use on a neighborhood lot, which is defined as a parcel within an office or retail commercial zone that is not adjacent to an industrial use. The bill would require the density for a housing development under these provisions to meet or exceed the density deemed appropriate to accommodate housing for lower income households according to the type of local jurisdiction, including a density of at least 20 units per acre for a suburban jurisdiction.

Status: 5/24/21-Read third time. Passed. Ordered to the Assembly. Read first time. Held at Desk

SB 8 (Skinner) Housing Crisis Act of 2019

Would clarify, for various purposes of the Housing Crisis Act of 2019, that “housing development project” includes projects that involve no discretionary approvals, projects that involve both discretionary and nondiscretionary approvals, and projects that include a proposal to construct a single dwelling unit. The bill would specify that this clarification is declaratory of existing law.

Status:7/5/21-Read second time and amended. Re-referred to Com on APPR

SB 9 (Atkins) Housing development: approvals

This bill, among other things, would require a proposed housing development containing no more than 2 residential units within a single-family residential zone to be considered ministerially, without discretionary review or hearing, if the proposed housing development meets certain requirements, including, but not limited to, that the proposed housing development would not require demolition or alteration of housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income, that the proposed housing development does not allow for the demolition of more than 25% of the existing exterior structural walls, except as provided, and that the development is not located within a historic district, is not included on the State Historic Resources Inventory, or is not within a site that is legally designated or listed as a city or county landmark or historic property or district.

Status: 6/23/21-From committee: Do pass and re-refer to Com on APPR.

SB 10 (Wiener) Planning and zoning: housing development: density

Would, notwithstanding any local restrictions on adopting zoning ordinances, authorize a local government to adopt an ordinance to zone any parcel for up to 10 units of residential density per parcel, at a height specified in the ordinance, if the parcel is located in a transit-rich area or an urban infill site, as those terms are defined.

Status: 7/6/21-Read second time. Ordered to third reading

SB 290 (Skinner) Density Bonus Law: qualifications for incentives or concessions: student housing for lower income students: moderate-income persons and families: local government constraints

Current law requires the amount of a density bonus and the number of incentives or concessions a qualifying developer receives to be pursuant to a certain formula based on the total number of units in the housing development, as specified. This bill would require a unit designated to satisfy the inclusionary zoning requirements of a city or county to be included in the total number of units on which a density bonus and the number of incentives or concessions are based. The bill would require a city or county to grant one incentive or concession for a student housing development project that will include at least 20% of the total units for lower income students.

Status: 7/15/21 #23 Assembly Second Reading File

SB 478 (Wiener) Planning and Zoning Law: housing development projects

This bill would prohibit a local agency, as defined, from imposing a floor-to-area ratio standard that is less than 1.0 on a housing development project that consists of 3 to 7 units, or less than 1.25 on a housing development project that consists of 8 to 10 units. The bill would prohibit a local agency from imposing a lot coverage requirement that would physically preclude a housing development project from achieving the floor-to-area ratios described above.

Status: 7/5/21-Read second time and amended. Re-referred to Com on APPR

SB 649 (Cortese) Local governments: affordable housing: local tenant preference

The bill, subject to certain requirements and limitations, would authorize a local government to allow a local tenant preference in an affordable housing rental development to reduce displacement of lower income households with displacement risk beyond local government boundaries by adopting a program that allows preferences in affordable rental housing acquired, constructed, preserved or funded with state or local funds or tax programs.

Status: 6/17/21-Re-referred to Com on RLS pursuant to Assembly Rule 96

SB 679 (Kamlager) Los Angeles County: affordable housing

This bill, the Los Angeles County Regional Housing Finance Act, would establish the Los Angeles County Affordable Housing Solutions Agency and would state that the agency's purpose is to increase affordable housing in Los Angeles County by providing for significantly enhanced funding and technical assistance at a regional level for renter protections, affordable housing preservation, and new affordable housing production, as specified. housing preservation, and new affordable housing production, as specified. The bill would require a board composed of 19 voting members and one nonvoting member from Los Angeles County, as specified, to govern the agency.

Status: 6/2/21-In Assembly. Read first time. Held at Desk

SB 791 (Cortese) California Surplus Land Unit

Would, upon appropriation by the Legislature, establish the California Surplus Land Unit within the Department of Housing and Community Development with the primary purpose of facilitating the development and construction of residential housing on local surplus land, as defined.

Status: 7/14/21-Read second time and amended. Re-referred to Com on APPR

State of California

M E M O R A N D U M

To: Board of Directors   Date: July 7, 2021

From: Kate Ferguson, Director of Multifamily Programs
CALIFORNIA HOUSING FINANCE AGENCY

Subject: ASSET MANAGEMENT QUARTERLY PORTFOLIO REPORT

The CalHFA Asset Management Portfolio is comprised of 837 projects with a balance of $1.228 billion in financing as of June 30, 2021. The CalHFA portfolio consists of 16,987 affordable home units throughout the State of California.

The portfolio is broken down by type of program as follows:

12	Section 8 Housing Program
98	Risk Share
331	80/20 financing loans - CalHFA Financed Program
184	Mental Health Services Act/Special Needs Housing Program
77	Conduit
22	Section 811 Housing
115	School Facility Fee Reimbursement Program
839	Total

The portfolio has a low delinquency rate of 0.32% which includes two projects. There are three projects on the Watch List for various issues such as untimely submission of annual reports, lack of compliance with the regulatory agreement, or pending completion of physical improvements recommended at time of inspection.

Preservation Strategy

There are 44 Loans scheduled to mature within the next five years. The Multifamily Program has initiated a preservation strategy of the existing portfolio in an effort to extend affordability of the CalHFA financed projects.

The goals of the Multifamily Asset Management Program are to increase and preserve the supply of affordable housing, assure the maintenance of a quality living environment, assure the projects are financially sound and sustainable, and to cooperate with local jurisdictions to advance affordable housing throughout the State.

CalHFA California Housing Finance Agency

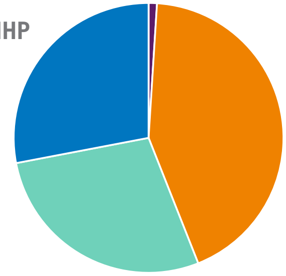
ASSET MANAGEMENT QUARTERLY PORTFOLIO REPORT

As of June 30, 2021

PROGRAMS

Type	# Projects	UPB	%
Section 8 Program	12	$12,672,147	1%
Risk Share	98	$526,902,449	43%
80/20 CalHFA Financed Program	331	$339,366,724	28%
MHSA/SNHP	184	$349,152,752	28%
Conduit	77	-	0%
Section 811	22	-	0%
School Facility Fee Reimbursement Program	115	-	0%
TOTAL*	**839**	**$1,228,094,072**	

UNPAID PRINCIPAL BALANCE (UPB) BY PROJECT TYPE



* The unpaid principal balance is based on 468 existing projects with loan balances. The portfolio continues to maintain projects without loan balances for purposes of affordability requirements and compliance. 369 projects are being reviewed and maintained for compliance purposes only.

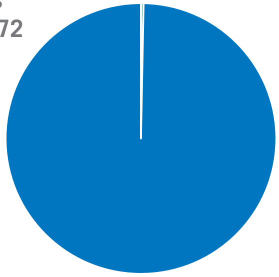
PRESERVATION RISK INDICATORS

Type	# Projects	UPB	%
Projects to be Transferred to AM	71	$1,633,334,411	
Regulatory Agreement Expires <= 5 yrs.	58	$53,796,749	4.38%
Loans Mature <= 5 yrs.	44	$23,659,302	1.93%
Yield Maintenance Requests (last quarter)	17	$38,639,586	3.15%

FINANCIAL RISK INDICATORS

Type	# Projects	UPB	%
Projects w/ DSCR < 1.0	12	$26,923,129	2.19%
Watch List	3	$4,181,318	0.34%
Delinquencies	3	$3,876,154	0.32%

DELINQUENCIES



MAP OF CALHFA MULTIFAMILY PROJECTS IN CALIFORNIA