

AGENDA #7

BUSINESS PLAN

Fiscal Year 2025-26

Rebecca Franklin
Chief Deputy Director

Kelly Madsen
Director of Enterprise Risk Management
& Special Initiatives



- **Drivers and Levers**

- **Capabilities**

- Creativity
- Flexibility
- Innovation
- Collaboration
- Predictive
- Finance
- Influence
- Strategic Focus
- Efficient

- **Thinking Differently** – Our strategic shift from identifying initiatives to asking big questions and developing the capabilities to deliver



**BOARD
MEETING
RECAP**



FY 2025-26 BUSINESS PLAN METHODOLOGY



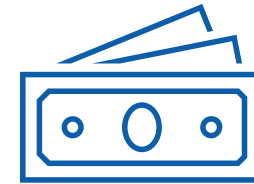
VISION



MISSION



**BUSINESS
PLANNING**



**BUDGET
PLANNING**



FY 2025-26 BUSINESS PLAN

VISION / MISSION



VISION

All Californians living in homes they can afford.



MISSION

Investing in diverse communities with financing programs that help more Californians have a place to call home.



FY 2025-26 BUSINESS PLAN

STRATEGIC AND BUSINESS PLANNING UPDATE



FY 2025-26 BUSINESS PLAN

STRATEGIC AND BUSINESS PLANNING UPDATE



FY 2025-26 BUSINESS PLAN

GOAL 1: LENDING IMPACT



LENDING IMPACT

OBJECTIVES

1. Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics.

PROPOSED FY 2025-26 INITIATIVES

Develop a prioritized list of strategies from the Underserved Communities Outreach Advisory Committee to connect with mortgage-ready homebuyers and provide educational resources for individuals preparing for homeownership. *

Using insights from the tribal outreach campaign, develop a prioritized a list of initiatives that supports building relationships with tribal leadership and housing contacts, and highlights resources available that may benefit the Tribes' housing and financing needs. *

**Denotes alignment with the California Interagency Council on Homelessness Statewide Action Plan.*



FY 2025-26 BUSINESS PLAN

GOAL 1: LENDING IMPACT



LENDING IMPACT

OBJECTIVES

1. Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics.
2. **Expand Single Family program opportunities.**

PROPOSED FY 2025-26 INITIATIVES

1. Evaluate financial resources available to support new program initiatives developed through the supply analysis, ADU financing research*, and Single-Family Market Study and develop prioritized list of potential program offerings linked to available or needed resources.
2. Expand first-time homebuyers down payment and closing cost assistance options through the innovative use of bonds and the MyAccess program.
3. Administer federal and state funded innovative programs addressing California's diverse housing needs.
 - I. Dream for All
 - II. Accessory Dwelling Units*
 - III. National Mortgage Settlement*
 - IV. Mortgage Relief Program
 - V. CalAssist Mortgage Fund

**Denotes alignment with the California Interagency Council on Homelessness Statewide Action Plan.*



SINGLE FAMILY PRODUCTION GOALS FOR FISCAL YEAR 2025–26



Finance \$1.9 billion in single family lending, serving 4,000 homebuyers	Volume	Fee Income	Homeowners
First mortgage securitization	\$1,840,000,000	\$16,100,000	4,000
MyHome down payment assistance	\$60,000,000	\$1,800,000	
Dream For All down payment assistance	\$50,000,000	\$2,500,000 ¹	
	\$1,950,000,000	\$20,400,000	4,000

¹ Dream For All funds to be used to fund servicing and other administrative costs for the life of DFA loans (up to 30 years).



FY 2025-26 BUSINESS PLAN

GOAL 1: LENDING IMPACT



LENDING IMPACT

OBJECTIVES

1. Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics.
2. Expand Single Family program opportunities.
3. **Build the Multifamily portfolio through preservation of existing projects and expansion of new lending and subsidy opportunities.**

PROPOSED FY 2025-26 INITIATIVES

1. Strengthen the resiliency of the MIP Program by researching potential outcomes and developing response strategies to mitigate against potential modifications in funding sources.
2. Explore multifamily lending alternative to provide financing for non-LIHTC development.
3. Explore preservation financing structures and pilot a proof of concept preservation product via existing CalHFA portfolio projects.
4. Explore multifamily lending alternatives to increase the utilization of recycled bonds.



MULTIFAMILY PRODUCTION GOALS FOR FISCAL YEAR 2025-26



Finance \$2.8 billion in multifamily lending, investing in 4,735 units	Volume	Fee Income	Units
Conduit Issuance	\$1,677,675,383	\$1,668,128	2,067
Conduit Issuance (Recycled Bonds)	\$264,907,561	\$184,082	274
Permanent Loan Conversions	\$389,841,906	-	-
Permanent Loan Commitments	\$389,392,139	-	-
Mixed-Income Program (MIP) Subsidy Loan Commitments	\$49,300,000	\$4,333,903	2,394
Mixed-Income Program (MIP) Subsidy Loan Conversions	\$139,321,897	\$4,046,105	-
	\$2,870,438,886	\$10,232,218	4,735



GOAL 2: FINANCIAL SUSTAINABILITY



FINANCIAL SUSTAINABILITY

OBJECTIVES

1. Evaluate and establish new revenue generating business lines with targeted rates of return.

PROPOSED FY 2025-26 INITIATIVES

1. Evaluate opportunities to partner with local public agencies to support the development and operation of affordable multifamily housing.



GOAL 2: FINANCIAL SUSTAINABILITY



FINANCIAL SUSTAINABILITY

OBJECTIVES

1. Evaluate and establish new revenue generating business lines with targeted rates of return.
2. **Grow the Agency's balance sheet, preserve liquidity, and fund operating and financial risk reserves.**

PROPOSED FY 2025-26 INITIATIVES

1. Explore partnerships to identify alternative funding sources outside current revenue bonds, federal financing bank, and to-be-announced executions.
2. Continue to work with Federal Home Loan Bank- San Francisco to implement new financing structures.



GOAL 2: FINANCIAL SUSTAINABILITY



FINANCIAL SUSTAINABILITY

OBJECTIVES

1. Evaluate and establish new revenue generating business lines with targeted rates of return.
2. Grow the Agency's balance sheet, preserve liquidity, and fund operating and financial risk reserves.
3. **Achieve and maintain CalHFA Issuer Ratings of "Aa2" rating from Moody's Investors Service and "AA" rating from S&P Global Ratings.**

PROPOSED FY 2025-26 INITIATIVES

1. Prepare and deliver quarterly exception reports on key financial metrics to the Agency's Investment and Debt Management Committee, including:
 - Return on total assets
 - Net interest margin
 - Equity to assets ratio
2. Annually review all Single Family and Multifamily programs and propose updated fees and pricing to ensure financial sustainability and meet net revenue targets.



FY 2025-26 BUSINESS PLAN

GOAL 3: TRUSTED ADVISOR



TRUSTED ADVISOR

OBJECTIVES

1. Increase our understanding of community needs and systemic biases within our housing finance ecosystems and have findings inform program implementation.

PROPOSED FY 2025-26 INITIATIVES

1. Conduct targeted developer outreach and roundtable discussions to build partnerships, strengthen stakeholder engagement and gather valuable insight to improve our processes and ways of working together.
2. Begin implementation of the Strategic Engagement Plan to strengthen collaboration, enhance communication, and advance the state's affordable housing initiatives.
3. Develop and implement solutions to improve service to and support of homeownership business partners.



FY 2025-26 BUSINESS PLAN

GOAL 3: TRUSTED ADVISOR



TRUSTED ADVISOR

OBJECTIVES

1. Increase our understanding of community needs and systemic biases within our housing finance ecosystems and have findings inform program implementation.
2. **Increase activities and partnerships to strengthen trust with external partners and general public.**

PROPOSED FY 2025-26 INITIATIVES

1. Develop and publish a 3-year Strategic Accomplishment Report, highlighting the CalHFA's progress and key outcomes.
2. Initiate a comprehensive overhaul of the CalHFA website with a focus on modern technologies, accessibility, mobile responsiveness, navigation, and user-centric, plain language design principles to improve overall functionality and experience.



GOAL 4: OPERATIONAL EXCELLENCE



OPERATIONAL EXCELLENCE

OBJECTIVES

1. Embed diversity, equity, accessibility, and inclusion practices.

PROPOSED FY 2025-26 INITIATIVES

1. Continue to assess and implement new initiatives to evolve and strengthen CalHFA's Racial Equity Action Plan (REAP).
2. Enhance vendor diversity within the purchasing and contracting processes to drive improvements and foster more inclusive business practices.
3. Explore Employee Resource Groups that foster inclusion, support, and professional growth.



GOAL 4: OPERATIONAL EXCELLENCE



OPERATIONAL EXCELLENCE

OBJECTIVES

1. Embed diversity, equity, accessibility, and inclusion practices.
2. **Attract highly qualified talent.**

PROPOSED FY 2025-26 INITIATIVES

1. Implement updated Asset Management team structure and professional development plan.
2. Produce and release a promotional video featuring staff/agency to attract prospective talent.
3. Revise and update CalHFA specific housing finance classifications to ensure alignment with current operations and industry trends.



GOAL 4: OPERATIONAL EXCELLENCE



OPERATIONAL EXCELLENCE

OBJECTIVES

1. Embed diversity, equity, accessibility, and inclusion practices.
2. Attract highly qualified talent.
3. **Retain highly qualified talent.**

PROPOSED FY 2025-26 INITIATIVES

1. Implement plan to celebrate key milestones, including CalHFA's 50th Anniversary and significant program successes, fostering a culture of appreciation and engagement.
2. Establish and implement a comprehensive orientation and ongoing education program for staff.
3. Develop ongoing technical job training opportunities for staff, including Multifamily and Financial/Bond Issuance/Capital Markets trainings.



GOAL 4: OPERATIONAL EXCELLENCE



OPERATIONAL EXCELLENCE

OBJECTIVES

1. Embed diversity, equity, accessibility, and inclusion practices.
2. Attract highly qualified talent.
3. Retain highly qualified talent.
4. **Innovate and streamline business processes to increase operational efficiency and service delivery.**

PROPOSED FY 2025-26 INITIATIVES

1. Continue to develop enterprise data governance and reporting.
2. Continue to develop processes and the ability to measure cost-benefit results on projects tracked by the Project Council to inform prioritization of agency projects and investments.
3. Evaluate upgrades to Single Family Lender Training System to accommodate online and on demand lender training delivery.
4. Explore technology solutions to streamline Multifamily lending origination, underwriting and closing process.

