

CALIFORNIA HOUSING FINANCE AGENCY POLICIES AND PROCEDURES

Policy Number: AD-HR-028

Subject: Nepotism - Employment of Relatives and
Close Personal Relationships

Policy Statement: CalHFA is committed to maintaining an environment which creates and maintains affordable California housing in a professional atmosphere of mutual respect and trust. While CalHFA respects the privacy of its employees, CalHFA recognizes that there exists the opportunity for the inappropriate use of power, trust or authority. Certain relationships in the work environment have the potential to compromise, or appear to compromise, the fairness and objectivity of employment decisions and the discharge of other professional duties and responsibilities. This policy is intended to promote employment decisions and conduct in the workplace that avoids a conflict of interest, appearance of favoritism, and/or abuse of power.

General Information:

CalHFA is committed to the hiring and advancement of employees based on qualifications, achievement and merit. CalHFA respects the privacy of all employees and recognizes that all employees are entitled to freely choose their personal associations and relationships. CalHFA is also mindful that familial relationships and close personal relationships in the workplace may cause a conflict of interest; the opportunity for exploitation; the inappropriate use of power, trust or authority; or undermine professionalism, any or all of which negatively affects the fairness and objectivity that is essential to a healthy and effective working environment.

CalHFA seeks to exercise sound business judgment in its hiring and advancement decisions, including with respect to relatives of employees and anyone involved in close personal relationships. With respect to any individual with whom an employee is married, related by blood or law or involved in a close personal relationship, the employee may not:

- Evaluate the individual's work performance or participate in the performance planning or review;
- Hire, rehire, promote or terminate the individual;
- Influence the individual's salary or classification (directly or indirectly);
- Interview the individual for a position or list eligibility (QAP);
- Make any recommendation affecting the individual's terms and/or conditions of employment;
- Supervise the individual or report directly or indirectly to the individual (chain of command);
- Work in a position where employment may present a conflict of interest.

With the exception of providing a recommendation for an individual being considered for employment by CalHFA, which shall be accorded such weight as determined in the sole discretion of CalHFA, an employee shall not have any direct or indirect role in the decision to

hire the individual. In order to eliminate the perception of favoritism, an employee shall not approach anyone in the selection process to influence the hiring decision.

Applicants for employment, employees who are related to each other, or employees involved in a close personal relationship, none of whom is a supervisor, shall not work for the same supervisor without the prior approval of the Director of Administration who shall confer with the Executive Director prior to issuing a decision of approval or disapproval.

The foregoing restrictions shall also apply if an employee becomes related to another employee through marriage or otherwise or becomes involved in a close personal relationship during his or her employment at CalHFA.

If in doubt concerning any of the situations listed above, contact the Manager of Human Resources or Director of Administration for clarification and guidance.

Definitions:

Close Personal Relationship is defined as a dating, consensual romantic or sexual relationship.

Domestic Partner as it is defined with more particularity by Family Code Section 297, but generally means two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring.

Nepotism is defined as favoritism granted to relatives or other close relationships not based on merit.

Relative is defined as any person who is related to an employee in any of the following ways:

1. Parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, first cousin, in-laws related by blood, marriage or through adoption.
2. Spouse, domestic partner, stepparent, stepchild, or other relation established by law or court order.

Employee includes incumbents in positions at CalHFA including TAU appointments, testing and non-testing classes such as seasonal clerk, student assistant, retired annuitants, temporary employees and contractors.

Responsibilities for Implementation:

If an employee is involved, or becomes involved, in a familial, domestic or close personal relationship covered by this policy, the employee must report it to his or her immediate supervisor and to the Manager of Human Resources or Director of Administration to be handled in accordance with this policy.

If a familial relationship is created by marriage, or any other event, and the direct or indirect authority or control by an employee over a relative results, both individuals must disclose the relationship immediately to their respective supervisors so that any and all steps are taken to comply with this policy.

With regard to any familial or close personal relationship covered by this policy, including close personal relationships prohibited by this policy that pre-dated the policy, an employee is

expected to disclose any such relationship to his or her immediate manager or supervisor consistent with this policy.

When a manager or supervisor learns of an actual or suspected familial, domestic or close personal relationship within the meaning of this policy, the manager or supervisor must take the following actions:

1. Consult with the Manager of Human Resources.
2. Based on the consultation with Human Resources, the manager or supervisor may assess the situation, including meeting with the employee to discuss the possible conflict and apprise him or her of CalHFA's policy.
3. Whether confirmed or denied, the manager or supervisor should document the meeting to include the following:
 - a. information received from the individuals;
 - b. prohibited activities and potential conflicts discussed; and
 - c. steps taken to avoid and eliminate the conflict (i.e., transfer one or the other to an appropriate position in another unit.

Failure to act in accordance with this policy may subject the employee, manager and/or supervisor to corrective action.