



CALIFORNIA HOUSING FINANCE AGENCY

STRATEGIC PLAN

FISCAL YEARS 2023-24 TO 2025-26

FY 2024-25 Business Plan, Operating Revenues & Budget



Introduction



Greetings,

It is my pleasure to present the California Housing Finance Agency's (CalHFA) first three year Strategic Plan.

This is my ninth year in a leadership position at CalHFA, seven as a member of the Board of Directors before being appointed Executive Director by Governor Gavin Newsom in 2021, and I have always been pleased with the organization's culture of thoughtful and creative planning. I believe it has led CalHFA to successful outcomes in support of its mission to invest in diverse communities with financing programs that help more Californians have a place to call home, while maintaining fiscal prudence.

The 2023-26 Strategic Plan that is detailed on the following pages is meant to build on that success by providing overarching three-year goals and a blueprint to reach those goals through a progression of single-year initiatives and multiyear objectives.

My vision for this organization is to be a model affordable housing organization in the State of California and the most respected housing finance agency in the United States. While these are lofty goals, this Strategic Plan lays out a detailed roadmap to get there with trackable metrics along the way.

Sincerely,

TIENA JOHNSON HALL

Executive Director

California Housing Finance Agency



Guiding Principles



MISSION

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



VISION

All Californians living in homes they can afford.

CORE VALUES

Accountable – We are each responsible for actions, decisions, and quality of work.

Impact – We are committed to achieving equitable outcomes and opportunities.

Integrity – We behave with honest and ethical purpose in all decisions we make, and the work we do.

Respect – We treat all people with dignity and accept them for who they are.

Teamwork – We value the collective and individual contributions of our team and collaboration with our partners.



GOAL 1

Lending Impact

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



Measures



1. Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.
2. Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.

OBJECTIVE 1

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

FY 2024–25 INITIATIVES

1. Explore demographic data collection methodologies and laws. Create guidelines for collecting and reporting consistent and inclusive demographic, geographic, and affordability data to support program needs and advance equitable outcomes for Agency lending and to evaluate how policy changes impact different demographic groups and communities.
2. Create an internal task force for an "Underserved Communities Outreach Campaign" to evaluate and develop opportunities to reach and communicate with these populations.
3. Create an outreach and education campaign that includes updating tribal leadership and housing contacts, introducing CalHFA, and highlighting the Tribal Consultation policy and resources available that may benefit the Tribes' homeownership and financing needs.
4. Co-host a listening session with Tribes to understand homeownership and financing needs and offer technical assistance to access resources available to tribes.

OBJECTIVE 2

Expand Single Family program opportunities.

FY 2024–25 INITIATIVES

1. Evaluate opportunities to increase first mortgage lending by completing studies to identify the total addressable market and competitiveness of CalHFA's program terms compared to competitors in each market segment.
2. Administer federal and state funded innovative programs addressing California's diverse housing needs.
3. Research alternative funding and bond execution strategies for single family lending that would provide more favorable terms for first time homebuyers.
4. Evaluate potential new product offerings including to assist in increasing entry-level homeownership supply, down payment assistance for conventional manufactured home loans, and coordinate with the Department of Housing and Community Development on potential synergies.
5. Research opportunities for Accessory Dwelling Unit (ADU) financing, given federal changes.
6. Explore potential shared appreciation loan product iterations and potential partnerships.

Single Family Production Goals for Fiscal Year 2024–25

Finance \$2.27 billion in single family lending, serving 5,300 homebuyers	Volume	Fee Income	Homeowners
First mortgage securitization	\$2,000,000,000	\$17,500,000	5,300
Zero Interest Program (ZIP) closing cost assistance	\$1,500,000	–	–
MyHome down payment assistance	\$50,000,000	\$2,500,000	3,500
Dream for All down payment assistance	\$220,000,000	\$11,000,000	1,800
	\$2,271,500,000	\$31,000,000	5,300

OBJECTIVE 3

Build the Multifamily portfolio through preservation of existing projects and expansion of new lending and subsidy opportunities.

FY 2024–25 INITIATIVES

1. Identify multifamily lending alternatives that could be executed if State Tax Credits are no longer available to pair with MIP.
2. Participate in housing decarbonization workgroups with the Business, Consumer Services, and Housing Agency, along with other state teams, to explore and leverage potential federal funds available for multifamily housing development and preservation.
3. Continue to encourage the deployment of recycled bonds as a tax-exempt debt option.
4. Explore the development of preconstruction loan products for infill and adaptive reuse development.

Multifamily Production Goals for Fiscal Year 2024–25

Finance \$2.48 billion in multifamily lending, investing in 3,772 units	Volume	Fee Income	Units
Conduit Issuance	\$1,458,637,522	\$1,568,421	1,510
Conduit Issuance (Recycled Bonds)	\$244,466,000	\$197,940	270
Permanent Loan Conversions	\$352,207,705	–	–
Permanent Loan Commitments	\$263,187,059	–	–
Mixed-Income Program (MIP) Subsidy Loan Commitments	\$45,800,000	\$3,210,000	1,992
Mixed-Income Program (MIP) Subsidy Loan Conversions	\$111,407,284	\$3,367,301	–
	\$2,475,705,570	\$8,343,662	3,772



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.



Measures



1. Maintain risk-adjusted rate of return on restricted assets.
2. Identify and implement new revenue generating strategies.
3. Grow the Agency's balance sheet, increasing total assets by 5% by 2026.
4. Maintain financial liquidity with a minimum of 20% of net assets as short-term investments.

OBJECTIVE 1

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

FY 2024–25 INITIATIVES

1. Explore opportunities to partner with local public agencies to support the development and operation of affordable multifamily housing in California.
2. Engage an external vendor to conduct a study of the statutory, financial, and other features of other HFAs to identify new strategies or changes to enable affordable housing opportunities.

OBJECTIVE 2

Grow the Agency's balance sheet, preserve liquidity, and fund operating and financial risk reserves.

FY 2024–25 INITIATIVES

1. Create financial roadmap for CalHFA that leverages the Agency's two indentures to create long-term operating stability.
2. Identify potential avenues for financing alternatives through participation in national conversation with Federal Housing Finance Agency and regional conversations with Federal Home Loan Banks –San Francisco.

OBJECTIVE 3

Achieve and maintain CalHFA Issuer Ratings of "Aa2" rating from Moody's Investors Service and "AA" rating from S&P Global Ratings.

FY 2024–25 INITIATIVES

1. Provide quarterly exception reporting 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. Conduct annual review and propose updated fees and pricing for all Single Family and Multifamily programs to ensure that each program is financially sustainable and meets net revenue targets.



GOAL 3

Trusted Advisor

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



Measures



1. Increase public presence and publications 10% by 2026.
2. Partner, fund, and/or participate in housing finance data analytics reports.
3. Receive industry recognition and/or awards for CalHFA specific programs.

OBJECTIVE 1

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

FY 2024–25 INITIATIVES

1. Develop a Stakeholder Engagement Plan, beginning by identifying and organizing CalHFA's affordable housing stakeholder ecosystem.
2. Conduct a community and business partner needs study in the homeownership field to identify existing gaps and potential innovative product offerings.

OBJECTIVE 2

Increase activities and partnerships to strengthen trust with external partners and general public.

FY 2024–25 INITIATIVES

1. Engage with academic/research organization(s) to identify avenues to increase housing production to support state priorities and needs, and to evaluate potential CalHFA roles in catalyzing housing supply.
2. Develop and publish a 'year-end accomplishments report' to tell CalHFA's story and highlight accomplishments and successes.
3. Leverage the best practices from the Mortgage Relief Program to inform the development of in-house community outreach strategies and tactics.



GOAL 4

Operational Excellence

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



Measures



1. Implement informed decision-making tools and processes.
2. Increase CalHFA's Great Place to Work certification score 5% by 2026.
3. Fill 80% of all key positions.

OBJECTIVE 1

Embed diversity, equity, accessibility, and inclusion practices.

FY 2024–25 INITIATIVES

1. Explore and identify new initiatives to add to and update CalHFA's Racial Equity Action Plan (REAP).
2. Conduct two DEI trainings for all staff.
3. Improve vendor diversity in purchasing and contracting processes.

OBJECTIVE 2

Attract highly qualified talent.

FY 2024–25 INITIATIVES

1. Develop Asset Management staffing needs for managing MIP related Loan Portfolio.
2. Identify hard-to-fill classifications/positions and develop a strategy for improving recruitment for these classifications/positions.

OBJECTIVE 3

Retain highly qualified talent.

FY 2024–25 INITIATIVES

1. Increase recognition of staff contributions, especially through the Employee Recognition Program.
2. Celebrate achievements and milestones, such as CalHFA's 50th Anniversary.

OBJECTIVE 4

Innovate and streamline business processes to increase operational efficiency and service delivery.

FY 2024–25 INITIATIVES

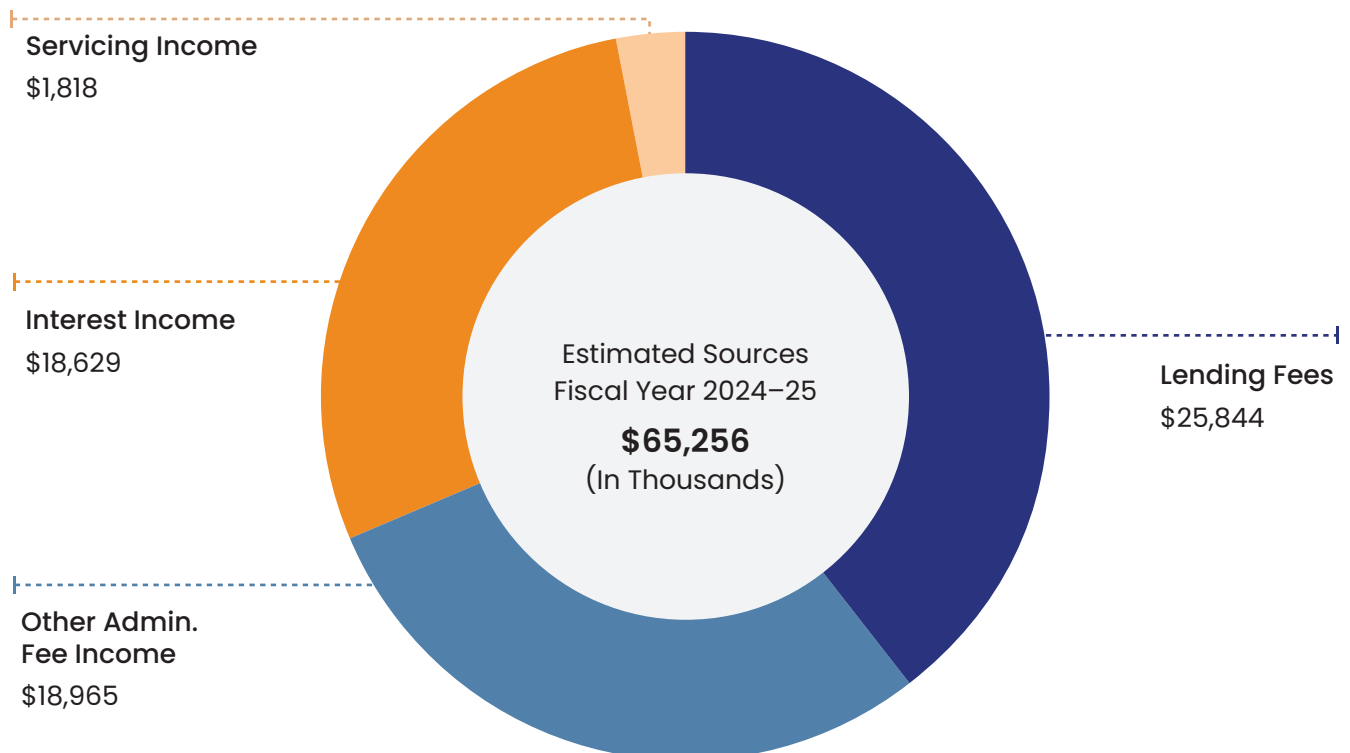
1. Establish a Data Governance Council and develop the enterprise data reporting and glossary.
2. Establish a standardized cost-benefit analysis methodology to prioritize projects and investments.
3. Expand Asset Management processes, policies, and procedures to address the growth of MIP-related permanent loans.
4. Align Agency operating budget processes with Government Finance Officers Association best practices.
5. Develop a mortgage professionals' partner enews list to improve communications on updates for processing CalHFA loans.



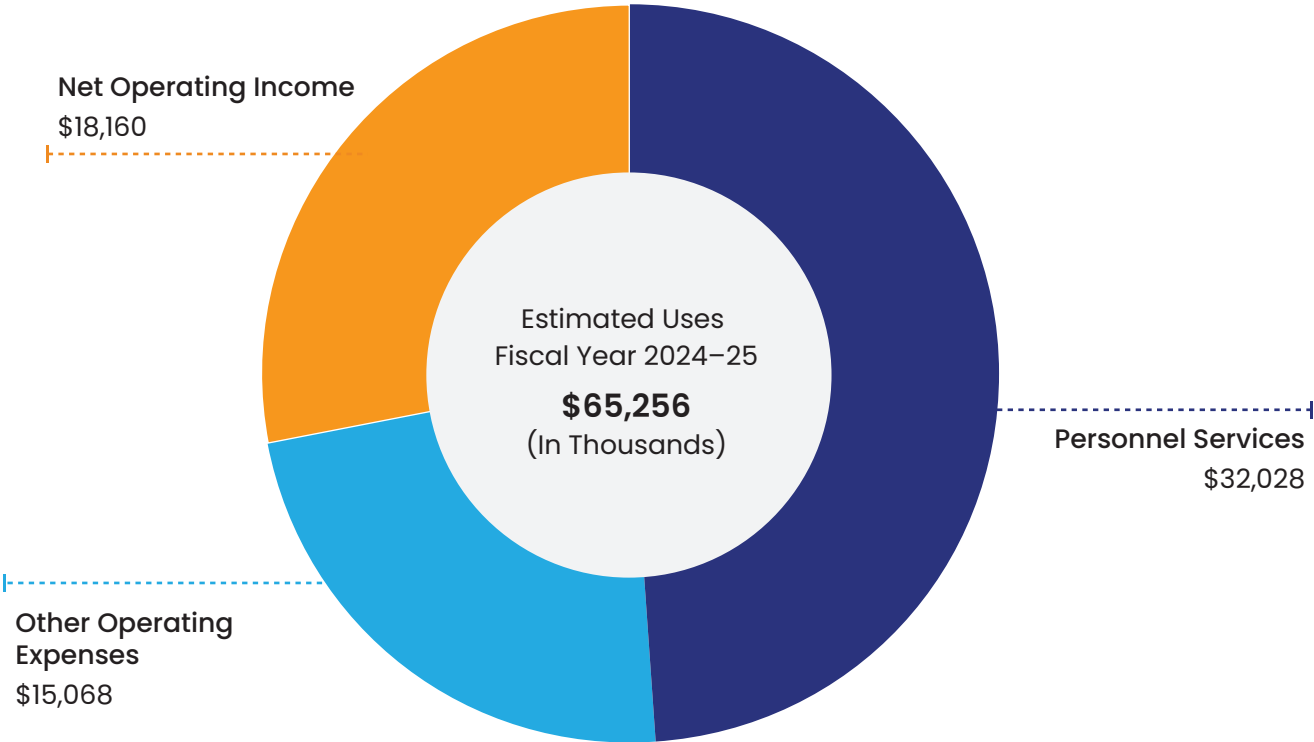
FY 2024–25 Operating Budget

OPERATING REVENUES

CALIFORNIA HOUSING FINANCE AGENCY					
FISCAL YEAR 2024–25 REVENUE BUDGET (IN THOUSANDS)					
Single Family Lending			Multifamily Lending		
Lending Fees	\$17,500		Lending Fees	\$8,344	
Administration Fees	\$13,500		Administration Fees	\$5,465	
Interest	\$6,098		Interest	\$12,531	
Loan Servicing	\$360		Loan Servicing	\$1,458	
TOTAL	\$37,458		TOTAL	\$27,798	
TOTAL EST. REVENUES				\$65,256	



OPERATING EXPENDITURES



The Agency proposes operating expenditures of \$47.1 million, representing the budget required to support the Agency’s business plan for fiscal year 2024–25. The proposed operating budget reflects an increase in expenditures compared with the prior fiscal year. The largest dollar change is attributable to the general increase in salaries and benefits for employees and the funding of positions to achieve strategic plan objectives. In addition, the CalHFA Board has identified enterprise risk management as one of the key areas of focus for the Agency in 2024–25.

In alignment with the multi-year strategic plan, the 2024–25 operating budget seeks to deliver impactful results that also maintain CalHFA’s financial sustainability.

As a self-funded State agency, CalHFA’s management philosophy remains centered in accountability and efficiency. The Agency’s business lines continue to effectively deliver our lending products throughout California. The agency’s other operational divisions provide essential support to achieve CalHFA’s mission.

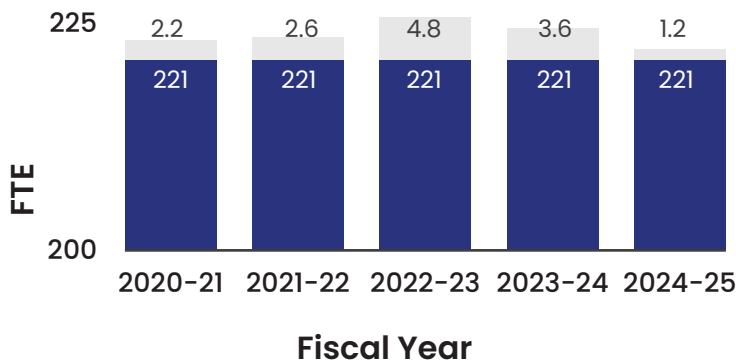
Overall this 2024–25 budget provides CalHFA with the flexibility to address the current uncertainty in the affordable housing and financial markets.

CALIFORNIA HOUSING FINANCE AGENCY

FISCAL YEAR 2024–25 OPERATING EXPENDITURES (IN THOUSANDS)

	FY2022–23 Actuals	FY2023–24 Est. Actuals	FY2023–24 Approved Budget	FY2024–25 Proposed Budget	YoY Budget Change (\$)	YoY Change (%)
Operating Expenditures						
Salaries and Benefits (Incl. Temp)	\$25,232	\$28,441	\$30,690	\$32,028	\$1,338	4%
Consulting and Professional Services	1,787	3,094	4,358	4,911	553	13%
General Expenses	586	494	722	777	55	8%
Communications	240	253	480	422	(58)	-12%
Travel	250	272	528	390	(138)	-26%
Training	65	107	251	267	16	6%
Facilities	2,850	2,630	2,609	3,122	513	20%
Central Admin. Services	1,989	2,007	2,008	2,328	320	16%
Information Technology	1,364	2,107	1,799	2,416	617	34%
Equipment	28	734	366	435	69	19%
Operating Expenditures	\$34,391	\$40,139	\$43,811	\$47,096	\$3,285	7%

STAFFING



For the fiscal year 2024–25, the Agency proposes that authorized full-time equivalent positions of 222.2 FTEs (221 permanent positions and 1.2 temporary positions) represent a decrease of 2.4 FTEs in temporary positions.

■ Regular FTE ■ Temporary FTE



CALIFORNIA HOUSING FINANCE AGENCY

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