



CALIFORNIA HOUSING FINANCE AGENCY

STRATEGIC PLAN

FISCAL YEARS 2023-24 TO 2025-26

FY 2025-26 Business Plan, Operating Revenues, & Budget



Introduction



Greetings,

I am proud to present this update to the California Housing Finance Agency's 2023–2026 Strategic Plan, particularly as we reach this third and final year.

The plan provides overarching three-year goals and a blueprint to reach those goals through a progression of single-year initiatives and multi-year objectives. I believe it has already been successful in helping the Agency through a period of impressive growth.

As we enter the final year of the Plan, I am inspired by the work that has already been done to improve CalHFA's culture and outcomes in support of our mission to invest in diverse communities with financing programs that help more Californians have a place to call home, while maintaining fiscal prudence and a focus on equity.

When we developed this plan, the vision was to lay out a detailed roadmap that would make CalHFA the model affordable housing organization in the State of California and the most respected housing finance agency in the United States. I look forward to completing that journey this year.

Sincerely,

REBECCA FRANKLIN

Chief Deputy 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 2025–26 INITIATIVES

1. 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.*
2. 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.*

OBJECTIVE 2

Expand Single Family program opportunities.

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 homebuyer 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

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 | |
| | \$1,950,000,000 | \$20,400,000 | 4,000 |

OBJECTIVE 3

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

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 alternatives 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.

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

5. 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 | \$1,637,675,383 | \$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

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 2025–26 INITIATIVES

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

OBJECTIVE 2

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

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.

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 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



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 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.

OBJECTIVE 2

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

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

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 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.

OBJECTIVE 2

Attract highly qualified talent.

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.

OBJECTIVE 3

Retain highly qualified talent.

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.

OBJECTIVE 4

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

FY 2025–26 INITIATIVES

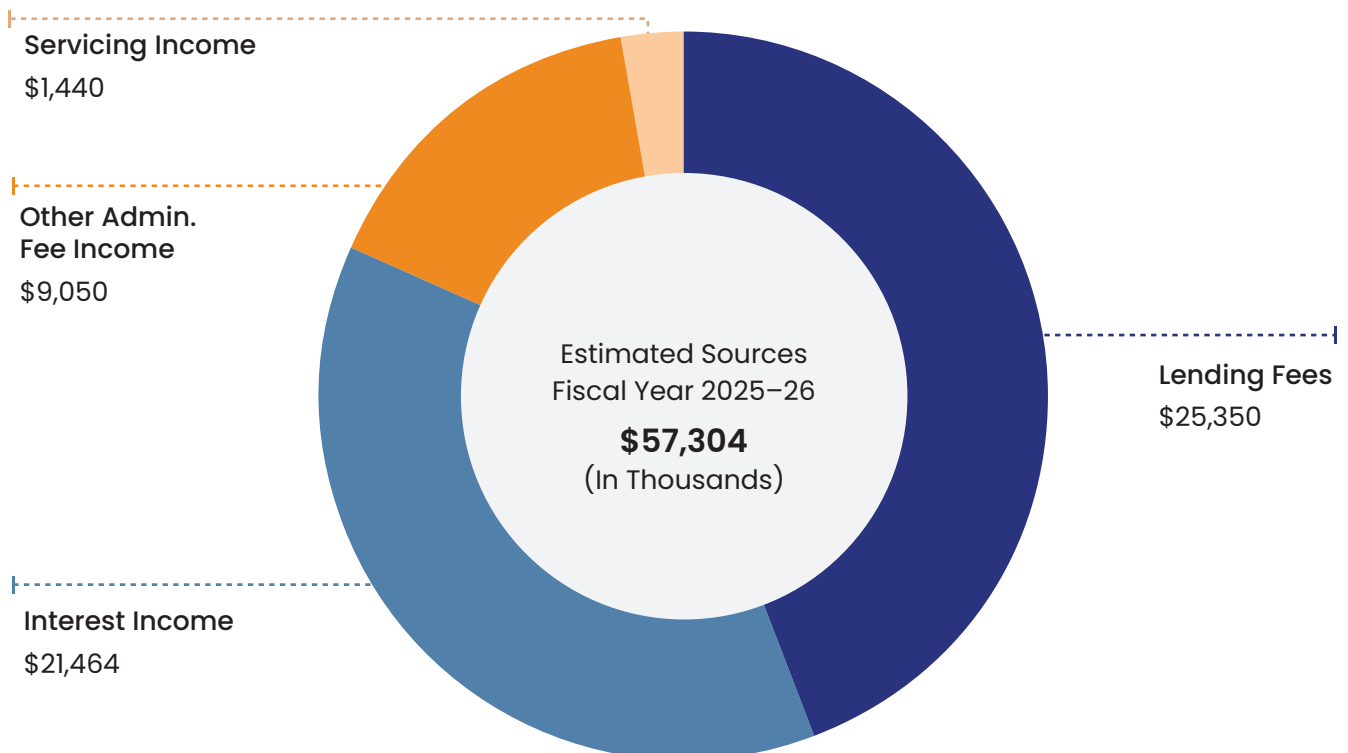
1. Continue to develop enterprise data governance and reporting.
2. Continue to develop processes and the ability to measure cost-benefit results on projects tracked by the Project Council to inform prioritization of agency projects and investments.
3. Evaluate upgrades to Single Family Lender Training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



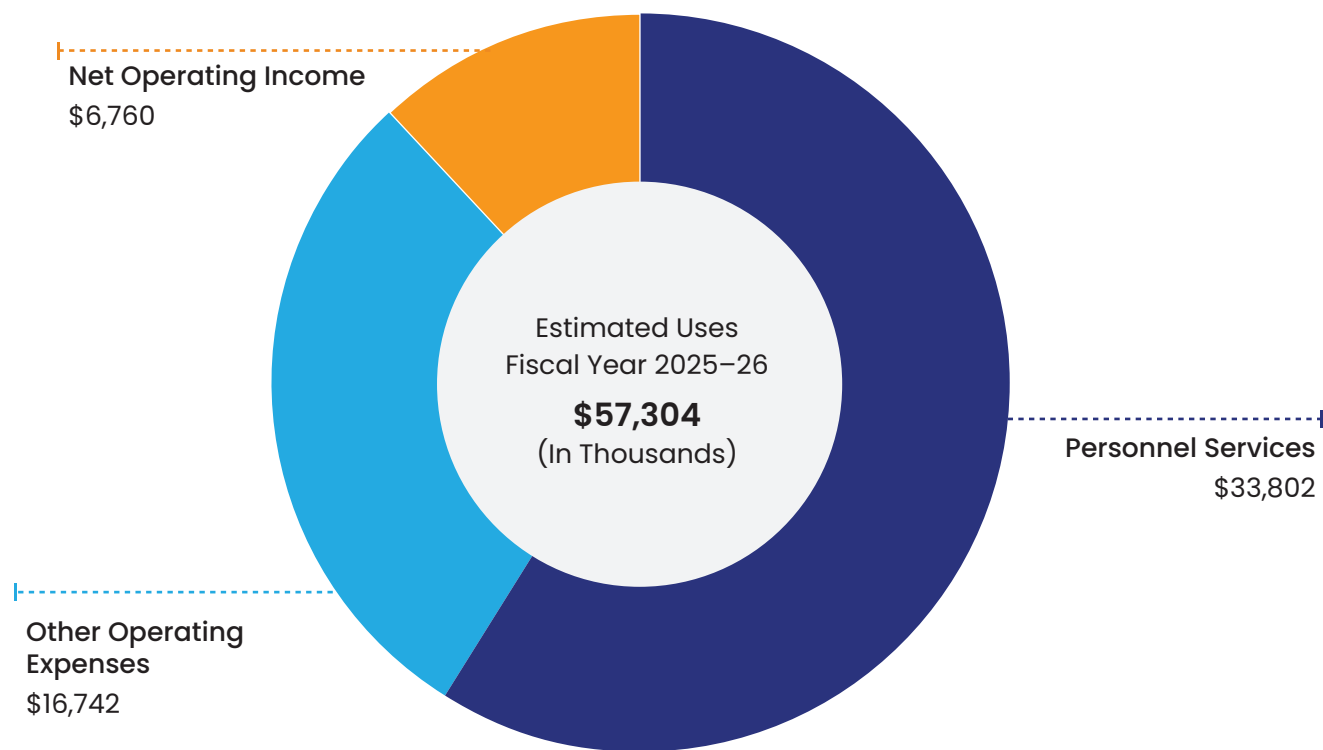
FY 2025–26 Operating Budget

OPERATING REVENUES

| CALIFORNIA HOUSING FINANCE AGENCY | | | |
|--|-----------------|----------------------------|-----------------|
| FISCAL YEAR 2025–26 REVENUE BUDGET (IN THOUSANDS) | | | |
| Single Family Lending | | Multifamily Lending | |
| Lending Fees | \$16,100 | Lending Fees | \$9,250 |
| Administration Fees | 4,300 | Administration Fees | 4,750 |
| Interest | 6,764 | Interest | 14,700 |
| Loan Servicing | 390 | Loan Servicing | 1,050 |
| TOTAL | \$27,554 | TOTAL | \$29,750 |
| | | TOTAL EST. REVENUES | \$57,304 |



OPERATING EXPENDITURES



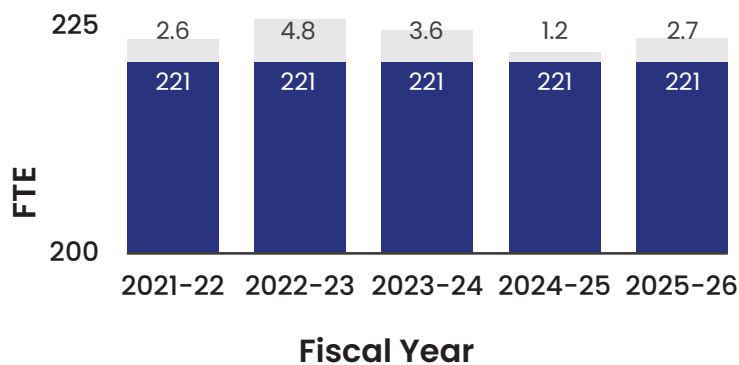
The Agency proposes operating expenditures of \$50.5 million, representing the budget required to support the Agency’s business plan for fiscal year 2025-26. The proposed operating budget reflects an increase in expenditures compared with the prior fiscal year. The largest dollar change is attributable to the general increase in salaries and benefits for employees and the funding of positions to achieve strategic plan objectives.

CALIFORNIA HOUSING FINANCE AGENCY

FISCAL YEAR 2025–26 OPERATING EXPENDITURES (IN THOUSANDS)

| | FY2023–24 Actuals | FY2024–25 Est. Actuals | FY2024–25 Approved Budget | FY2025–26 Proposed Budget | YoY Budget Change (\$) | YoY Budget Change (%) |
|---------------------------------------|----------------------|---------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------------------|
| Operating Expenditures | | | | | | |
| Salaries and Benefits (Incl. Temp) | \$27,614 | \$27,669 | \$31,233 | \$33,802 | \$2,569 | 8.2% |
| General Expenses | 437 | 530 | 778 | 868 | 90 | 11.6% |
| Communications | 298 | 252 | 422 | 425 | 3 | 0.7% |
| Consulting & Professional Services | 2,605 | 4,474 | 4,911 | 6,001 | 1,090 | 22.2% |
| Information Technology | 1,766 | 1,947 | 2,416 | 2,816 | 400 | 16.5% |
| Facilities Operation | 2,530 | 2,721 | 3,122 | 2,808 | (314) | -10.1% |
| Travel | 322 | 298 | 390 | 440 | 50 | 12.8% |
| Training | 146 | 90 | 267 | 325 | 58 | 21.5% |
| Central Administrative Services | 1,977 | 2,329 | 2,328 | 2,790 | 462 | 19.8% |
| Equipment | 112 | 194 | 435 | 270 | (165) | -37.9% |
| Operating Expenditures | \$37,807 | \$40,504 | \$46,302 | \$50,544 | \$4,242 | 9.2% |

STAFFING



For the fiscal year 2025–26, the Agency proposes that authorized full-time equivalent positions of 223.7 FTEs (221 permanent positions and 2.7 temporary positions) represent an increase of 1.5 FTEs in temporary positions.

■ Regular FTE ■ Temporary FTE



Addendum

GOAL 1 | LENDING IMPACT



Expanded outreach to diverse and underserved communities in California.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|---|--|
| OBJECTIVE 1 | Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics. | |
| Completed Initiatives | Continue to implement Affirmatively Furthering Fair Housing programmatic changes. | 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. |
| | Evaluate new opportunities to engage and reach underserved communities. | Create an internal task force for an “Underserved Communities Outreach Campaign” to evaluate and develop opportunities to reach and communicate with these populations. |
| | | 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. |
| | | Co-host a listening session with Tribes to understand homeownership and financing needs and offer technical assistance to access resources available to tribes. |



Identified opportunities to increase homeownership.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|--|--|
| OBJECTIVE 2 | Expand Single Family program opportunities. | |
| Completed Initiatives | | Research alternative funding and bond execution strategies for single family lending that would provide more favorable terms for first-time homebuyers. |
| | | 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. |
| | | Research opportunities for Accessory Dwelling Unit (ADU) financing, given federal changes. |
| | | Explore potential shared appreciation loan product iterations and potential partnerships. |



Identified opportunities to grow the Multifamily portfolio.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|--|---|
| OBJECTIVE 3 | Build the Multifamily portfolio through preservation of existing projects and expansion of new lending and subsidy opportunities. | |
| Completed Initiatives | Explore a preservation product to support our portfolio and provide new opportunities for the market. | Identify multifamily lending alternatives that could be executed if State Tax Credits are no longer available to pair with MIP. |
| | Maximize deployment of recycled bonds to increase the production of affordable multifamily housing in California. | 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. |
| | | Continue to encourage the deployment of recycled bonds as a tax-exempt debt option. |
| | | Explore the development of preconstruction loan products for infill and adaptive reuse development. |

GOAL 2 | FINANCIAL SUSTAINABILITY



Identified new revenue opportunities.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|--|--|
| OBJECTIVE 1 | Evaluate and establish new revenue generating business lines with targeted rates of return. | |
| Completed Initiatives | | Explore opportunities to partner with local public agencies to support the development and operation of affordable multifamily housing in California. |
| | | 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. |



Operated with a focus on ensuring long-term financial stability.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|---|--|
| OBJECTIVE 2 | Grow the Agency's balance sheet, preserve liquidity, and fund operating and financial risk reserves. | |
| Completed Initiatives | Evaluate current funding levels for reserve funds including hedge reserve fund and emergency reserve account. | Create financial roadmap for CalHFA that leverages the Agency's two indentures to create long-term operating stability. |
| | | 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. |



Maintained strong financial stability to ensure stakeholders and public trust.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|---|------------|
| OBJECTIVE 3 | Achieve and maintain CalHFA Issuer Ratings of "Aa2" rating from Moody's Investors Service and "AA" rating from S&P Global Ratings. | |
| Completed Initiatives | Achieve upgrade from Moody's by addressing termination of outstanding orphan swap portfolio, profitability margins, and loan losses. | |

GOAL 3 | TRUSTED ADVISOR



Increased trust and built stronger, more sustained partnerships.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|--|---|
| OBJECTIVE 1 | Increase our understanding of community needs and systemic biases within our housing finance ecosystems and have findings inform program implementation. | |
| Completed Initiatives | Increase relationships and continuum of engagement with community leaders and Community Based Organizations (CBO) especially from communities that have been historically disadvantaged and underserved. | Develop a Stakeholder Engagement Plan, beginning by identifying and organizing CalHFA's affordable housing stakeholder ecosystem. |
| | | Conduct a community and business partner needs study in the homeownership field to identify existing gaps and potential innovative product offerings. |



Strengthened public trust by promoting and leveraging best practices and expanding partnerships.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|---|--|
| OBJECTIVE 2 | Increase activities and partnerships to strengthen trust with external partners and general public. | |
| Completed Initiatives | Promote best practices and successes from CalHFA programs and across the affordable housing industries. | 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. |
| | Work collaboratively with other State Housing Agencies to create and implement a MOU that will address how each agency can align and complement compliance functions. | Develop and publish a 'year-end accomplishments report' to tell CalHFA's story and highlight accomplishments and successes. |
| | Identify risks associated with agency activities in compliance with the State Leadership Accountability Act (SLAA) report. | 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



Enhanced employee feedback channels and strengthened equity, accessibility and diversity in our business processes.

| | FY 2023–24 | FY 2024–25 |
|------------------------------|--|--|
| OBJECTIVE 1 | Embed diversity, equity, accessibility, and inclusion practices. | |
| Completed Initiatives | Establish and maintain multiple channels for employees to share and receive feedback that supports a healthy feedback culture. | Explore and identify new initiatives to add to and update CalHFA's Racial Equity Action Plan (REAP). |
| | Evaluate internal compliance with Americans with Disabilities Act guidelines and continuously monitor for needed improvements. | Conduct two DEI trainings for all staff. |
| | | Improve vendor diversity in purchasing and contracting processes. |



Executed strategies to attract highly qualified talent.

| | FY 2023–24 | FY 2024–25 |
|------------------------------|--|---|
| OBJECTIVE 2 | Attract highly qualified talent. | |
| Completed Initiatives | Develop Career Development Plans. | Develop Asset Management staffing needs for managing MIP related Loan Portfolio. |
| | Establish budget/benchmark (such as General Salary Increase) through salary surveys for salary ranges. | Identify hard-to-fill classifications/positions and develop a strategy for improving recruitment for these classifications/positions. |



Created a culture that engages and celebrates our staff and achievements.

| | FY 2023–24 | FY 2024–25 |
|------------------------------|--|---|
| OBJECTIVE 3 | Retain highly qualified talent. | |
| Completed Initiatives | Refresh Succession Planning and Workforce Plan. | Increase recognition of staff contributions, especially through the Employee Recognition Program. |
| | Research and implement key drivers of employee engagement. | Celebrate achievements and milestones, such as CalHFA's 50th Anniversary. |



Invested in continuous improvement and operational efficiency.

| | FY 2023–24 | FY 2024–25 |
|-----------------------|--|---|
| OBJECTIVE 4 | Innovate and streamline business processes to increase operational efficiency and service delivery. | |
| Completed Initiatives | Research, develop and implement various automated and/or streamlined processes. | Establish a standardized cost-benefit analysis methodology to prioritize projects and investments. |
| | Evaluate and enhance lending and servicing platforms (Single Family & Multifamily). | Expand Asset Management processes, policies, and procedures to address the growth of MIP-related permanent loans. |
| | Research and implement Single Family technology solutions and security enhancement. | Align Agency operating budget processes with Government Finance Officers Association best practices. |
| | Enhance Senior Loan Committee and Multifamily lending approval process. | |



CALIFORNIA HOUSING FINANCE AGENCY

500 Capitol Mall, Suite 1400

Sacramento, CA 95814

916.326.8000

www.CalHFA.ca.gov