

**Statutory Composition of California Housing Finance Agency Board of Directors**  
**California Health and Safety Code 50902**

50902. (a) Appointed members of the board shall be able persons broadly reflective of the economic, cultural, and social diversity of the state, including minorities and women. However, it is not intended that formulas or specific ratios be applied in order to achieve that diversity.

(b) The Governor shall select four of his or her six appointees from among the following categories: (1) an elected official of a city or county engaged in the planning or implementation of a housing, housing-assistance, or housing-rehabilitation program; (2) a person experienced in residential real estate in the savings and loan, mortgage banking, or commercial banking industry; (3) a person experienced as a builder of residential housing; (4) a person experienced in organized labor in the residential construction industry; (5) a person experienced in the management of rental or cooperative housing occupied by lower income households; (6) a person experienced in manufactured housing finance and development; and (7) a person representing the public. Not more than one person from each category may serve on the board at any one time, except that two members may be appointed by the Governor to represent the public.

(c) The Governor shall also appoint two members who are residents of rental or cooperative housing financed by the agency or who are persons experienced in counseling, assisting, or representing tenants.

(d) At least one of the members appointed by the Governor shall be a resident of a rural or nonmetropolitan area.

(e) The Senate Rules Committee and the Speaker of the Assembly shall each appoint a person representing the public.

The term of members of the board shall be six years. Any person appointed to fill a vacancy on the board shall serve only for the remainder of the unexpired term. Members of the board shall, subject to continued qualification, be eligible for reappointment. If a member of the board ceases to meet the qualifications specified in this section, the membership of that person on the board shall be terminated.

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convenient excuse for refusing, in the face of any situations not covered by statute, to make any decision at all.

The alternative is to provide an agency with broad powers and carefully specified public objectives to be pursued, but little or no direction as to the means by which the goals are to be sought. The danger in such a method is, of course, that too much administrative initiative will be exercised, that public ends will be jeopardized and imprudent use made of public monies. In part because of our determination to avoid creating a mini-HUD in Sacramento, Bob and I favored the second approach to drafting. We hoped that, by emphasizing administrative initiative and providing compensation that was adequate to attract good management, we could attract the experienced executive talent necessary to establish and maintain a working relationship with the state's mortgage lenders and at the same time obtain the most public benefit from the public funds available.

We decided to structure the agency in a manner similar to a private corporation. Management responsibility would be vested in a board of directors whose members would represent a broad spectrum of both private and public interests. They would serve without pay and would hire a full-time chairman and president to administer the agency's day-to-day operations. To assure that the agency was ultimately responsible to the electorate, board members would be appointed by elected officials. We thought the board would insulate the agency from direct political influence. To prevent any one political figure from ever dominating its membership we divided the board appointments among the governor, the speaker of the Assembly, and the president pro tempore of the Senate. We also gave members seven-year staggered terms.

Composition of board membership was a particularly sensitive issue. We felt the agency should have on its board individuals with experience in housing finance and production. We also wanted to include someone who could articulate the views of tenants living in agency-financed housing, and representatives of public institutions, such as cities and housing authorities, who were familiar with the way in which local communities approached the problem

of housing the poor. In addition to sound policy reasons for having a diverse and experienced board of directors, though, the choice involved political considerations. There were certain interest groups—the mortgage lenders, construction unions, the cities—as well as others whose support we needed who would demand, as a condition of support, to be represented on the board. Bob and I talked over this very difficult issue at great length and finally agreed to the following board membership:

*Ex-officio, nonvoting members:*

state treasurer  
secretary of the business and transportation agency

president of the agency

*Voting members appointed by the governor:*  
member living in, and eligible for, federal-assisted or state-assisted rental housing

representative of local government

member experienced in the savings and loan industry

member experienced as a builder of residential housing

member experienced in investment banking

*Voting members appointed by the speaker of the Assembly:*

executive director of a housing authority

member experienced in mortgage banking

member experienced in organized labor of the residential

construction industry

member experienced in the savings and loan industry

*Voting members appointed by the president pro tempore of the*

*Senate:*

attorney practicing in the field of government-assisted housing

member owning and living in a federal-assisted or state-assisted

dwelling

two members experienced in the savings and loan industry

In addition, the director of the Department of Finance was to serve as an ex-officio voting member and the board was to select a chairperson from outside its original membership who would then also become a voting member.