

Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, August 21, 2025
10:00 a.m.

Meeting Location:

California Department of Food and Agriculture
1220 N Street, Auditorium
Sacramento, CA 95814
916.326.8088

This meeting is also available to view on livestream. Please note, public comments cannot be made when viewing on livestream.

<https://www.calhfa.ca.gov/about/events/board-meetings/books/2025/20250821/2025-08-21-board.htm>

1. Roll Call
2. Approval of remote participation due to a disability pursuant to Government Code Section 11123.2(j)(2)
3. Approval of the minutes of the July 17, 2025 meeting 1
4. Chairperson/Executive Director comments
5. Discussion, recommendation, and possible action to allocate State Budget funds for the California Dream for All Program (Ellen Martin) 5
- Resolution No. 25-23 8**
6. Closed session pursuant to Government Code section 11126(c)(7) regarding 520 Capitol Mall, Mark Hefner with Marcus and Millichap (Rebecca Franklin)
7. Report from closed session (Jim Cervantes)
8. Update on fiscal year 2024-25 Q4 Strategic Plan and Operating Budget ending June 30, 2025 (Kelly Madsen and Erwin Tam) 11
9. Update on fiscal year 2024/25 Single Family Programs (Ellen Martin)

10. Update on legislative session (Mehgie Tabar)
11. Informational written reports:
 - A. Agency Bonds, Interest Rate Swaps and Financing Risk Factors report 20
12. Other Board matters
13. Public comment: Opportunity for members of the public to address the Board on matters within the Board's authority
14. Adjournment

NOTES:

PARKING: 1114 P Street parking lot (\$7 per hour, \$24 daily max); minimal street parking available via meter.

REFRESHMENTS: Available on the premises at Kindred Seoul and The State Grind. No food or coffee is allowed in the Boardroom.

MINUTES

California Housing Finance Agency (CalHFA)

Board of Directors Meeting

July 17, 2025

Meeting noticed on July 7, 2025

1. Roll Call

The California Housing Finance Agency Board of Directors Meeting was called to order at 10:06 a.m. by Chair Cervantes. A quorum of members was present.

MEMBERS PRESENT: Cervantes, Kegan (for Moss), Hardeman, Limon, Wiant (for Ma), Russell, Feigles (for Sin), Sotelo, Seeger (for Velasquez), White, Fano (for Assefa), Franklin

MEMBERS ARRIVING
AFTER ROLL CALL: None

MEMBERS ABSENT: Cabildo, Prince, Williams, Perrault (for Stephenshaw)

STAFF PRESENT: Stephanie McFadden, Kevin Brown, Erwin Tam, Ellen Martin, Nick Kufasimes, Courtney Pond

GUEST SPEAKERS: Zak Tendie, Partner, Thrive Living

EARLY DEPARTURES: None

2. Approval of the Minutes – June 23, 2025

On a motion by Russell, the minutes were approved by unanimous consent of all members in attendance.

3. Chairperson/Executive Director comments

Chairperson comments:

- Chair Cervantes welcomed two new members to the Board: Jennifer Seeger, serving as the delegate for Gustavo Velasquez, Director of the California Department of Housing and Community Development; and Chris Fano, serving as the delegate for Samuel Assefa, Director of the Governor's Office of Land Use and Climate Innovation.

Executive Director comments:

- Chief Deputy Director Franklin provided an update on the CalAssist Program. The program began accepting applications on June 12, with most applicants being individuals affected by the Eaton/Palisades Fire.
- She reported that the Business, Consumer Services and Housing Agency (BCSH) has been reorganized into the new California Housing and Homelessness Agency to better focus on addressing the state's housing challenges.
- She shared that CalHFA's core operations will remain unchanged; however, the agency is expected to play a more impactful role in serving Californians as a result of the reorganization.
- A new Housing Development and Finance Committee (HDFC) will be established to streamline asset management across housing agencies and to implement a single application system for all state affordable housing subsidy programs, including the Mixed-Income Program.
- Deputy Secretary Kegan of BCSH reported that CalHFA will take on an expanded role in strengthening the state's housing finance system and will continue collaborating with partners such as the Governor's Office of Land Use and Climate Innovation.
- She will attend the National Council of State Housing Agencies Executive Directors Workshop to participate in discussions on federal housing policy.
- For the eighth consecutive year, CalHFA's Popular Annual Financial Report earned the Government Finance Officers Association's Award for Outstanding Achievement.
- Kevin Brown was promoted to Housing Finance Chief of Multifamily Programs and recognized for his leadership and commitment.

4. **Discussion, recommendation, and possible action to approve a permanent loan increase for Marina Village, Project No. 21015, for 160 units in Suisun City, Solano County – Resolution No. 25-21**

Presented by Stephanie McFadden, Director of Multifamily Programs and Kevin Brown Chief of Multifamily Programs.

On a motion by Russell, the Board approved **Resolution No. 25-21** The votes were as follows:

AYES: Cervantes, Kergan (for Moss), Hardeman, Limon, Wiant (for Ma), Russell, Feigles (for Sin), Sotelo, Seeger (for Velasquez), White

NOES: None

ABSTENTIONS: None

ABSENT: Cabildo, Prince, Williams

5. Discussion, recommendation, and possible action to reallocate Senate Bill 129 funding from the Forgivable Equity Builder Loan Program to the State Route 710 Affordable Sales Program – Resolution No. 25-22

Presented by Ellen Martin Director of Homeownership, and Nick Kufasimes Housing Finance Chef of Single-Family Programs.

On a motion by Limon, the Board approved **Resolution No. 25-22**. The votes were as follows:

AYES: Cervantes, Kergan (for Moss), Hardeman, Limon, Wiant (for Ma), Russell, Feigles (for Sin), Sotelo, Seeger (for Velasquez), White

NOES: None

ABSTENTIONS: None

ABSENT: Cabildo, Prince, Williams

6. Update on Bond Recycling program

Presented by Erwin Tam, Director of Financing and Zak Tendie

Erwin Tam provided an update on the agency's bond recycling program, emphasizing its partnership with Apple, its positive impact on affordable housing, and upcoming challenges related to tax law changes.

Zak Tendie shared details about Thrive Living's Coliseum Project in South Los Angeles—an 800-unit mixed-income housing development featuring Costco retail space—made possible through the bond recycling program.

7. Informational written reports

Chair Cervantes asked if there were any members who had questions regarding the informational written reports included in the board package and Director Hardeman

inquired about the availability of the recent state budget allocation of \$300 million to the California Dream for All Program. Chief Deputy Director Franklin responded that the timeline is still to be determined.

8. Other Board matters

Chair Cervantes asked if there were any other Board matters to discuss. Director Limon thanked Mr. Stewart for his written public comment and proposed a future discussion on credit score models. Director Russell highlighted the intersection of LGBTQ+ rights and affordable housing in recognition of San Diego Pride. Director Kergan suggested incorporating aging and disability housing needs into CalHFA's strategic planning through interagency collaboration. Director Sotelo requested a report on the use of fire recovery funds and whether income limits are impacting program participation.

9. Public comment

Chair Cervantes asked if there were any members of the public who wanted to provide public comment and there were none. Brett Stewart submitted a written public comment in advance of the meeting.

10. Adjournment

As there was no further business to be conducted, Chair Cervantes adjourned the meeting at 11:39 a.m.



MEMORANDUM

To: CalHFA Board of Directors

Date: August 21, 2025

From: Ellen Martin, Director of Homeownership
California Housing Finance Agency

Subject: Agenda Item 5 - California Dream for All Shared Appreciation Loan Program

STAFF RECOMMENDATION

CalHFA staff respectfully request the following Board action to authorize use of State Budget funds appropriated for the California Dream for All Program:

- Approve Resolution 25-23 approving the distribution of State Budget funds to the California Dream for All Program and authorizing staff to implement said program by executing all agreements and developing the necessary guidelines, term sheets, documentation, and the technological capabilities to implement the Program.

INTRODUCTION AND OVERVIEW

The 2022-23 State Budget established the California Dream for All Program (Dream for All, DFA or Program), a revolving, shared appreciation loan program designed to increase access to home ownership for low- and moderate-income Californians. CalHFA has implemented two phases of the Program. Phase 1 launched in March 2023 with \$300 million in funding available at that time. The program was extremely popular, and all available funds were committed in eleven days.

The 2023-24 State Budget provided an additional \$220 million to support Phase 2 of the Dream for All program. Accounting for fallout funds from Phase 1, repayments and interest earnings, CalHFA had approximately \$266 million in total available funding for Phase 2.

Comporting with statutory requirements regarding Phase 2 of the Program, CalHFA instituted several program calibrations, including the following:

1. Upgraded the loan delivery system to provide more time to access the program and to encourage new homebuyers to enter the market.
2. Integrated First-Generation eligibility criteria.

3. Implemented geographic set asides to support an equitable distribution of program funds in different regions of the state.
4. Changed loan parameters (income, shared appreciation loan amount, and limitations on borrower funds for down payment) to prioritize lower income homebuyers.

CalHFA continues to implement Dream For All Phase 2, as described further below.

The 2025-26 State Budget appropriated an additional \$300 million to the Dream For All Program to be used by the Agency to continue to implement the Program. The remainder of this memorandum therefore describes the status of Phase 2 and proposed next steps for Dream for All implementation.

PHASE 2 STATUS

One of the key changes instituted for Phase 2 of the Dream For All program was a new delivery system whereby prospective borrowers preregistered for the opportunity to take out a Dream For All loan. Prospective borrowers were then selected to receive a conditional Dream for All Program award based on a random selection process for each region. A robust waitlist for each region was also established.

Prospective borrowers that were randomly selected to receive a conditional award then had up to six months to enter a contract to purchase a home and the lender to reserve loan in CalHFA's system. If a borrower did not use their conditional award within the prescribed time, that award was then issued to the next prospective borrower on the waitlist for that region.

The preregistration system has created a more deliberate process to award funds that provides borrowers with more time to access the program, encourages new homebuyers to enter the market, and accommodates the implementation of geographic set asides.

CalHFA estimates that Phase 2 funding will support the issuance of approximately 2,300 conditional awards. As of early August 2025, nearly 2,000 prospective borrowers have used their conditional award to reserve their Dream For All loan. Approximately 500 conditional DFA awards remain active, which anticipates borrower fallout (borrowers that do not use their award),

Another approximately 2,500 prospective borrowers remain on the DFA program waitlist.

NEXT STEPS

Based on average loan amounts by region for Phase 2, the new \$300 million appropriation is expected to fund nearly 2,500 additional conditional awards. CalHFA staff plan to first issue conditional awards to all prospective borrowers remaining on the waitlist. Because borrowers on the waitlist have been waiting for an award since June 2024, fallout for recently issued awards is very high – approximating 55%. Assuming this level of fallout, it is anticipated that borrowers remaining on the wait list will utilize approximately \$158 M of the new appropriation.

The remaining \$127 million will be used to issue conditional awards to new prospective borrowers through another preregistration and random selection process. Awards will be issued to borrowers from each region to maintain balance in total DFA funding by region, and robust waitlists will again be established to accommodate Program fallout.

Preregistration System Improvements

The preregistration system was very successful and helped accomplish many Phase 2 goals. A key challenge, however, was high wait list fallout. Because awardees have up to 6 months to reserve their loan with CalHFA, borrowers on the wait list had to wait many months before additional awards were available and many borrower circumstances changed during that period.

For this next phase of DFA implementation, CalHFA anticipates moving through the waitlist more efficiently through the availability of Phase 2 data and improvements to the award process. With average loan amounts by region established through Phase 2 as well as data on fallout rates, CalHFA will be able to issue more conditional awards at the outset. CalHFA will also increase outreach to borrowers and may institute additional requirements for borrowers to affirmatively accept their award or confirm their position on the wait list. CalHFA will also seek to establish an easy process by which a borrower can easily remove themselves from the wait list. CalHFA anticipates that these measures will help to accelerate distribution of DFA funds.

REQUESTED BOARD ACTIONS

CalHFA staff respectfully request the following Board action:

- Approve Resolution 25-23 approving the distribution of State Budget funds to the California Dream for All Program and authorizing staff to implement the said program by executing all agreements and developing the necessary guidelines, term sheets, documentation, and the technological capabilities to implement the Program.

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY
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4

5 RESOLUTION NO. 25-23
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7 RESOLUTION AUTHORIZING USE OF FUNDS IN THE DREAM FOR ALL FUND
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9 WHEREAS, on June 30, 2022, Senate Bill No. 197 came into effect and, among other
10 things added a new Chapter 12 (commencing with Section 51520) to Part 3 of Division 31 of the
11 Health and Safety Code, which created the California Dream for All Program (the “Program”)
12 and also established the California Dream for All Fund (the “Fund”),
13

14 WHEREAS, Assembly Bill No. 178 amended the Budget Act of 2022 and appropriated
15 \$500,000,000 to the Fund to be used by the California Housing Finance Agency (“Agency”) to
16 establish and implement the Program,
17

18 WHEREAS, the CalHFA Board of Directors (“Board”) previously authorized the use of
19 the Fund pursuant to Resolution 22-21 for the creation and implementation of the Program (“Phase
20 One”),
21

22 WHEREAS, the Board previously authorized, via Resolution 23-12, the use of funding
23 appropriated in the Budget Act of 2023, as amended by Senate Bill No. 104, to be used by the
24 Agency to continue implementation of the Program (“Phase Two”),
25

26 WHEREAS, the Budget Act of 2025 appropriated an additional \$300,000,000 to the
27 Fund to be used by the Agency to continue implementation of the Program,
28

29 WHEREAS, Health and Safety Code Section 51004 provides that the Agency may utilize
30 moneys which may be appropriated from time to time by the Legislature for effectuating its
31 purposes; and,
32

33 WHEREAS, Agency staff has determined that it is in the public interest for the Agency
34 to accept and use the funds allocated pursuant to the Budget Act of 2025, as well as any future
35 funds allocated to the Fund, for the purposes stated therein,
36

37 NOW, THEREFORE, BE IT RESOLVED by the Board, in consideration of the above,
38 as follows:
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40 Section 1. Recitals. The board hereby accepts that the above recitals are accurate and
41 have served, together with the Staff Report accompanying this Resolution and the additional
42 information the Board has been provided at the meeting, as the basis for the approvals and
43 directives set forth in this Resolution.
44

45 Section 2. Use of Funds. The Agency hereby acknowledges receipt of the funds
46 allocated pursuant to the Budget Act of 2025 and authorizes that such funds be used in accordance
47 with the purposes stated therein, pursuant to Chapter 12 of Part 3 of Division 31 of the Health and

1 Safety Code. The Board authorizes the Executive Director or other authorized officers, in their
2 discretion, to acknowledge and receive any future funds that may be allocated to the Fund to be
3 used in accordance with the purposes stated therein, pursuant to Chapter 12 of Part 3 of Division
4 31 of the Health and Safety Code.

5
6 Section 3. Authorization of Continuing the Program. The Board hereby approves of
7 distribution of funding, as more particularly described in the Staff Report, and authorizes the
8 Executive Director or other authorized officers to continue said Program by dispersing the Fund
9 as soon as practicable, and to execute all agreements, amendments and ancillary documents, and
10 to make any changes to said program reasonably necessary, to effectuate the intent for which the
11 Fund has been allocated to the Agency.

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1 SECRETARY'S CERTIFICATE

2
3 I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized
4 Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further
5 certify that the foregoing is a full, true, and correct copy of Resolution No. 25-23 duly adopted at
6 a regular meeting of the Board of Directors of the California Housing Finance Agency duly called
7 and held on the 21st day of August 2025, at which meeting all said directors had due notice, a
8 quorum was present and that at said meeting said resolution was adopted by the following vote:
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10 AYES:

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12 NOES:

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14 ABSTENTIONS:

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16 ABSENT:

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18 IN WITNESS WHEREOF, I have executed this certificate hereto this 21st day of
19 August 2025.
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22 ATTEST:

23 _____
24 CLAIRE TAURIAINEN

25 Secretary of the Board of Directors of the
26 California Housing Finance Agency
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MEMORANDUM

To: CalHFA Board of Directors **Date:** August 21, 2025

From: Kelly Madsen, Director of Enterprise Risk Management and Special Initiatives
California Housing Finance Agency

Subject: Agenda Item 8 - Update on FY 2024-25 Q4 Strategic Plan and Operating Budget ending June 30, 2025

BACKGROUND

In May 2023, the Board of Directors adopted a three-year CalHFA Strategic Plan for fiscal years 2023-24 through 2025-26. The plan focused on CalHFA's goals, measures, and objectives for the next three years. Annually, the CalHFA executive team develops key initiatives to help achieve the Strategic Goals set by the Board. The plan was formed in alignment with CalHFA's mission and vision and serves to amplify the Agency's commitment and continuous efforts to serve the diverse communities of California.

With CalHFA's mission of **investing in diverse communities with financing programs that help more Californians have a place to call home**, CalHFA focused its strategies and business decisions on these four goals:

1. **Lending Impact** - Focus lending activities on broadening access to affordable housing opportunities for a diverse population.
2. **Financial Sustainability** - Leverage opportunities and create innovative products that ensure financial sustainability and continue to serve the affordable housing market.
3. **Trusted Advisor** - Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.
4. **Operational Excellence** - Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

Fourth Quarter Update

This item provides the Board of Directors with an update on the strategic measures' progress in the fourth quarter of FY 2024-25. A dashboard is included to provide an overview of the performance, an update on the Single Family and Multifamily production, a high-level budget update, and a few notable highlights thus far. Two items are detailed below for exception reporting purposes.

Exception:

Goal 1 Strategic Measure

The Multifamily measures for unit count, conduit volume and lending volume were not met this quarter. Due to market conditions and closing delays, ten MIP 2024 projects are now expected to close in the first quarter of FY 25-26. Based on discussions with affordable housing market participants, these delays align with broader market trends. These deals are expected to close successfully, and these units and loan volume would be counted in FY 25-26. The Multifamily Lending team is actively managing the pipeline and working closely with borrowers to manage and communicate targeted closing dates.

STRATEGIC MEASURES – Q4



Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.	Volume <div> ■ ≥ \$1.550B ■ \$1.52B – \$1.549B ■ ≤ \$1.51B </div>					Currently Met
	Loan Counts <div> ■ ≥ 3,971 loan ■ 3,890 – 3,970 loans ■ ≤ 3,889 loans </div>					Currently Met
Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.	Conduit Issuer Volume <div> ■ ≥ \$1.194B ■ \$1.170B – \$1.193B ■ ≤ \$1.169B </div>					See exception report on page 4.
	Volume <div> ■ ≥ \$526M ■ \$515M – \$525M ■ ≤ \$514M </div>					See exception report on page 5.
	Units <div> ■ ≥ 4,809 units ■ 4,710 – 4,808 units ■ ≤ 4,709 units </div>					See exception report on page 6.



Goal 2: Financial Sustainability

Leverage opportunities and create innovative products that ensure CalHFA's financial sustainability and continued ability to serve the affordable housing market.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Maintain risk-adjusted rate of return on restricted assets.	<div> ■ ≥ 5.3% ■ 4.5% – 5.2% ■ ≤ 4.4% </div>					
Identify and implement new revenue generating strategies.	<div> ■ Yes ■ No ■ None Planned </div>					
Grow the Agency's balance sheet, increasing total assets by 5% by 2026.	<div> ■ ≥ \$2.75B ■ \$2.70B – \$2.74B ■ ≤ \$2.69B </div>					Currently Met
Maintain financial liquidity with a minimum of 20% of net assets as short-term investments	<div> ■ Yes ■ No </div>					

STRATEGIC MEASURES – Q4



Goal 3: Trusted Advisor

Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

















STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase public presence and publications 10% by 2026.	<ul style="list-style-type: none"> ■ ≥ 67 appearances ■ 58 – 66 appearances ■ ≤ 57 appearances 					
Partner, fund, and/or participate in housing finance data analytics reports.	<ul style="list-style-type: none"> ■ Yes ■ No ■ None Planned 					
Receive industry recognition and/or awards for CalHFA specific programs.	<ul style="list-style-type: none"> ■ 2 awards ■ 1 award ■ 0 award 					Completed



Goal 4: Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Implement informed decision-making tools and processes.	<ul style="list-style-type: none"> ■ Training in place and tools being used ■ Tools being used for <25% of processes ■ No training in place 					
Increase Great Place to Work certification score 5% by 2026.	<ul style="list-style-type: none"> ■ ≥ 71% ■ 70% ■ ≤ 69% 					
Fill 80% of all key positions.	<ul style="list-style-type: none"> ■ ≥ 80% ■ 75% – 79% ■ ≤ 74% 					

OVERALL OBJECTIVES PERFORMANCE STATUS			SINGLE FAMILY PRODUCTION UPDATE			MULTIFAMILY PRODUCTION UPDATE			
<h3>12 Strategic Objectives</h3> <div><div>92%11 On-Target</div><div>0%0 At-Risk</div><div>8%1 Off-Target</div></div>			<div><div>Assisted 6,956 homebuyers</div></div> <div><div>\$63M Revenue generated</div></div> <div><div>\$3.1B First Mortgage lending volume activity</div></div>			<div><div>Financed 2,654 affordable housing units</div></div> <div><div>\$5.4M Revenue generated</div></div> <div><div>\$1.4B Lending volume activity</div></div>			
Operating Expenditures			Highlights						
<div>OPERATING REVENUE</div> <div>\$91.1M</div> <div>Single Family & Multifamily revenues</div>		<div>OPERATING EXPENSES</div> <div>\$40.3M</div>		<div><div>CalHFA’s annual report, the Annual Financial Comprehensive Report (AFCR), and its more public-facing companion report, the Popular Annual Financial Report (PAFR), each earned awards for Outstanding Achievement from the Government Finance Officers Association. This is the eighth consecutive year that both have been recognized for effectiveness and transparency in financial reporting.</div></div>		<div><div>CalHFA secured two new financial partners (Royal Bank of Canada and US Bank) to provide the \$300 million Lines of Credit necessary to administer the Agency’s Bond Recycling Program, which provides additional bond financing for affordable housing outside of the state’s annual volume cap.</div></div>		<div><div>CalHFA launched the CalAssist Mortgage Fund, which provides grants up to \$20,000 for homeowners whose homes were destroyed or left uninhabitable by recent California disasters such as the January 2025 L.A. wildfires.</div></div>	
<div>Net Operating Revenue</div> <div>\$50.8M</div>		<div>12 Months Expenditures</div> <div><div>Revenues\$91.1M</div><div>Expenses(\$40.3M)</div><div>Net\$50.8M</div></div>							

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Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California’s diverse population.

MEASURE	Increase Multifamily dollar lending, unit production, and conduit issuer volume by 5% by 2026.
DESIRED OUTCOME	\$1.94B or more conduit issue volume in FY 2024–25.
CHALLENGES	<p>Final figure: \$964,606,545</p> <p>Due to current market conditions, many projects are experiencing closing delays. Ten projects that were scheduled to close in June 2025 have been delayed to Q1 FY 2025–26. The ten projects represent \$885 million in conduit issuer volume, which would have exceeded the “On-Target” goal by more than \$650 million, if the projects remained on their original schedule.</p>

MITIGATION ACTIVITY	OWNER(S)	COMPLETION DATE
Active pipeline management, working with borrowers to manage and communicate target closing dates.	Steve Gallagher	Ongoing
The Weekly Multifamily Tracker will be kept up to date to communicate any closing date delays.	Steve Gallagher	Ongoing



Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California’s diverse population.

MEASURE	Increase Multifamily dollar lending, unit production, and conduit issuer volume by 5% by 2026.
DESIRED OUTCOME	\$526M or more volume (w/o conduit) in FY 2024–25.
CHALLENGES	<p>Final figure: \$460,914,529</p> <p>Ten delayed projects, plus three permanent conversion projects that were also delayed, represent \$142 million in loan volume (w/o conduit), which would have exceeded the “On-Target” goal by nearly \$80 million, if the projects remained on their original schedule. All thirteen projects are now scheduled to close in Q1 of FY 2025–26.</p>

MITIGATION ACTIVITY	OWNER(S)	COMPLETION DATE
Active pipeline management, working with borrowers to manage and communicate target closing dates.	Steve Gallagher	Ongoing
The Weekly Multifamily Tracker will be kept up to date to communicate any closing date delays.	Steve Gallagher	Ongoing



Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California’s diverse population.

MEASURE	Increase Multifamily dollar lending, unit production, and conduit issuer volume by 5% by 2026.
DESIRED OUTCOME	4,809 or more units in FY 2024-25.
CHALLENGES	<p>Final figure: 2,654 units</p> <p>1,842 units have been affected by the delay in the ten projects mentioned earlier which would have still been “Off-Target.”</p> <p>This goal has been reported as “At-Risk” or “Off-Target” for multiple quarters now.</p>

MITIGATION ACTIVITY	OWNER(S)	COMPLETION DATE
Active pipeline management, working with borrowers to manage and communicate target closing dates.	Steve Gallagher	Ongoing
The Weekly Multifamily Tracker will be kept up to date to communicate any closing date delays.	Steve Gallagher	Ongoing



Goal 4: Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

OBJECTIVE	Innovate and streamline business processes to increase operational efficiency and service delivery.
INITIATIVE	Develop a mortgage professionals’ partner enews list to improve communications on updates for processing CalHFA loans.
DESIRED OUTCOME	Creation of mortgage professionals’ partner enews list.
CHALLENGES	As part of the planning process for this initiative, we engaged our lender stakeholders for feedback on the proposed mortgage professional enews list. Our current system of communication utilizes listservs that deliver communications to anyone who signs up to receive them. The proposed enews list would deliver targeted communications limited only to lenders. This would require additional credentialing steps to verify their status as a lender in order to receive the communications. Feedback from lenders indicated this change would not be perceived as an upgrade to the current system, and may in fact discourage participation and result in fewer lenders receiving the information as compared with the current system.

MITIGATION ACTIVITIES	OWNER(S)	COMPLETION DATE
Based on the input from key beneficiaries, this initiative is unwelcome and would not create the desired outcomes as originally thought. The recommendation is to cancel/rescind this initiative and take no further actions at this time.	Kathy Phillips, Ellen Martin	12/2024



MEMORANDUM

To: Board of Directors **Date:** August 6, 2025

From: Erwin Tam, Director of Financing
California Housing Finance Agency

Subject: Agenda Item 11A – Agency Bonds, Interest Rate Swaps and Financing Risk Factors Report

SUMMARY

Since our last report, CalHFA has issued an additional \$286.7 million in bonds. Four hedges were terminated as part of the Affordable Housing Revenue Bonds 2025 Series A financing.

The following report describes our bond and interest rate swap positions as well as the related risks associated with our financing strategies. The report is divided into sections as follows:

- 1) Outstanding Bonds
- 2) Interest Rate Swaps
- 3) Financing Risk Factors
 - a) Termination Risk/Guarantor Risk
 - b) Collateral Posting Risk

1) Outstanding Bonds

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which make up an additional \$6.8 billion. For the purposes of this report, this conduit/pass-thru amount will not be included in the tables or calculations.

BONDS OUTSTANDING	
As of August 1, 2025	
(\$ in millions)	
Indenture	Amount Outstanding
Stand Alone (MF)	\$39.5
HOMRB (SF)	130.0
AHRB (MF)	340.8
Total	\$510.3

2) Interest Rate Swaps

CalHFA's current hedging strategy includes new cash settled interest rate swaps to hedge multifamily loan commitments. Cash settled fixed-payer swaps involve one payment on the settlement date, at which time the swap then terminates. It is expected that the cash settlement would occur on the permanent loan conversion date, approximately 36 to 42 months after construction closing. As of the date of this report, CalHFA has 26 interest rate swaps under this strategy. The table below provides a summary of our swap notional amounts.

SWAPS	
(\$ in millions)	
Purpose	Current Notional
MF Loan Commitments	\$345.3
Total	\$345.3

3) Financing Risk Factors

A) Termination Risk / Guarantor Risk

Termination risk is the risk that CalHFA's interest rate swaps must be terminated prior to their scheduled maturity. CalHFA's swaps have a market value that is determined based on current interest rates. When current fixed rates are lower than the fixed rate of the swap, CalHFA's swaps have a negative mark-to-market, and termination would result in a payment from us to our counterparty. Conversely, when current fixed rates

are higher than the fixed rate of the swap, CalHFA's swaps have a positive value to us, and termination would result in a payment from the provider of the swap to us.

It should be noted that, in a termination event, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

On a historical basis, the highest negative mark-to-market value of CalHFA's swaps was \$380 million in January 2012. Since September 30, 2022, CalHFA would be a net recipient of funds if it terminated all its interest rate swaps. Below is the current termination value of CalHFA's swaps. The table has been updated from the last report to include the new swaps hedging our multifamily commitments.

TERMINATION VALUE	
Date	Termination Value
	\$ in millions
06/30/2022	(24.2)
09/30/2022	3.3
12/30/2022	24.9
03/30/2023	20.5
06/30/2023	26.3
09/30/2023	55.3
12/30/2023	48.7
02/01/2024	32.8
07/31/2024	35.4
01/31/2025	63.0
07/31/2025	45.5

Additionally, the following table provides information on how much each counterparty would owe CalHFA in the event of a swap termination.

SWAP COUNTERPARTIES	
Counterparty	Mark-To-Market \$ in millions
Bank of New York Mellon	5.4
PNC	0.8
Bank of America, N.A.	39.3
Total*	45.5

Guarantor risk is a type of termination risk where the Agency's swap guarantor defaults or has a significant decline in its credit rating that would cause the termination of the swap. This is in part mitigated by having a diversified group of swap guarantors

The following table shows the diversification of our fixed payer swaps among the 3 firms acting as our swap guarantors.

SWAP GUARANTORS				
Swap Guarantor	Credit Ratings		Notional	Number
	Moody	S&P	\$ in millions	of Swaps
Bank of America, N.A.	Aa1	A+	289.1	22
Bank of New York Mellon	Aa2	AA-	35.8	2
PNC	A2	A	20.4	2
Total*			345.3	26

b) Collateral Posting Risk

Some swap agreements have collateral posting requirements. Collateral posting requirements are a function of the mark-to-market, ratings, threshold amounts, independent amounts and any collateral already posted. Our swaps are valued weekly, and our collateral position is adjusted weekly based on those valuations. Failure to post the required collateral can result in a termination event. At its peak, CalHFA was required to post \$132 million of collateral at the end of January 2012. Since February 2023, CalHFA has not held any swaps that require collateral posting.