CEA ACTION PROPOSAL

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

2026-08-26

2. Department

California Housing Finance Agency

3. Organizational Placement (Division/Branch/Office Name)

Financing Division

4. CEA Position Title

Director of Capital Markets and Financial Risk

5. Summary of proposed position description and how it relates to the program's mission or purpose. (*2-3 sentences)*

Under the direction of the Director of Financing, the Director of Capital Markets and Financial Risk has the primary responsibility for evaluating and making recommendations concerning the various risks involved with all CalHFA's financing activities and lending programs, and for developing and implementing risk-related policies that support and strengthen these activities.

6. Reports to: (*Class Title/Level*)

Director of Financing

7. Relationship with Department Director (*Select one)*

☐ Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.

☑ Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(*Explain*): This position serves as the Agency's principal authority on risk policy, providing independent review, recommendations, and technical guidance to the Director of Financing, Executive Director, and other executives. Because risk related decisions have significant financial, operational, and reputational implications, the position frequently participates in high level discussions, policy development sessions, and cross-divisional planning efforts, and strategic reviews.

8. Organizational Level *(Select one)*

☐ 1st ☐ 2nd ☑ 3rd ☐ 4th ☐ 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Collaborates with Agency executive management to develop and refine policies, create new programs, and implement programmatic and policy changes that support the Agency's strategic and operational objectives. Programs include, but are not limited to, Single Family Programs, Multifamily Programs, and Debt Management. Evaluates existing and proposed Agency programs for economic value, policy impact, and organizational risk. Leads internal projects and initiatives; assists departments with implementing management directives, policy updates, and program improvements; and engages with external stakeholders to establish new programs, develop policy frameworks, and ensure alignment with Agency priorities and statutory requirements.

Leads Agency staff in determining best practices for management reporting and portfolio management across Single Family and Multifamily loan portfolios and other Agency programs. Functions as a liaison with Single Family Lending, Multifamily Programs, Information Technology, Financing, Fiscal Services, and Marketing to develop and implement enhancements to the Agency's data analysis, reporting tools, and portfolio management efforts. Provides management support to the Director of Enterprise Risk Management and Compliance in advancing agency wide risk-mitigation strategies, compliance initiatives, and reporting standards.

Provides review and policy-informed risk assessment of Agency financing activities, including but not limited to cash flow analysis models, bond redemptions, bond purchases, swap terminations, alternatives to bond financing, efficacy of debt management practices, bond-structuring innovations, and portfolio-management solutions. Leads the development, refinement, and implementation of Agency policies related to financing strategies, risk mitigation, and portfolio oversight. Ensures that evaluations of financing activities incorporate policy impacts, statutory requirements, and long-term operational considerations to support sound financial decision-making and strategic Agency objectives.

This position is responsible for developing and overseeing policies related to the following:

• Financial disclosure policies ensuring compliance with regulatory, statutory, and investor-information requirements.

• Risk-management and compliance policies related to portfolio oversight, financing structures, debt issuance, swap transactions, and liquidity planning.

• Policies establishing standards for cash flow modeling, bond structuring, redemption strategies, and alternative financing analyses.

• Data-governance and analytics policies defining expectations for data quality, reporting accuracy, business-intelligence tools, and cross-division data sharing.

• Management reporting policies that standardize how program performance, financial risks, and portfolio metrics are communicated to executive leadership and the Board.

• Stakeholder engagement policies that support the development and implementation of new programs with external partners, lenders, financial advisors, or industry groups.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- ☐ Program is directly related to department's primary mission and is critical to achieving the department's goals.
- ☐ Program is indirectly related to department's primary mission.
- ☐ Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: If this work is not performed, the Agency faces significant financial, operational, and compliance risks. Without thorough review and risk assessment of financing activities, the Agency could enter into transactions that expose it to unfavorable market conditions, excessive debt costs, liquidity challenges, or structural inefficiencies in its bond portfolio. Inadequate evaluation of cash flow models, bond redemptions, swaps, and alternative financing structures could result in missed opportunities for cost savings, heightened exposure to interest rate or counterparty risks, and diminished long-term financial stability.

Failure to develop and maintain policies guiding these financing activities increases the likelihood of inconsistent or non-compliant practices, potentially leading to audit findings, diminished credit ratings, weakened investor confidence, and reputational harm. Without robust policy frameworks and expert oversight, the Agency may struggle to demonstrate prudent financial stewardship, jeopardizing its ability to support housing programs and fulfill its statutory responsibilities.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

In 2025, the Governor reorganized statewide housing and affordability functions to create a unified, whole-of-government approach to production, financing, and preservation of affordable housing. This realignment significantly increased CalHFA's role in delivering financing solutions at an accelerated pace, broadened the Agency's responsibilities across multiple housing-related initiatives, and intensified coordination with state, federal, and local partners. In response, CalHFA's financing activities have grown in complexity, scale, and public visibility, requiring more sophisticated approaches to risk oversight than what previously existed under distributed operational roles.

The Agency routinely engages in high-impact transactions—such as variable-rate debt issuances, bond refundings, liquidity and credit facilities, swap-based interest rate management, securitizations, and new lending products—that carry increased financial, regulatory, and counterparty risks. At the same time, market conditions have become more volatile, with rapid interest-rate movements, tightening credit markets, evolving disclosure standards, and heightened expectations from investors, rating agencies, and oversight entities. These factors collectively demand centralized, enterprise-level risk governance to ensure consistency, independence, and alignment with statewide housing priorities.

The expansion of new financing tools, more complex bond and swap structures, and increased partnerships with external financial institutions have introduced greater technical and compliance demands on CalHFA's financing operations. The Agency manages a broader array of market-sensitive activities—including variable-rate debt, refundings, liquidity facilities, derivatives, and investor reporting—requiring a dedicated executive with authority to set and enforce risk standards specific to financing and capital-markets activities. Without a single executive accountable for policy direction in these areas, CalHFA remains vulnerable to inconsistent assessments of financing risks, reporting variances, and avoidable financial implications that could hinder program execution.

Creating this CEA position establishes the necessary executive-level authority for financing-related risk policy, ensuring that all major debt, liquidity, and capital-markets decisions receive consistent, independent, and policy-aligned evaluation. This role strengthens the Agency's ability to meet the objectives of the Governor's housing alignment, accelerate production timelines, and maintain financial integrity during periods of market uncertainty. It supports compliance with debt-management and investment requirements, reinforces investor and rating-agency confidence, and protects the long-term effectiveness of CalHFA's financing programs. The increased complexity and public importance of CalHFA's financing activities make elevating this specialized risk oversight to the executive level both necessary and timely.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

1.Risk Appetite Framework:
Establishes CalHFA's risk appetite statements, limits, and tolerance thresholds across market, credit, liquidity, operational, and compliance risk; sets escalation, remediation, and monitoring protocols that apply to all financing and lending activities statewide.

2.Debt & Liquidity Management Policies:
Defines standards for bond issuance structures (fixed/variable, callable/non-callable, refundings), reserve policies, liquidity facilities, investment guidelines, and leverage constraints to protect long-term capital adequacy and ratings.

3.Hedging & Derivatives (Swaps) Policy:
Sets counterparty criteria, collateral and margin requirements, termination/novation guidelines, maximum exposure limits, stress testing, and documentation standards for interest-rate risk management.

4. Credit & Underwriting Governance:
Establishes program-level credit policies for Single Family and Multifamily (e.g., borrower/developer eligibility, loan-to-value/DSCR minimums, layered subsidies, performance triggers), with portfolio-level concentration limits and early-warning metrics.

5. Data Governance & Portfolio Reporting Policy:
Defines data quality rules, reconciliations, reporting cadences, dashboard standards, scenario/stress testing expectations, and authoritative metrics communicated to executive leadership and the Board.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The Director of Capital Markets and Risk Management has enterprise authority to set and enforce risk policies, approve risk limits, and require modifications to financing proposals that exceed risk appetite or violate policy. The position independently reviews, challenges, and recommends acceptance, mitigation, or rejection of proposed transactions (e.g., bond issuances, refundings, swap actions, liquidity facilities, and program changes) and escalates material risk issues to the Director of Financing, Executive Director, and the Board, as appropriate. The Director of Capital Markets and Risk Management may veto or condition transaction structures until minimum risk standards are met.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

Both. The Director of Capital Markets and Risk Management will develop new enterprise policies to reflect the Governor's alignment of housing programs and CalHFA's evolving financing toolkit, and will interpret and implement existing policy and law (e.g., municipal disclosure standards, internal investment policies, debt management practices) through procedures, controls, and reporting. The role formalizes cross-program risk standards and independent review, embeds stress testing and scenario analysis, and ensures ongoing compliance and governance consistent with Board directives.