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ENIX

2024

**Maximizing Agency  
Financial Resources**



# Panelists

**Teresa Galicia**

Associate Director, Community Development and Social Lending | Fitch Ratings

**Wayne Millward**

Controller | Idaho Housing and Finance Association

**Geoffrey Proulx**

Managing Director | Morgan Stanley

**Annie Lee**

Director, Public Finance Investment Banking | BofA Securities

**Discussion Leader**

**Sherry Gerondale**

Chief Financial Officer | Wisconsin Housing and Economic Development Authority

# Resource Maximization: Fitch Insights

Teresa Galicia

Director

Community Development and  
Social Lending (CDSL)

# What's trending....

## 1. *Rates are on the move!*

- **First rate cut in 4 years:** The Federal Reserve implemented a 50 basis point cut in interest rates as part of an effort to achieve a soft landing for the economy. The half point cut caught many by surprise; however, additional rate cuts are anticipated in 2025.
- **Higher for Longer:** Despite the recent cut, the overall trend of higher-for-longer interest rates persists, influencing market conditions significantly.

### *Market Dynamics:*

- **Refinance and Resale Activity:** There has been a noticeable increase in refinance and resale transactions in the last quarter, providing a temporary boost to the market.
- **Low Inventory and Affordability Crisis:** Historically low inventory levels continue to exacerbate the housing affordability crisis. Rising loan prices are adding further pressure on would-be homebuyers.

### *Implications for Housing Finance Agencies (HFAs):*

- **Refi Dynamics:** While great for borrowers, widespread refinancing can disrupt financial planning and resource allocation.
- **Effective DPA Allocation:** HFAs are tasked with effectively directing down payment assistance to help borrowers navigate these financial challenges.
- **Addressing Cost Pressures:** Finding resources and strategies while optimizing operations, affordability and reach.

# What's trending cont.....

## 2. Politics, Policies, and Process

- **Gaming Out Policy Pros and Cons Between Candidates:** Uncertainty is plentiful. It's essential to anticipate and plan for policy changes depending on the outcomes of upcoming elections. The candidates propose various housing-related policies that could impact the market.
- **Policy Movement:** Favorable housing policies and programs were introduced, having significant implications for the housing market, influencing both supply and demand.
- **Reporting:** Keeping abreast of policy developments and maintaining transparency in reporting practices is key for stakeholders to understand and adapt to new regulations.

## 3. Bond performance – Investor Sentiment

### General Outlook:

#### Positive Investor Sentiment:

- Bond investors are generally optimistic about higher returns.
- Bond volatility has subsided (reverting to 20-yr average).
- Bonds continue to play an essential role to balance out portfolio risk.

An aerial photograph of a coastal town. On the left, there are residential buildings with red-tiled roofs. A road curves along the coast. In the center, there is a sandy beach. To the right of the beach is a harbor with several boats. The water is greenish-blue. The sky is not visible.

# 2

## **State HFA Sector Monitoring: Key Highlights**

# State HFA Sector Monitoring: Key Highlights

## Quarterly Sector Outlook

The CDSL sector faces many headwinds; however, Fitch's neutral 2024 outlook reflects its view that CDSL issuers are well positioned to face competing challenges. Home prices continue to increase annually, which, combined with high mortgage rates, exacerbates the already acute housing affordability crisis. Fitch continues to monitor the sector, as a larger-than-expected economic contraction could lead to higher unemployment and more severe loan losses than currently projected. Strong operating, expense and loss controls will continue to be key, albeit in an easing, inflationary environment.

# State HFA Sector Monitoring: Key Highlights Cont.

- HFAs showed resilience and strategic adaptability, with significant growth in assets, debt, and loan issuance.

### Balance Sheet Growth:

- » Over five years, assets grew by 15% and debt by 11%.

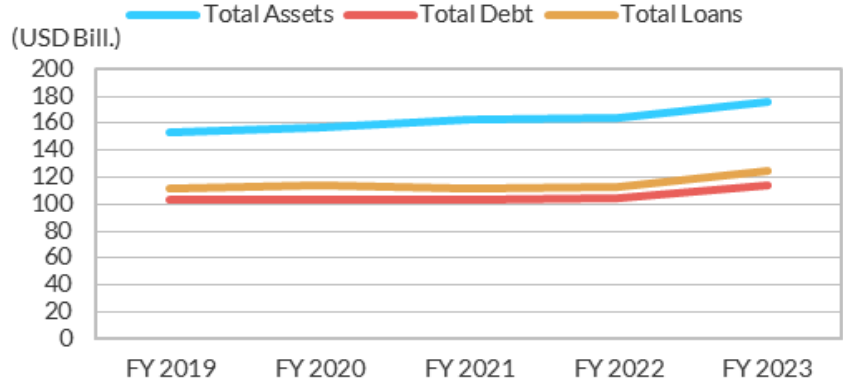
### Equity and Leverage:

- » Aggregated equity grew by 3.9% in FY 2023, aligning with the five-year avg increase of 4.8%.
- » Improved bond financing expected to positively impact long-term equity growth.
- » Median adjusted Debt-to-Equity (DTE) ratio increased to 3.1x from 2.8x in FY 2022.

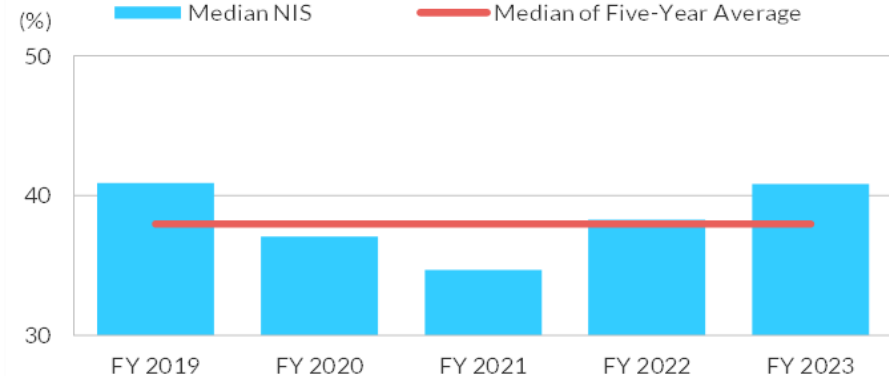
### Net Interest Spread (NIS):

- » Continued positive trend with median NIS at 41% in FY 2023, up from 38% in FY 2022.

### SHFAs As Aggregate Balance Sheet



### Median Net Interest Spread



Source: Fitch Ratings, Fitch Solutions



# 3

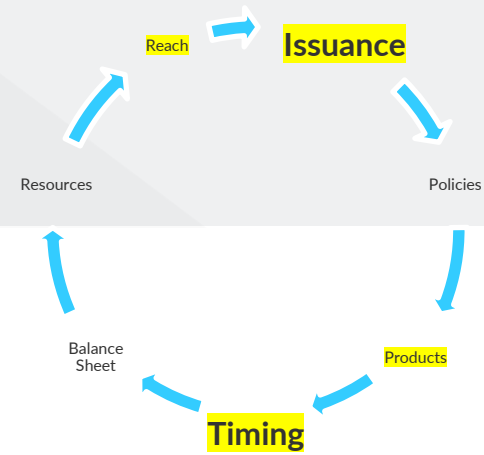
## **Maximizing Resources: What's in the Toolbox?**

# What's in the HFA Tool Box?



- ✂ *Maximizing Issuance*
- ✂ *Maximizing Policies*
- ✂ *Maximizing Products*
- ✂ *Maximizing Timing*
- ✂ *Maximizing Balance Sheets*
- ✂ *Maximizing Resources*
- ✂ *Maximizing Reach (High-Touch Servicing and Solutions)*

# Maximizing Bond Issuance



- HFA Issuance

1. HFAs have continued to issue bonds to finance affordable housing.

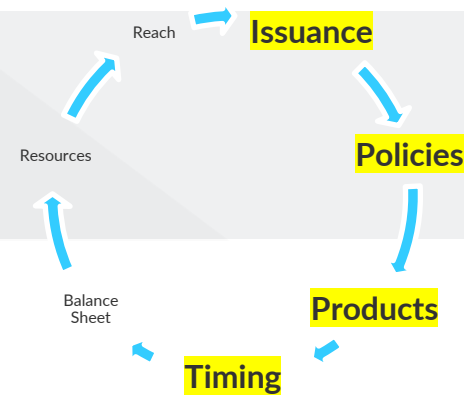
- **There has been a strong uptick in both tax-exempt and taxable mortgage revenue bond issuance among HFAs in 2023 and 2024.**

- ✓ Driven by strong demand for HFA loans, which offer more competitive mortgage rates compared to conventional loans when rates are high.
- ✓ HFAs are also enhancing their loan products by providing larger down payment assistance, affordable homeowners insurance options and other benefits not otherwise available from conventional lenders.
- ✓ HFA bond issuance is expected to remain strong for the remainder of 2024, but may be limited by private activity bond (PAB) volume cap.

2. The industry is also issuing more social impact, and sustainability bonds to foster social-mission lending.

3. The focus on Environmental, Social and Governance (ESG) issues has intensified.

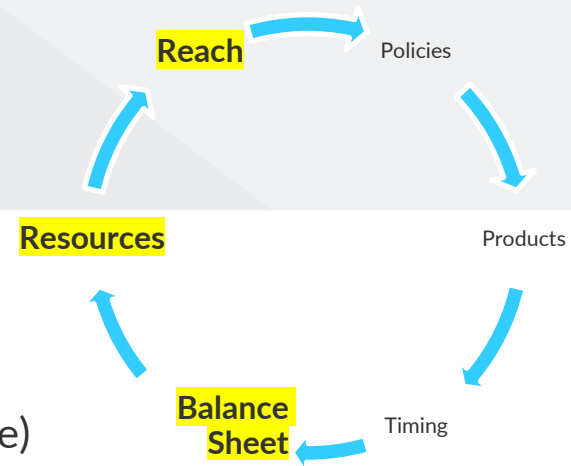
# Maximizing Policies



## A Renewed Focus on the “Missing Middle”

- Governments and states are collaborating with private developers to construct workforce housing through tax-exempt bonds, tax incentives, government loans, and subsidies, which help local workers afford to live in the communities they serve.
- The **Infrastructure Investment and Jobs Act (IIJA)** boosted funding for infrastructure, including low-interest loans for Transit-Oriented Development (TOD) projects that integrate housing with public transit, aiming to create compact, walkable communities.
- By incorporating public transit access into their development plans, developers of essential housing projects are hoping to take advantage of the low-cost financing being made available by the U.S. Department of Transportation (DOT).
  - ✓ For TOD projects, TIFIA loan proceeds can be used to finance up to 49% of eligible costs for projects near transit, intercity bus or passenger rail stations, while RRIF loan proceeds can be used to finance up to 75% of eligible costs for projects near commuter rail or intercity passenger rail stations.
  - ✓ Further, under the TIFIA Rural Project Initiative, projects outside of urban areas are eligible for loans at rates that are one-half of the U.S. Treasury rate (or 2.06% as of Jan. 3, 2024).
  - ✓ Both the TIFIA and RRIF programs also offer long-term repayment options of up to 35 years. Loans must be fully amortizing with no bullet maturities.

# What's in the Tool Box Cont.



- ✂ Maximizing **The Balance Sheet** (Product Type and Size)
- ✂ Maximizing **Resources** (DPA Demand is Strong)
- ✂ Maximizing **Reach** (High-Touch Servicing and Solutions)
  - HFAs' pre-mortgage engagement with borrowers, including homebuyer education programs and continued active oversight following mortgage origination, has proven effective. **However, lending standardization is key.**
  - Delinquency rates began to stabilize in 2H23, although they could be impacted by cooling labor markets and expected slowing growth through 2H24. **Tailored servicing, technological advances, and loss mitigation are critical for long-term impact.**

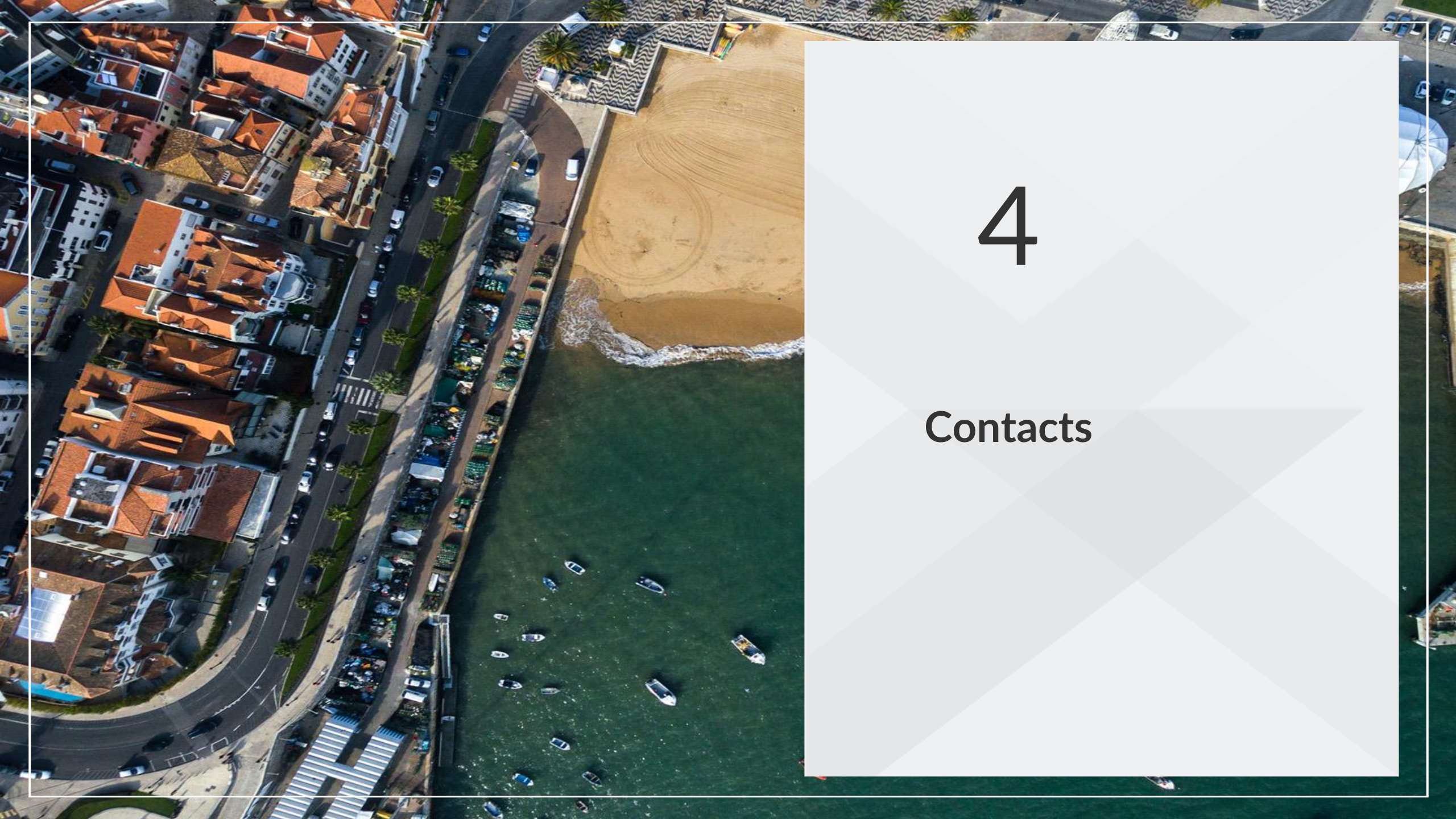


## ***HOT OFF THE PRESS!***

Fitch's "State HFAs Sector Monitor: 2024" is now available:

[www.fitchratings.com](http://www.fitchratings.com)

Thank you for your continued participation!







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Contacts

# The CDSL Team

## Analytical Team

	<p><b>Karen Fitzgerald</b> Senior Director Sector Head Community Development and Social Lending karen.fitzgerald@fitchratings.com Direct: (415) 796-9959</p>		<p><b>Teresa Galicia</b> Director Community Development and Social Lending teresa.galicia@fitchratings.com Direct: (312) 368-2083</p>
	<p><b>Kasia Reed</b> Director Community Development and Social Lending kasia.reed@fitchratings.com Direct: (646) 582-4864</p>		<p><b>John Mante</b> Associate Director, Community Development &amp; Social Lending john.mante@fitchratings.com</p>

## Business & Relationship Management

	<p><b>Jessica Soltz Rudd</b> Managing Director U.S. Public Finance, Head of Business &amp; Relationship Management jessica.soltzrudd@fitchratings.com Direct: (415) 732-7575</p>
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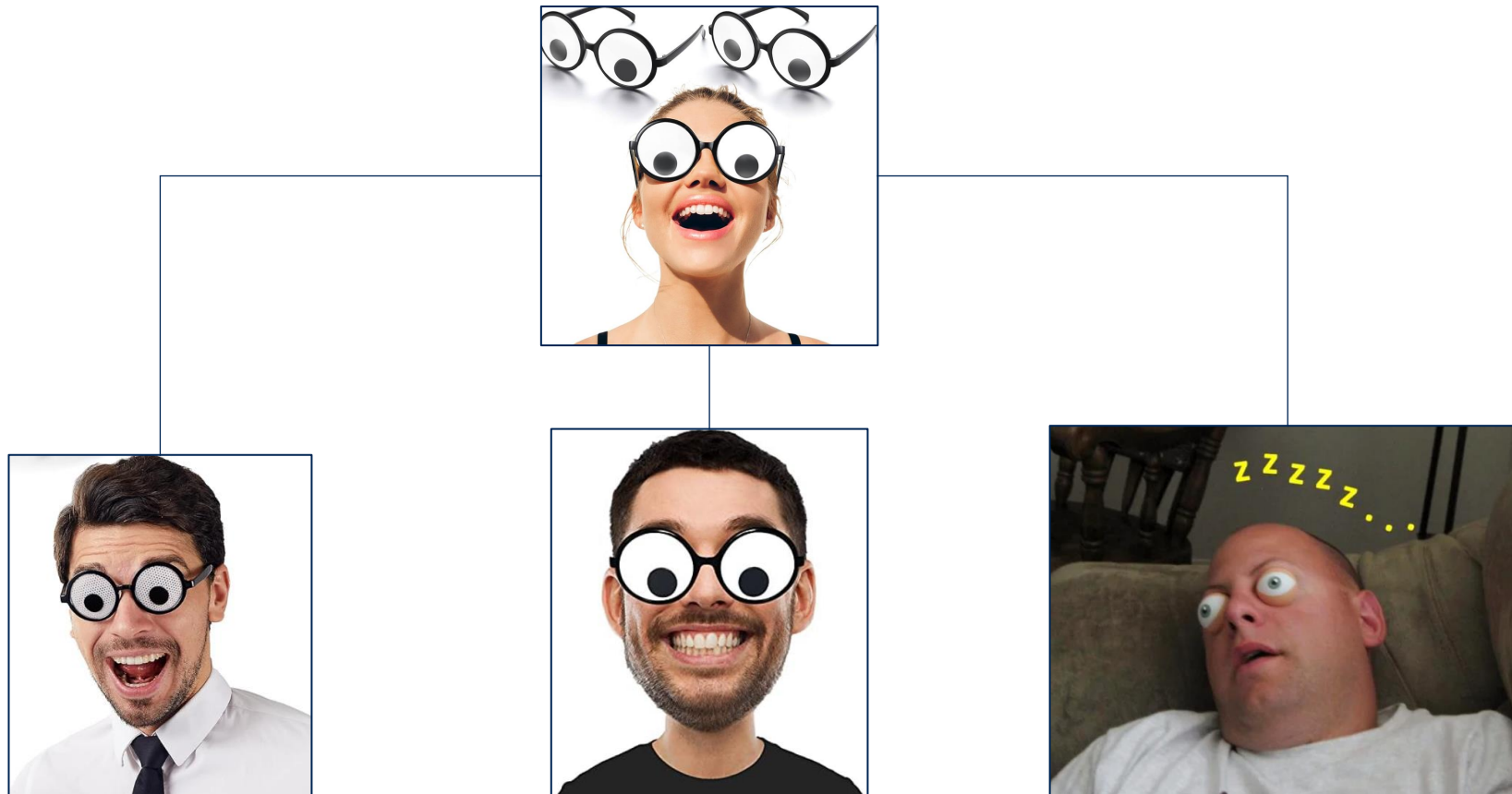
## Enabling Visibility at all Levels of the Organization

Data Drilling and Monthly Budget-To-Actual Reports

# Enabling Visibility



# ...at All Levels of the Organization



# Risks of Inadequate Reporting

- Poor decision making
- Lack of accountability
- Limited strategic planning
- Decline in financial health
- Compliance violations



# Step 1: Monthly Budget-to-Actual Reports

						
Operating Accounts	Actual YTD March 2023	Actuals YTD March 2024	YTD Var Fav (Unfav)	% Var	Budget YTD March 2024	Total Annual Budget
<b>Operating Revenues - Sources</b>						
Loan Servicing	\$0	\$0	\$0		\$0	\$0
Interest Income	\$0	\$0	\$0		\$0	\$0
Loan Origination	\$2,759,200	\$2,889,400	\$130,200	5%	\$2,759,200	\$2,889,200
NSF/Late	\$0	\$0	\$0		\$0	\$0
Housing Choice Voucher	\$0	\$0	\$0		\$0	\$0
Grants	\$0	\$0	\$0		\$0	\$0
Compliance	\$0	\$0	\$0		\$0	\$0
Bond Administration	\$0	\$0	\$0		\$0	\$0
Tax Credit	\$0	\$0	\$0		\$0	\$0
Other Income	\$0	\$0	\$0		\$0	\$0
<b>Operating Revenues</b>	<b>\$2,759,200</b>	<b>\$2,889,400</b>	<b>\$130,200</b>	<b>5%</b>	<b>\$2,759,200</b>	<b>\$2,889,200</b>
<b>Operating Expenses - Uses</b>						
Salaries and Benefits	\$2,050,700	\$2,070,000	\$19,300	1%	\$2,050,700	\$2,050,700
General Operating	\$87,000	\$90,000	\$3,000	4%	\$87,000	\$87,000
Interest Expense	\$0	\$0	\$0		\$0	\$0
Professional Services	\$50,000	\$50,000	\$0	0%	\$50,000	\$50,000
Community Grants	\$0	\$0	\$0		\$0	\$0
Advertising	\$100	\$100	\$0	0%	\$100	\$100
Legal Expense	\$5,000	\$5,000	\$0	0%	\$5,000	\$5,000
Audit	\$0	\$0	\$0		\$0	\$0
Depreciation	\$0	\$0	\$0		\$0	\$0
<b>Operating Expenses</b>	<b>\$2,192,700</b>	<b>\$2,215,000</b>	<b>\$22,300</b>	<b>1%</b>	<b>\$2,192,700</b>	<b>\$2,215,000</b>
<b>Net Operating (Revenue) Loss</b>	<b>\$56,900</b>	<b>\$1,004,000</b>	<b>\$947,100</b>	<b>165%</b>	<b>\$436,500</b>	<b>\$947,100</b>
<b>Other Sources and Uses</b>						
Gain Loan Sales	\$0	\$0	\$0		\$0	\$0
Loan Acquisition Costs	\$0	\$0	\$0		\$0	\$0
Bond Indenture Surplus Yield	\$0	\$0	\$0		\$0	\$0
<b>Total Operating (Revenue) Loss</b>	<b>\$56,900</b>	<b>\$1,004,000</b>	<b>\$947,100</b>	<b>165%</b>	<b>\$436,500</b>	<b>\$947,100</b>

# Step 1: Monthly Budget-to-Actual Reports

- Data Access Studios (DAS) from ReportsNow ®
  - JDE-focused reporting tool
- Category Codes
  - Means of labeling accounts in ERP
- Automated Reporting
  - Emails distribute reports as Excel file attachments
  - Three levels of detail available



## Step 1: Monthly Budget-to-Actual Reports

Business Unit - Account	Budget FY 2024	Actuals YTD February 2024	Budget YTD February 2024	YTD Var Fav (Unfav)	Actuals February 2024	Budget February 2024	Month Var Fav (Unfav)
<b>7 - INFORMATION TECHNOLOGY</b>							
<b>Expenses</b>							
6201. - SALARIES	1,800,000.00	1,777,888.00	1,800,000.00	22,112.00	178,222.00	187,750.00	9,528.00
6202. - BENEFITS	480,000.00	480,000.00	480,000.00	0.00	50,000.00	50,000.00	0.00
6204. - SALARIES TEMPORARY HELP	10,000.00	10,000.00	10,000.00	0.00	0.00	10,000.00	10,000.00
6424. - TRAINING	10,000.00	10,000.00	10,000.00	0.00	0.00	10,000.00	10,000.00
6425. - PROFESSIONAL DEVELOPMENT	1,000.00	1,000.00	1,000.00	0.00	1,000.00	1,000.00	0.00
6435. - EMPLOYEE EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6441. - BUSINESS MEALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6445. - TRAVEL	10,000.00	10,000.00	10,000.00	0.00	0.00	10,000.00	10,000.00
6455. - TELEPHONE	10,000.00	10,000.00	10,000.00	0.00	0.00	10,000.00	10,000.00
6455.1 - FRAME RELAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6455.2 - DISASTER RECOVERY	10,000.00	10,000.00	10,000.00	0.00	0.00	10,000.00	10,000.00
6495. - SOFTWARE MAINTENANCE	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6501. - BUILDING/EQUIP MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6515. - OFFICE SUPPLIES	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6520. - POSTAGE	1,000.00	1,000.00	1,000.00	0.00	1,000.00	1,000.00	0.00
6525. - PRINTING	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6540. - DUES AND SUBSCRIPTIONS	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6545. - INSURANCE	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6550. - PROFESSIONAL SERVICES	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6560. - AUDIT	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6565. - EXPENDABLE EQUIPMENT	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6566. - FACILITIES MANAGEMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6570. - OTHER (SUNDRY)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6576. - HAP ADMIN INDIRECT EXP	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6576.14 - FED FUNDING INDIRECT EXP	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6905. - GAIN/LOSS ON SALE OF ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6925. - DEPRECIATION EXPENSE/AMORT	10,000.00	10,000.00	10,000.00	0.00	10,000.00	10,000.00	0.00
6930. - MOVING EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6976. - SEC 8 HCV INDIRECT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total - Expenses</b>	<b>2,310,000.00</b>	<b>2,307,888.00</b>	<b>2,310,000.00</b>	<b>2,112.00</b>	<b>238,222.00</b>	<b>247,750.00</b>	<b>9,528.00</b>
<b>Total - 7 - INFORMATION TECHNOLOGY</b>	<b>2,310,000.00</b>	<b>2,307,888.00</b>	<b>2,310,000.00</b>	<b>2,112.00</b>	<b>238,222.00</b>	<b>247,750.00</b>	<b>9,528.00</b>



## Step 1: Monthly Budget-to-Actual Reports

Business Unit	Business Unit Description	Obj	Acct	Sub	Account Description	Amount	Explanation Alpha Name	Explanation -Remark-	Per No	Month Description	IHFA	FY	R	V	LT	Sub-ledger
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6565			EXPENDABLE EQUIPMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6540			DUES AND SUBSCRIPTIONS				1	July		24				AA
7	INFORMATION TECHNOLOGY	6565			EXPENDABLE EQUIPMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6565			EXPENDABLE EQUIPMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6495			SOFTWARE MAINTENANCE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6565			EXPENDABLE EQUIPMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6495			SOFTWARE MAINTENANCE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6495			SOFTWARE MAINTENANCE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6495			SOFTWARE MAINTENANCE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6495			SOFTWARE MAINTENANCE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6540			DUES AND SUBSCRIPTIONS				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6565			EXPENDABLE EQUIPMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6495			SOFTWARE MAINTENANCE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6495			SOFTWARE MAINTENANCE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6204			SALARIES TEMPORARY HELP				1	July		24				AA
7	INFORMATION TECHNOLOGY	6501			BUILDING/EQUIP MAINTENANCE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6455		2	DISASTER RECOVERY				1	July		24				AA
7	INFORMATION TECHNOLOGY	6455		2	DISASTER RECOVERY				1	July		24				AA
7	INFORMATION TECHNOLOGY	6560			AUDIT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6455			TELEPHONE				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6550			PROFESSIONAL SERVICES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6566			FACILITIES MANAGEMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6566			FACILITIES MANAGEMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6204			SALARIES TEMPORARY HELP				1	July		24				AA
7	INFORMATION TECHNOLOGY	6204			SALARIES TEMPORARY HELP				1	July		24				AA
7	INFORMATION TECHNOLOGY	6566			FACILITIES MANAGEMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6566			FACILITIES MANAGEMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6566			FACILITIES MANAGEMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6566			FACILITIES MANAGEMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6566			FACILITIES MANAGEMENT				1	July		24				AA
7	INFORMATION TECHNOLOGY	6201			SALARIES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6201			SALARIES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6201			SALARIES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6201			SALARIES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6201			SALARIES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6201			SALARIES				1	July		24				AA
7	INFORMATION TECHNOLOGY	6202			BENEFITS				1	July		24				AA
7	INFORMATION TECHNOLOGY	6202			BENEFITS				1	July		24				AA

# Step 2: Drillable Reports for Executives

Busy executives need more concise reporting that still allows them to get to detail quickly if needed.



**TL;DR**  
Too Long, Didn't Read



## Step 2: Drillable Reports for Executives

	Actual YTD March 31 FY24	CB	GB
<b>Actual Results</b>	<b>Gerald Hunter</b>	<b>Gerald Hunter</b>	
	<b>IIFA Operations</b>	<b>IIFA GAAP Results</b>	
<b>Operating Revenues (Sources)</b>			
Interest Income			
Bond Administration			
Loan Origination			
Tax Credit			
Compliance			
Housing Choice Voucher			
Grants			
Loan Servicing			
NSF/Late			
Other Income			
<b>Operating Expenses (Uses)</b>			
Interest Expense			
Salaries and Benefits			
General Operating			
Advertising			
Audit			
Legal Expense			
Professional Services			
Community Grants			
Depreciation			
<b>Net Operating Revenue (Loss)</b>			
<b>Market Based Operating Results</b>			
Gain/Loss Sales			
Bond Indenture Surplus/Yield			
Loan Acquisition Costs			
<b>Total Operating Revenue (Loss)</b>			
<b>Budget YTD</b>			
March 31			
FY24			
<b>Budget</b>	<b>Gerald Hunter</b>	<b>Gerald Hunter</b>	
	<b>IIFA Operations</b>	<b>IIFA GAAP Results</b>	
<b>Operating Revenues (Sources)</b>			
Interest Income			
Bond Administration			
Loan Origination			
Tax Credit			
Compliance			
Housing Choice Voucher			
Grants			
Loan Servicing			
NSF/Late			
Other Income			
<b>Operating Expenses (Uses)</b>			
Interest Expense			
Salaries and Benefits			
General Operating			
Advertising			
Audit			
Legal Expense			
Professional Services			
Community Grants			
Depreciation			
<b>Net Operating Revenue (Loss)</b>			
<b>Market Based Operating Results</b>			
Gain/Loss Sales			
Bond Indenture Surplus/Yield			
Loan Acquisition Costs			
<b>Total Operating Revenue (Loss)</b>			

Actual YTD March 31 FY24	Chuck Kracht Homeownership Lending	Cory Phelps Project Finance	Brady Ellis Community Housing	Heather Bowman Homebuyer Education	JC, GB, & GH Administration	Gerald Hunter IIFA Operations	Brady Ellis IPF Passthrough	BE & CP Federal Programs	BE & CK ARPA Programs	John Chung Bond Trusts	John Chung ICBI LLC	John Chung FMV & Allocations	Gerald Hunter IIFA GAAP Results
<b>Actual Results</b>													
<b>Operating Revenues (Sources)</b>													
Interest Income													
Bond Administration													
Loan Origination													
Tax Credit													
Compliance													
Housing Choice Voucher													
Grants													
Loan Servicing													
NSF/Late													
Other Income													
<b>Operating Expenses (Uses)</b>													
Interest Expense													
Salaries and Benefits													
General Operating													
Advertising													
Audit													
Legal Expense													
Professional Services													
Community Grants													
Depreciation													
<b>Net Operating Revenue (Loss)</b>													
<b>Market Based Operating Results</b>													
Gain/Loss Sales													
Bond Indenture Surplus/Yield													
Loan Acquisition Costs													
<b>Total Operating Revenue (Loss)</b>													
<b>Budget YTD</b>													
March 31													
FY24													
<b>Budget</b>													
<b>Operating Revenues (Sources)</b>													
Interest Income													
Bond Administration													
Loan Origination													
Tax Credit													
Compliance													
Housing Choice Voucher													
Grants													
Loan Servicing													
NSF/Late													
Other Income													
<b>Operating Expenses (Uses)</b>													
Interest Expense													
Salaries and Benefits													
General Operating													
Advertising													



## Step 2: Drillable Reports for Executives

Actual YTD March 31 FY24		Jane Roethlis	Mark Suderman	Bryan Johnson	Judith Snelson	Susan Semba	Chuck Kracht	Jack Hawkins	Rhiannon Avery Admin	Katie Kilgus Admin	Cory Phelps	Jamie Simpson Admin	Craig Stoddard Admin	Erik Kingston Admin	Deanna Ward HPE Admin	Brady Ellis
		Loan Servicing	Loan Acquisitions	Broker	Retention Refinance	HOL Financing	Homeownership Lending	Project Finance Admin	HOME, NSP, HTP Admin	Compliance Admin	Project Finance	Homelessness Admin	Rental Assistance Admin	Housing Resources Admin	HPF Admin	Community Housing
<b>Actual Results</b>																
<b>Operating Revenues (Sources)</b>																
Interest Income		1,170,000	-	-	-	1,170,000	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
Bond Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Origination		-	1,170,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Credit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compliance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing Choice Voucher		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Servicing		1,170,000	-	-	-	-	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
NSF/late		1,170,000	-	-	-	-	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
Other Income		1,170,000	-	-	-	-	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
<b>Operating Expenses (Uses)</b>																
Interest Expense		1,170,000	-	-	-	1,170,000	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
Salaries and Benefits		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
General Operating		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
Advertising		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
Audit		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
Legal Expense		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
Professional Services		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
Community Grants		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
Depreciation		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
<b>Net Operating Revenue (Loss)</b>																
<b>Market Based Operating Results</b>																
Gain Loan Sales		-	1,170,000	1,170,000	1,170,000	-	1,170,000	1,170,000	-	-	-	-	-	-	-	-
Bond Indenture Surplus Yield		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Acquisition Costs		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
<b>Total Operating Revenue (Loss)</b>																
<b>Budget YTD March 31 FY24</b>																
<b>Budget</b>																
<b>Operating Revenues (Sources)</b>																
Interest Income		1,170,000	-	-	-	1,170,000	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
Bond Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Origination		-	1,170,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Credit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compliance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing Choice Voucher		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Servicing		1,170,000	-	-	-	-	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
NSF/late		1,170,000	-	-	-	-	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
Other Income		1,170,000	-	-	-	-	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
<b>Operating Expenses (Uses)</b>																
Interest Expense		1,170,000	-	-	-	1,170,000	1,170,000	1,170,000	-	-	1,170,000	-	-	-	-	-
Salaries and Benefits		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000
General Operating		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,170,000

## Step 2: Drillable Reports for Executives

Actual YTD March 31 FY24									
	11	Jane Roethler	36	Mark Suderman	42	198	Bryan Johnson	47	Juliegh Snelson
Actual Results	LOAN SERVICING	Loan Servicing	LOAN ACQUISITION & BUSINESS	Loan Acquisitions	BROKER	HomeLoanServ Inc.	Broker	RETENTION REFINANCE	Retention Refinance
<b>Operating Revenues (Sources)</b>									
Interest Income	1,000,000	1,000,000	-	-	-	-	-	-	-
Bond Administration	-	-	-	-	-	-	-	-	-
Loan Origination	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tax Credit	-	-	-	-	-	-	-	-	-
Compliance	-	-	-	-	-	-	-	-	-
Housing Choice Voucher	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Loan Servicing	1,000,000	1,000,000	-	-	-	-	-	-	-
NSF/Late	1,000,000	1,000,000	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
<b>Operating Expenses (Uses)</b>									
Interest Expense	1,000,000	1,000,000	-	-	-	-	-	-	-
Salaries and Benefits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
General Operating	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Advertising	-	-	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-	-	-
Legal Expense	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-
Community Grants	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
<b>Net Operating Revenue (Loss)</b>									
<b>Market Based Operating Results</b>									
Gain Loan Sales	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Bond Indenture Surplus Yield	-	-	-	-	-	-	-	-	-
Loan Acquisition Costs	-	-	-	-	-	-	-	-	-
<b>Total Operating Revenue (Loss)</b>									
<b>Budget YTD March 31 FY24</b>									
Budget	11	Jane Roethler	36	Mark Suderman	42	198	Bryan Johnson	47	Juliegh Snelson
Budget	LOAN SERVICING	Loan Servicing	LOAN ACQUISITION & BUSINESS	Loan Acquisitions	BROKER	HomeLoanServ Inc.	Broker	RETENTION REFINANCE	Retention Refinance
<b>Operating Revenues (Sources)</b>									
Interest Income	1,000,000	1,000,000	-	-	-	-	-	-	-
Bond Administration	-	-	-	-	-	-	-	-	-
Loan Origination	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Tax Credit	-	-	-	-	-	-	-	-	-
Compliance	-	-	-	-	-	-	-	-	-
Housing Choice Voucher	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Loan Servicing	1,000,000	1,000,000	-	-	-	-	-	-	-
NSF/Late	1,000,000	1,000,000	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
<b>Operating Expenses (Uses)</b>									
Interest Expense	1,000,000	1,000,000	-	-	-	-	-	-	-
Salaries and Benefits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
General Operating	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Advertising	-	-	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-	-	-

# Step 3 Forecasting?





## NCSHA Annual Conference

### Maximizing Agency Resources

October 1, 2024

**Geoff Proulx, Managing Director**  
**Morgan Stanley**  
[Geoff.Proulx@morganstanley.com](mailto:Geoff.Proulx@morganstanley.com)

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## Leveraging Tax-Exempt and Taxable MRBs to Enhance Profitability

### ***Record HFA MRB Issuance in 2023 and 2024***

- 2023 and 2024 have seen increased MRB issuance
  - MRBs have outperformed TBA
  - 30-year taxable bond structures have been well received by the market
- 2023 SF volume
  - Up 52% versus 2022
  - Taxable SF issuance up 67% versus 2022
- 2024 SF volume up 38%
  - Taxable SF issuance up 54%

### ***Taxable MRBs Funding Both MRB and Non-MRB Eligible Loans***

- HFAs have widely incorporated long term taxable MRBs in finance plans
  - Fund MRB-eligible loans and leverage volume cap
  - Fund non-MRB eligible loans
- Strong investor demand for taxable HFA bonds across the curve
- Taxable PAC issuance up 63% YoY
- Blending tax-exempt and taxable enhance profitability in the current market

### ***Taxable Structuring Considerations***

- Blended tax-exempt / taxable
- Allowable taxable mortgage rate / spread position
- Relative value investors
  - Serials, Terms, PACs
  - 5 and 6 year average life PACs
    - Whole loan vs MBS
    - Coupon
    - Structuring bands

Source: Morgan Stanley Housing Group

## Indicative Tax-Exempt / Taxable Blended Structure

Bond Structure	TE Bond Yields	TX Bond Yields	Fixed Rate Serials and Terms		
			TE Series	TX Series	Combined
Serials	2.90% - 3.85%	4.15% - 4.89%	\$15,990,000	\$31,585,000	\$47,575,000
2039 Term	3.90%	4.94%	7,415,000	14,330,000	21,745,000
2044 Term	4.20%	5.30%	14,649,000	27,695,000	42,344,000
2049 Term	4.40%	5.35%	20,150,000	38,225,000	58,375,000
2054 Term	4.50%	5.40%	26,796,000	53,165,000	79,961,000
<b>Total Proceeds</b>			<b>\$85,000,000</b>	<b>\$165,000,000</b>	<b>\$250,000,000</b>
<b>Bond Yield @ 100% FHA</b>			<b>4.274%</b>	<b>5.229%</b>	<b>4.911%</b>
<b>Mortgage Yield (Pre TE / TX Blending)</b>			6.417%	6.417%	6.417%
<b>Spread Position (Pre Blending)</b>			<b>2.143%</b>	<b>1.188%</b>	<b>1.507%</b>
<b>Mortgage Yield (Post TE / TX Blending)</b>			5.399%	6.927%	6.417%
<b>Spread Position (Post Blending)</b>			<b>1.125%</b>	<b>1.697%</b>	<b>1.507%</b>

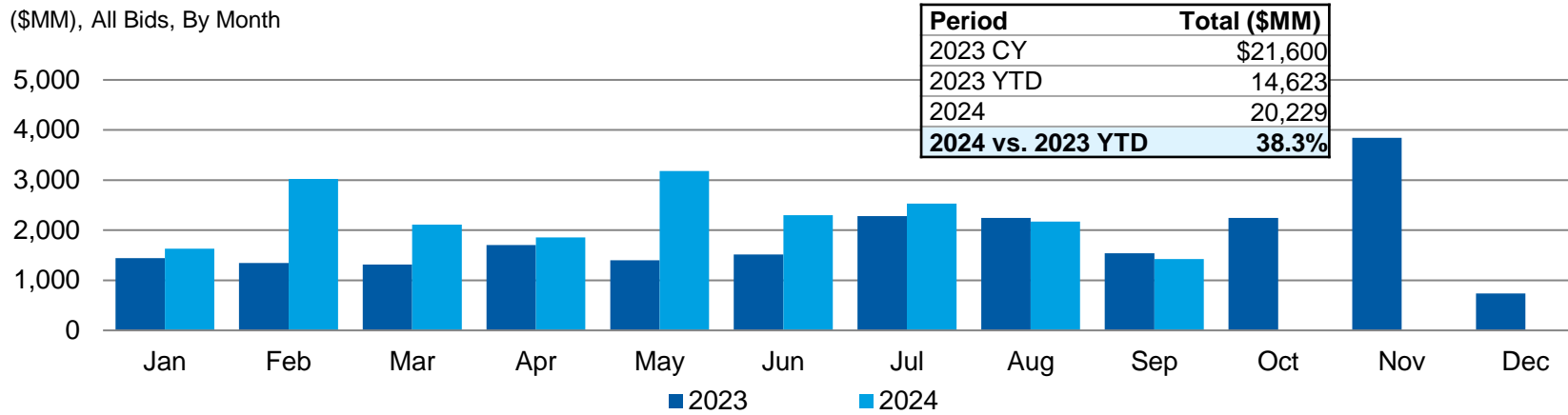
Source: Morgan Stanley Housing Group

# Housing Issuance: 2024 vs 2023YTD

Issuance Volume is Up 24%, Driven by 38% Increase in Single Family

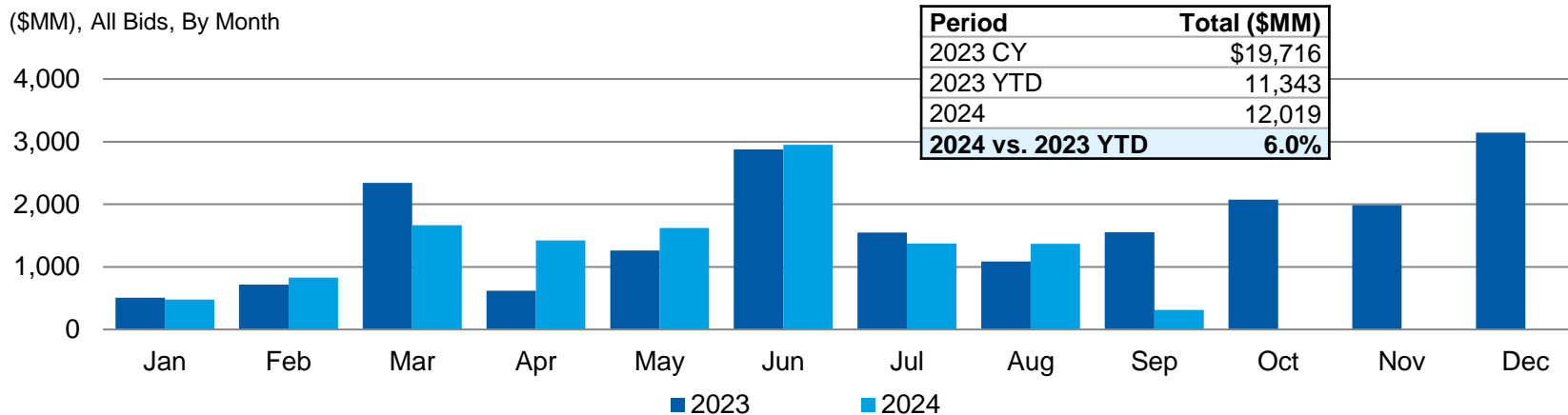
## Single Family (+38.3% YoY)

(\$MM), All Bids, By Month



## Multifamily (+6.0% YoY)

(\$MM), All Bids, By Month



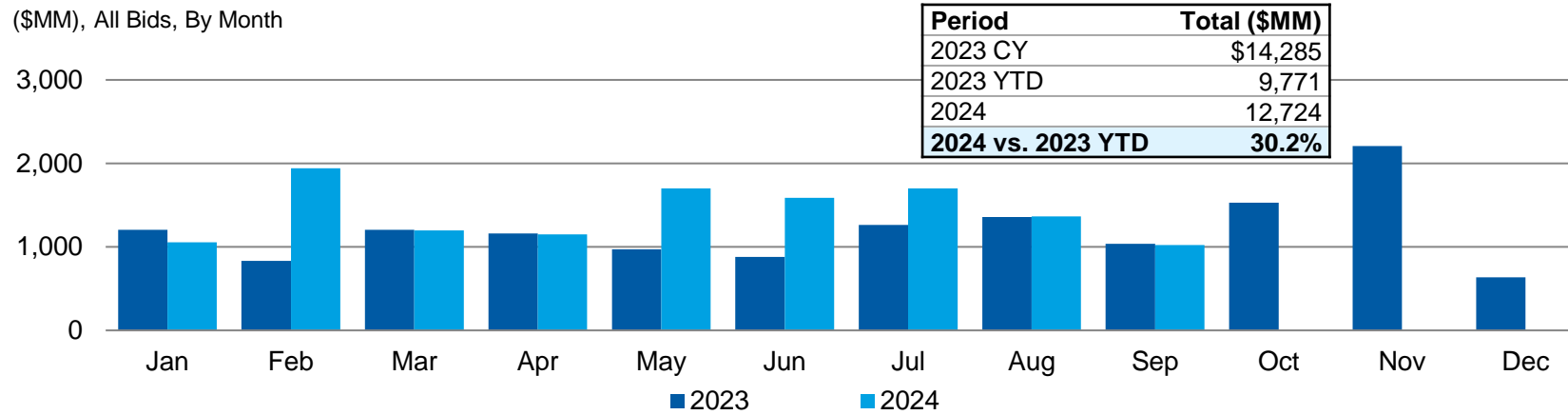
Note: Data as of September 18, 2024 Source: Refinitiv

# Single Family Housing Issuance: 2024 vs 2023YTD

Issuance Volume is Up 38%

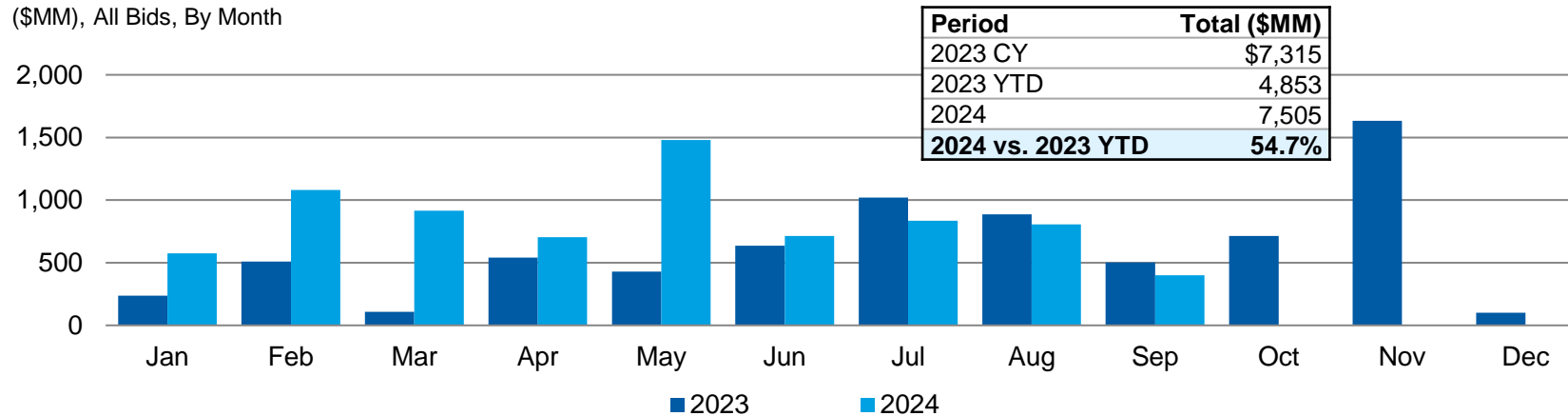
## Tax-Exempt (+30.2% YoY)

(\$MM), All Bids, By Month



## Taxable (+54.7% YoY)

(\$MM), All Bids, By Month

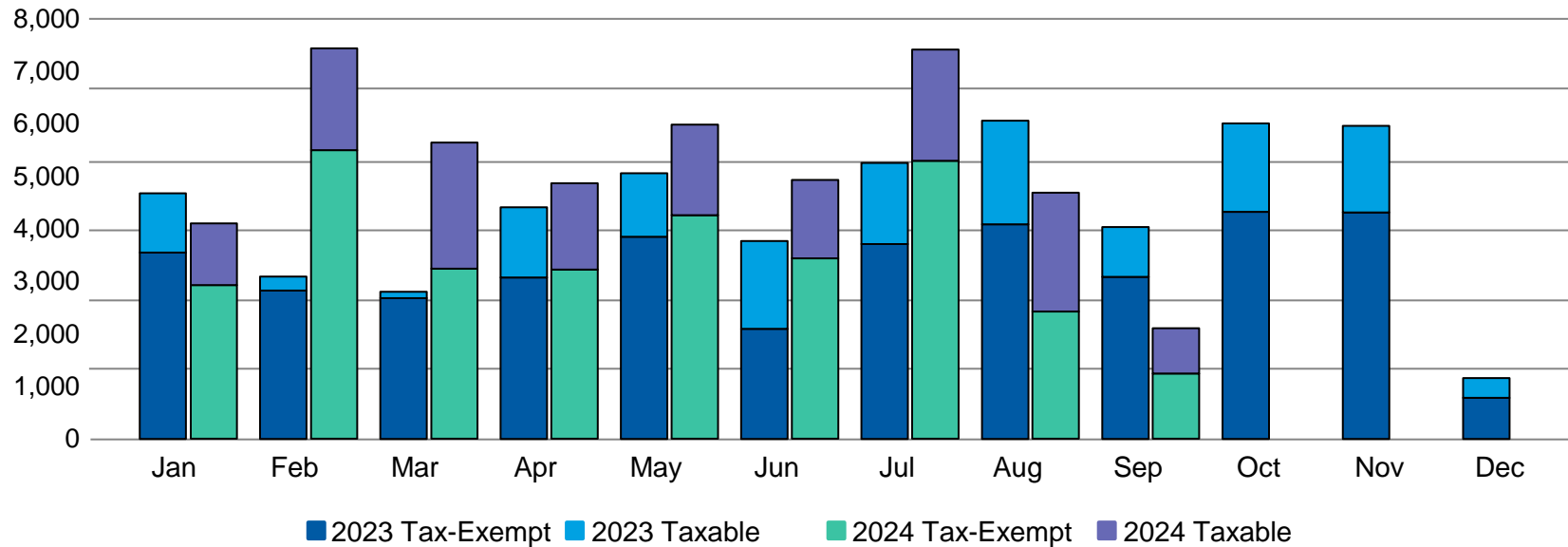


Note: Data as of September 18, 2024 Source: Refinitiv

# PAC Bond Issuance in 2024

## 2023 and 2024 YTD Tax-Exempt and Taxable PAC Bond Issuance by Month (+27.5% YTD)

Par (\$MM), By Month



Tax-Exempt PACs	
Period	Total (\$MM)
2023 CY	\$3,839
2023 YTD	2,743
2024	3,151
<b>2024 vs. 2023 YTD</b>	<b>14.9%</b>

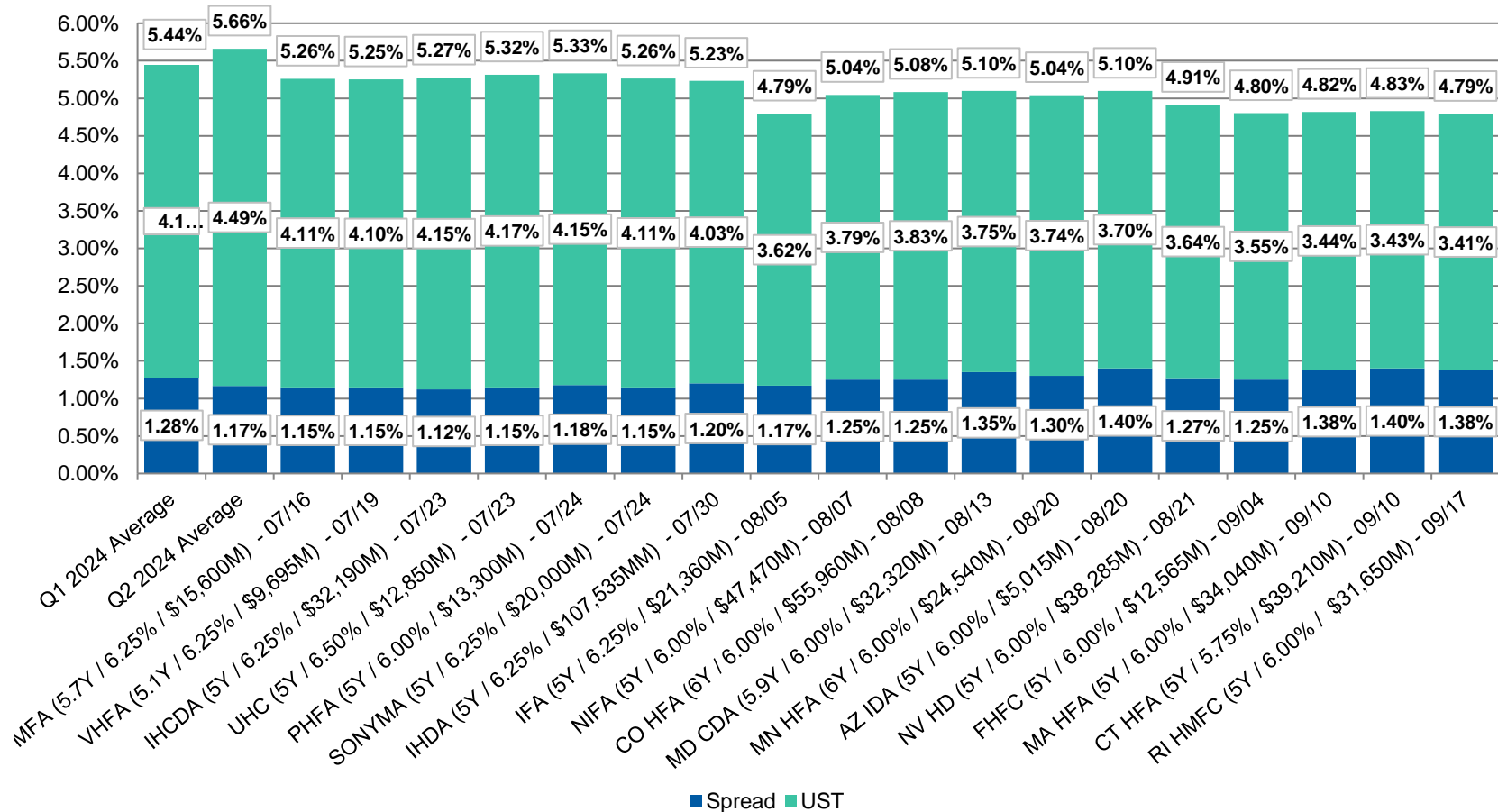
Taxable PACs	
Period	Total (\$MM)
2023 CY	\$1,392
2023 YTD	973
2024	1,588
<b>2024 vs. 2023 YTD</b>	<b>63.3%</b>

Source: Bloomberg as of September 18, 2024

# Taxable PAC Bonds – Pricing Comps

## PAC Pricings

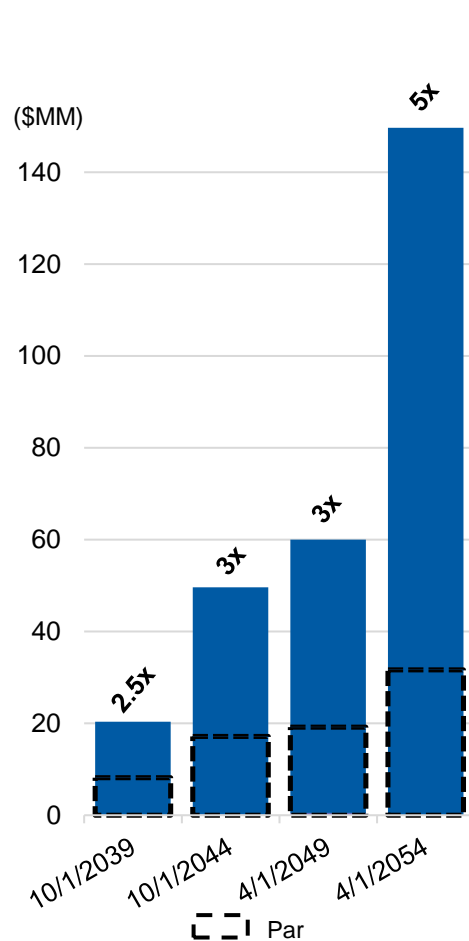
2024 Q1 Average - Present



Note: Bloomberg as of September 18, 2024

# Taxable Structuring Considerations

## Indicative Subscription Levels



Source: Morgan Stanley Housing Group

## Considerations in the Current Market

- 30+ unique institutional investors in recent issues
- Term bonds attracting constant subscription
- Order Results: PAC bond buyers base focused on credit and structure
  - MBS
  - Average life
  - Upper band table
  - Payment History

## Recent Transaction Order Highlights

- Recent taxable PAC transactions have received orders from up to 6-8 unique investors
- Terms often oversubscribed by 2.5x to 5x
  - Term oversubscription has kept spreads similar despite lower USTs

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