

# MEMORANDUM

**To:** CHFA Board of Directors

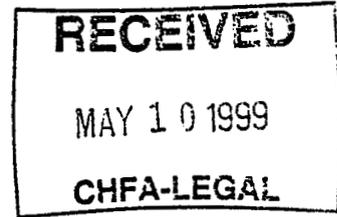
**Date:** May 26, 1999

David N. Beaver  
General Counsel

**From:** CALIFORNIA HOUSING FINANCE AGENCY

**Subject:** NEW STATUTORILY REQUIRED ETHICS ORIENTATION

Effective January 1, 1999, new state law became effective which requires all state agencies to conduct ethics orientations for specified officers and employees **including CHFA Board Members**. Attached is information which describes these requirements. I **am** in the process of preparing these orientation sessions which will be conducted later in the year.



STATE OF CALIFORNIA

OFFICE OF THE ATTORNEY GENERAL

BILL LOCKYER  
ATTORNEY GENERAL

May 5, 1999

TO: ALL AGENCY SECRETARIES  
ALL STATE DEPARTMENT DIRECTORS

FROM: ATTORNEY GENERAL BILL LOCKYER *BL*

RE: NEW STATUTORILY REQUIRED ETHICS ORIENTATION

Effective January 1, 1999, Government Code section 11146 requires all state agencies and departments to conduct ethics orientations for specified officers and employees. Prior to conducting these orientations, agencies are required to consult with the Fair Political Practices Commission ("FPPC") and the Attorney General's Office regarding course content.

In an effort to ease the burden on state agencies of conducting these orientations and to ensure the uniform flow of information, the Attorney General's Office and the FPPC have devised a core course in **an** Internet format that may be incorporated into an ethics orientation by any state agency. We will also be offering this core ethics orientation in a video tape format. The Department of Personnel Administration (DPA) will send a copy of the video taped orientation **free** of charge to each state agency and department.

Separate and apart from this general orientation, we will conduct special in-depth training for attorneys who are expected to assist their agencies in resolving conflict of interest issues. Space is limited for this special training, so we ask that you send **only** those attorneys that you anticipate will be providing ethics advice to your agency.

There are two primary factors that prompted **an** Internet format. First, this format allows state officials to take the course at a time most convenient to them. Second, this format provides the ability to interact directly with the individual taking the orientation by providing fact based questions that will allow the individual to apply the knowledge that he or she has just gained. **This** approach should make the orientation more engaging and simultaneously provide instant feedback on comprehension. These features seem like dramatic advantages over the traditional lecture format.

Even though the Internet and video taped material should greatly lessen the burden of complying with the statutorily mandated training, each agency is ultimately responsible for conducting **an** ethics orientation that satisfies the legal requirement. **This means** that ethics laws



ALL AGENCY SECRETARIES  
ALL STATE DEPARTMENT DIRECTORS

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that apply to your agency, and which are not part of the core course prepared by the Attorney General's Office and the FPPC, must be specifically addressed in your agency's ethics program.

In addition, the law requires each agency to maintain public records of the officials who have taken the orientation. We believe that this requirement places a burden on each agency to ensure that its employees have actually taken the course. Accordingly, we would encourage your agency to establish a monitoring system that will achieve this result. Both the Internet and video materials emphasize that they do not count toward fulfilling the ethics requirement unless they are undertaken in accordance with agency procedures.

Below is a time line that we expect to follow in making the above referenced materials available:

- May 24, 1999 – The core course, Ethics Orientation for State Officials, will be on-line at <http://caag.state.ca.us>, the Attorney General Office's web site. A link to the core course will also appear on the web site for the Fair Political Practices Commission at <http://www.fppc.ca.gov> and the web site for the DPA at <http://www.dpa.ca.gov>.
- May 26, 1999 – Day long live training for agency attorneys commencing at 10:00 a.m. at Secretary of State's auditorium located at 1500-11<sup>th</sup> Street, Sacramento, California.
- Mid June, 1999 – Video taped orientation will be sent to all agencies and departments by the DPA.

If you have any questions, please direct them to:

Bob Tribe,  
Executive Director, Fair Political Practices Commission  
(916) 322-5901

Ted Prim  
Deputy Attorney General, Office of the Attorney General  
(916) 324-5481

cc: General Counsels  
Training Officers

ii. State funding

City redevelopment agency which had received no funds from state during the past ten years, which included the time during which housing project was built by private developers on land purchased from redevelopment agency, was not subject to California statute prohibiting discrimination in state funded programs. Independent Housing Services of San Francisco v. Fillmore Center Associates, N.D.Cal.1993, 840 F.Supp. 1323.

7. Inspection and enforcement

City agency which is recipient of state funds may find itself in violation of statute prohibiting discrimination in

§ 11139.5. Standards and guidelines; establishment; assistance

Cross References

Adoption of regulations for safe transport of radioactive materials, see Health and Safety Code § 114820. Poison prevention packaging, see Health and Safety Code § 108685 et seq.

Priority ranking of sites requiring removal and remedial action due to hazardous substances, see Health and Safety Code § 25356.

Article 12

STATE AGENCY ETHICS TRAINING

Section 11146. Definitions.	Section 11146.2. Attendance records.
11146.1. Semiannual orientation course; official conduct of state officials.	11146.3. Requirement to attend; timing.
	11146.4. Exceptions; joint courses; course content requirements.

Article 12 was added by Stats.1998, c. 364 (A.B.2179), § 1.

5 11146. Definitions

For purposes of this article, the following terms have the following meanings:

(a) "State agency" has the same meaning as set forth in Section 82049, but does not include the Legislature.

(b) "Filer" means each member, officer, or employee of a state agency who satisfies both of the following requirements:

(1) The person holds any one of the following positions with the agency: an elected office, a position that is exempt from civil service, a career executive assignment, the position of executive director or its equivalent, or the position of general counsel or its equivalent.

(2) The person is required to file a statement of economic interests under either Article 2 (commencing with Section 87200) or Article 3 (commencing with Section 87300) of Chapter 7 of Title 9 because of the position he or she holds with the agency.

(Added by Stats.1998, c. 364 (A.B.2179), § 1.)

§ 11146.1. Semiannual orientation course; official conduct of state officials

Each state agency shall offer at least semiannually to each of its filers an orientation course on the relevant ethics statutes and regulations that govern the official conduct of state officials.

(Added by Stats.1998, c. 364 (A.B.2179), § 1.)

§ 11146.2. Attendance records

Each state agency shall maintain records indicating the specific attendees, each attendee's job title, and dates of their attendance for each orientation course offered pursuant to Section 11146.1 for a period of not less than five years after each course is given. These records shall be public records subject to inspection and copying consistent with subdivision (a) of Section 81008 and otherwise subject to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

(Added by Stats.1998, c. 364 (A.B.2179), § 1.)

or changes indicated by underline; deletions by asterisks \* \* \*

5 11146.3. Requirement to attend; timing

Except as set forth in Section 11146.4, each filer shall attend the orientation course required in Section 11146.1, as follows:

(a) For filers who hold a position with the agency on January 1, 1999, not later than December 31, 1999, and at least once during each consecutive two calendar years thereafter.

(b) For persons who become a filer with the agency after January 1, 1999, within six months after they become a filer and at least once during each consecutive two calendar years thereafter.

(Added by Stats.1998, c. 364 (A.B.2179), § 1.)

§ 11146.4. Exceptions; joint courses; course content requirements

(a) The requirements of Section 11146.3 shall not apply to filers with a state agency who have taken an equivalent ethics orientation course through another state agency or the Legislature within the time periods set forth in subdivision (a) or (b) of Section 11146.3, as applicable.

(b) State agencies may jointly conduct and filers from more than one state agency may jointly attend an orientation course required by Section 11146.1, as long as the course content is relevant to the official duties of the attending filers.

(c) Before conducting each orientation course required by Section 11146.1, state agencies shall consult with the Fair Political Practices Commission and the Attorney General regarding appropriate course content

(Added by Stats.1998, c. 364 (A.B.2179), § 1.)

Chapter 2

STATE DEPARTMENTS

Article 1

GENERAL

Section

11158. Enforcement of orders.

5 11158. Enforcement of orders

The sheriffs \* \* \* in the several counties shall execute all lawful orders of a department in their counties.

(Amended by Stats.1996, c. 872 (A.B.3472), § 39.)

Historical and Statutory Notes

1996 Legislation Subordination of legislation by Stats.1996, c. 872 (A.B.3472), to other 1996 legislation, see Historical and Statutory Notes under Business and Professions Code § 8762. Short title, legislative findings, and intent of Stats.1996, c. 872 (A.B.3472), see Historical and Statutory Notes under Business and Professions Code § 8762.

Article 2

INVESTIGATIONS AND HEARINGS

Section

11189. Depositions; petition; order; enforcement.

Code of Regulations References

Developmental Services Department, Subpoenas and witnesses. see 17 Cal. Code of Regs. Discovery, see 17 Cal. Code of Regs. § 50753. § 50754.

Additions or changes Indicated by underline; deletions by asterisks \* \* \*

**CHFA  
PROGRAMS**

**BUSINESS PLAN**

**1999/2000 - 2003/2004**

# California's Affordable Housing Lender

## Primary Objectives

- **PUBLIC PURPOSE:**
    - > Provide affordable housing opportunities for low and moderate income individuals and families
  - **FIDUCIARY:**
    - > Maintain investor confidence
      - Self sufficient operations
      - No sovereign immunity
      - No appropriations
-

# Single Family Programs

- **Wholesale lender**
  - **Conventional Lender Network**  
    > 40-50 lenders with 500+ offices
  - **CHFA does not underwrite - due diligence review for public purpose**
-

## **Single Family Objectives**

- **Provide below market, fixed rate home loans for very low, low and moderate income borrowers**
  - **Loan fund availability 365 days a year**
  - **Equitable distribution of loan funds statewide**
  - **Balanced utilization of loan funds between resale and new construction**
  - **Maximize leveraging - currently making \$3-4 in loans for every \$1 of Private Activity Bond Allocation**
-

<b>SF Programs</b>	<b>1999/00</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>
<b>SF Loans</b>	<b>\$1,000M</b>	<b>\$1,000M</b>	<b>\$1,000M</b>	<b>\$1,000M</b>	<b>\$1,000M</b>
<b>HAT Programs</b>					
<b>Self Help</b>	<b>\$2M</b>	<b>\$2M</b>	<b>\$2M</b>	<b>\$2M</b>	<b>\$2M</b>
<b>Mortgage Assistance</b>	<b>\$5M</b>	<b>\$5M</b>	<b>\$5M</b>	<b>\$5M</b>	<b>\$5M</b>
<b>Total</b>	<b>\$1,007M</b>	<b>\$1,007M</b>	<b>\$1,007M</b>	<b>\$1,007M</b>	<b>\$1,007M</b>

# Current SF Rate Structure

## ■ New Construction/Resale

	Standard	AHPP
Statewide	6.5%	6.25%
Hi Cost	6.25%	6.0%

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# New Interest Rate Structure

## ■ New Construction/Resale

Standard AHPP

**X**atellite

Moderate

6.75%

N/A

Low Income

6.25%

6.0%

Hi Cost

Moderate

6.5%

N/A

Low Income

6.0%

5.75%

## **OTHER PROGRAMS**

- **School Facility Fee Affordable Housing Assistance Program (Prop 1A)**
  - **HELP (Housing Enabled through Local Partnerships)**
-

# PARTNERSHIPS

- **Affordable Housing Partnership Program (AHPP)**
    - > localities provide 2nd mortgage assistance
  
  - **Rural Development Agency**
    - > 2nd mortgage assistance for rural areas
  
  - **Self-Help Housing**
    - > Non-profit developers
-

# Multi Family Programs

- **Retail Lender**
    - > **For Profit, Non Profit & Public Agencies**
  - **Tax Exempt & Taxable Loans**
    - > **New Construction, Acquisition & Rehabilitation**
  - **Loan Underwriter**
  - **Portfolio Loans**
-

# Multi Family Objectives

- **Marketplace Alternative**
    - > Long term, fixed rate, below market loan
  - **Stimulate additional affordability**
    - > Minimum 20% @ 50%
  - **Preservation**
-

RESERVATION

1950

1951

1952

1953

1954

1955

1956

1957

1958

1959

# EXPIRING USE INVENTORY

	UNITS 1998	UNITS 1999	
TOTAL	158,410	146,086	
■ Project Based Sec 8	114,324	102,000	
52%	59,448	61,200 (60%)	Below 100% FMR
23%	26,295	20,400 (20%)	100-120% FMR
25%	28,581	20,400 (20%)	Above 120% FMR
■ Older Assisted	15,947	15,947	Less than 50%
■ Tax Exempt BMR	28,139	28,139	Within 15 years

## Preservation Programs

- **Mark to Market (M2M) - Restructure Mortgage**
    - 20,400 Units (20%) 100-120%FMR
    - 20,400 Units (20%) Above 120%FMR
  - **Mark Up to Market - Contract rents to market**
    - 61,200 Units (60%) Below 100% FMR
  - **CHFA (FY 98/99) - \$100 M Taxable**
    - > Conventional market 50-75 bp below with shorter term mortgage
    - > No interest in new regulatory agreement
-

# CHFA Preservation Program

- 501(c)(3) Tax Exempt Loan
    - ┆ > 5% fixed rate
    - > Up to 30 year term
    - > for acquisition/rehab of at-risk, government assisted units
  - Preservation Subsidy Loan Program
-

# MULTI FAMILY PROGRAMS

## TAX EXEMPT

	1999/00	2000/01	2001/02	2002/03	2003/04
New Const	\$70M	\$70 M	\$70 M	\$70 M	\$70 M
Acq/Rehab	\$30M	\$30 M	\$30 M	\$30 M	\$30 M
Special Needs	\$ 6 M				
Preservation	\$20 M				
<b>Total</b>	<b>\$126 M</b>				

# HAT Programs

	1999/00	2000/01	2001/02	2002/03	2003/04
● LIHTC Bridge	\$5 M				
■ State/Local	\$5M	\$5M	\$5 M	\$5 M	\$5 M
Preserve Subsidy	\$15 M				
■ Pre-Development	\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M
■ Special Needs	\$1.5 M				
● HELP	\$20 M				
■ Small Business	\$2M	\$2M	\$2M	\$2M	\$2 M
<b>— Total</b>	<b>\$51 M</b>				