

RESOLUTION NO. _____

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA DETERMINING THAT PUBLIC INTEREST AND NECESSITY DEMAND THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE ACQUISITION AND IMPROVEMENT OF AFFORDABLE HOUSING, SUBMITTING TO THE SANTA ROSA ELECTORATE A MEASURE TO AUTHORIZE GENERAL OBLIGATION BONDS FOR AFFORDABLE HOUSING PROJECTS AND REQUESTING SONOMA COUNTY TO CONSOLIDATE A BOND ELECTION TO BE HELD ON NOVEMBER 6, 2018

WHEREAS, the Council of the City of Santa Rosa recognizes that homelessness is a major and growing concern for the City of Santa Rosa (“City”); and

WHEREAS, homelessness has been identified as one of the City Council's top priorities; and

WHEREAS, the City Council has previously recognized that the City is experiencing a housing crisis, and the crisis was exacerbated by the destruction caused by the Tubbs Fire and Nuns Fire; and

WHEREAS, prior to the fires there existed a severe lack of rental housing, particularly rental housing affordable to lower and moderate-income residents; and

WHEREAS, the housing units damaged and destroyed by the fires increased the rental housing shortage by several orders of magnitude and also severely reduced the number of owner-occupied housing units in the City; and

WHEREAS, homelessness is a complex social issue with many contributing factors that cannot be easily or quickly solved by a single agency or organization; and

WHEREAS, shelter beds and transitional housing options are insufficient to serve the City’s needs, causing people to occupy and sleep in public spaces, as well as encampments throughout the City, threatening the public peace, health and safety; and

WHEREAS, existing funds and funding sources are inadequate to finance affordable housing projects necessary to address the affordable housing crisis in the City; and

WHEREAS, the City may have the opportunity to leverage state and federal funds allocated for affordable housing if it issues bonds to finance affordable housing projects; and

WHEREAS, applicable law provides the City certain powers and responsibilities with respect to the regulation and provision of affordable housing for residents of the City; and

WHEREAS, the City is authorized to issue general obligation bonds to finance municipal improvements pursuant to certain provisions of the California Government Code, including Article 1, commencing with Section 43600, of Chapter 4 of Division 4 of Title 4 and Article 4.5,

commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 (collectively, the “Bond Law”); and

WHEREAS, the City is authorized to issue general obligation bonds for the acquisition and improvement of affordable housing projects, pursuant to the provisions of Chapter 4-40 of the Santa Rosa City Code; and

WHEREAS, under the Bond Law and Chapter 4-40 of the Santa Rosa City Code, the City intends to issue general obligation bonds (the “Bonds”) to finance the acquisition and improvement of real property for affordable housing projects (collectively, the “Improvements”), including the application of bond proceeds by the City directly to acquire, rehabilitate, preserve or construct affordable housing and/or indirectly as loans, grants, or other disbursements to qualified individuals, business entities, corporations, partnerships, associations and government agencies for the acquisition, rehabilitation, preservation or construction of such affordable housing projects; and

WHEREAS, pursuant to Elections Code Section 10400 et seq., the City Council wishes at this time to request consolidation of the election for the issuance of general obligation bonds with any and all other elections held in the City on such date, and to request the Sonoma County Registrar of Voters (the “County Registrar”) to perform election services for the City; and

WHEREAS, all expenditures will be subject to annual independent financial audits and oversight by an independent oversight committee; and

WHEREAS, United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that prior to the payment of any such expenditure, the issuer declares an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the City declares its official intent to reimburse certain of the proposed expenditures referenced herein; and

WHEREAS, the City Council is aware of proposed State legislation that would change the requirements of the abbreviated form of the measure imposed by California Elections Code section 13119, which proposed legislation may become effective prior to August 10, 2018; and

WHEREAS, in order to initiate proceedings to provide for the financing of the Improvements through the issuance of general obligation bonds approved by the voters, the City Council must make certain findings and determinations under the Bond Law.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa hereby resolves as follows:

Section 1. Declaration of Necessity to Issue Bonds. The public interest and necessity demand the acquisition, construction, and completion of the Improvements and the City Council

has decided to issue the Bonds to finance the cost thereof, subject to completion of the proceedings required by the BondLaw.

Section 2. Call for Election. The City Council hereby orders that there be submitted to the qualified voters of the City a proposition on issuing the Bonds to the qualified voters of the City at the regular election to be held on November 6, 2018, and hereby requests the Board of Supervisors of the County of Sonoma (the "County") to consolidate this election with the statewide general election to be held on that date and to take any and all steps necessary for the holding of the consolidated election.

The consolidated election shall be held and conducted in the manner prescribed by elections Code section 10418, and said election shall be held in all respects as if there were only one election and only one form of ballot shall be used. Ballots for the election shall be provided in the form and in the number provided by law. Voters shall be provided an opportunity to vote for or against the proposition on the ballot, in accordance with procedures to be adopted by the authorized officers of the County charged with conducting the election.

Section 3. Object and Purpose of Bonds. The object and specific single purpose of issuing the Bonds is to finance the Improvements. The proceeds of the Bonds may only be expended for the specific purposes set forth in the ballot measure attached hereto as Exhibit A (the "Measure").

Section 4. Estimated Cost of the Improvements. The estimated cost of the Improvements to be financed by the Bonds is \$167 million. The estimated cost includes legal or other fees, the costs of printing the Bonds and other costs and expenses that are incidental to or connected with the authorization, issuance and sale of the Bonds.

Section 5. Principal Amount of Bonds. The amount of the principal of the Bonds shall not exceed \$167 million. The City Council hereby finds and determines that the cost of the Improvements requires an expenditure by the City greater than the amount allowed for it by the annual tax levy of the City.

Section 6. Maximum Interest Rate. The maximum rate of interest to be paid on the Bonds shall be 12% per annum. Said interest shall be payable semiannually except that interest for the first year after the date of the Bonds may be made payable at the end of said year.

Section 7. Ballot Proposition. The City Council will on this date approve two forms of the Resolution and abbreviated Measure, and the City Manager is hereby directed to authorize the use of the appropriate option based on the status of proposed legislation regarding Section 13119 of the Elections Code on or prior to August 10, 2018. If there are no amendments to Section 13119 of the Elections Code on or prior to August 10, 2018, the City Clerk is hereby directed to transmit a copy of this Resolution, including the abbreviated Measure set forth below, pursuant to Section 10 of this Resolution:

"To provide affordable housing for low- and middle-income families, veterans, seniors, disabled, and other vulnerable populations, supportive housing for the homeless that offers mental health/substance abuse services; and help low- and

middle-income households purchase homes in their communities, shall the City of Santa Rosa’s measure to issue \$xxx million in bonds, levying approximately \$xx million annually at approximately \$xx per \$100,000 (\$0.xx per \$100) of assessed value through final maturity, with citizen oversight and audits, be adopted?”

Section 8. Reimbursement. The City hereby declares that it reasonably expects (i) to pay certain costs of the acquisition and improvement of real property for affordable housing purposes prior to the date of execution, delivery or issuance of the Bonds, and (ii) to use a portion of the proceeds of the Bonds for reimbursement of such expenditures that are paid before the date of execution, delivery or issuance of the Bonds.

Section 9. Accountability Requirements. In accordance with Sections 53410 and 53411 of the California Government Code, the City Council hereby adopts the following accountability requirements relating to the Bonds:

- (a) A separate account shall be created and held by the City, into which the proceeds of the Bonds are deposited.
- (b) The City Manager of the City shall file a report with the City Council at least once per year showing the amount of Bond proceeds collected and expended, and the status of the project to be financed from the proceeds of the Bonds.
- (c) The City Council shall establish and appoint members to an oversight committee, which shall have responsibility for reviewing and reporting on the expenditure of the proceeds of the Bonds.

Section 10. Delivery of this Resolution. The City Council hereby authorizes and directs the City Clerk to submit a certified copy of this Resolution to the Clerk of the Sonoma County Board of Supervisors and County Registrar, and to prepare, execute and transmit to the County all documents necessary to carry out the purposes of this Resolution. Notwithstanding the above, if legislation changing the requirements of California Elections Code Section 13119 becomes effective on or prior to August 10, 2018, in a manner consistent with the provisions of the alternate Resolution adopted at the same meeting, the City Clerk is hereby authorized to submit a certified copy of the alternate Resolution, which alternate Resolution will then supersede and replace this Resolution in its entirety.

Section 11. Ballot Arguments; Tax Rate Statement. The Mayor is hereby authorized (but is not required) to act as an author of any ballot argument in support of the Measure which is prepared in connection with the election, including a rebuttal to any argument in opposition to the Measure. The Finance Director is hereby authorized and directed to execute a Tax Rate Statement to be included as part of the Measure, substantially in the form attached as Exhibit B to this Resolution.

Section 12. Impartial Analysis. Pursuant to Section 9280 of the California Elections Code, the City Clerk is hereby directed to submit a copy of this ordinance to the City Attorney and the City Attorney or his designee is hereby authorized and directed to prepare an impartial analysis of

the ballot proposition showing the effect of the ballot proposition on the existing law and the operation of the ballot proposition. Such analysis shall not exceed 500 words in length and shall comply in all respects with applicable provisions of the California Elections Code.

Section 13. Official Actions. The Mayor, the City Manager, the Deputy City Manager, the Finance Director, the Deputy Finance Director, the City Clerk, and any of their designees, are hereby authorized to execute any documents and to perform all acts necessary to place the Measure on the ballot, and to make any changes to the texts of the measure, the abbreviated measure or the Tax Rate Statement, to conform to any legal requirements or the County Registrar, in order to cause the election to be held and conducted in the City.

Section 14. Effectiveness of Resolution. This resolution shall take effect from and after the date of approval and adoption thereof.

IN COUNCIL DULY PASSED this _____ day of _____, 2018.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

MEASURE TO BE SUBMITTED TO THE VOTERS AUTHORIZING THE CITY OF SANTA ROSA TO ISSUE GENERAL OBLIGATION BONDS TO FINANCE AFFORDABLE HOUSING PROJECTS

Section 1. Findings.

WHEREAS, the City Council of the City of Santa Rosa (the “City”) recognizes that homelessness is a major and growing concern for the City; and

WHEREAS, the City’s housing crisis was exacerbated by destruction caused by the Tubbs Fire and Nuns Fire; and

WHEREAS, prior to the fires there existed a severe lack of rental housing, particularly rental housing affordable to lower and moderate-income residents; and

WHEREAS, the housing units damaged and destroyed by the fires increased the rental housing shortage by several orders of magnitude and also severely reduced the number of owner-occupied housing units in the City; and

WHEREAS, homelessness is a complex social issue with many contributing factors that cannot be easily or quickly solved by a single agency or organization; and

WHEREAS, shelter beds and transitional housing options are insufficient to serve the City’s needs, causing people to occupy and sleep in public spaces, as well as encampments throughout the City, threatening the public peace, health and safety; and

WHEREAS, existing funds and funding sources are inadequate to finance affordable housing projects necessary to address the affordable housing crisis in the City; and

WHEREAS, the City may have the opportunity to leverage state and federal funds allocated for affordable housing if it issues bonds to finance affordable housing projects.

Section 2. Object and Purpose of Bonds. This measure (the “Measure”) authorizes the issuance of general obligation bonds (the “Bonds”), the object and purpose of which is to finance, by the City or a third party, the acquisition or improvement of real property for affordable housing for low-income and middle-income families, veterans, seniors, persons with disabilities, the homeless and other vulnerable populations.

Proceeds of the Bonds shall be used to finance the acquisition and improvement of real property for affordable housing (the “Improvements”), including the application of bond proceeds for the City directly to acquire, rehabilitate, preserve or construct affordable housing and/or indirectly as loans, grants, or other disbursements to qualified individuals, business entities, corporations, partnerships, associations and government agencies for the acquisition, rehabilitation, preservation or construction of affordable housing.

The Improvements will be completed as needed, and each is assumed to include its share of costs, including planning, program management and construction costs. The final cost of each Improvement will be determined as real property is purchased, plans are finalized, construction bids are awarded, or projects are completed.

The Bonds will be issued in one or more series, in the maximum amount and for the objects and purposes set forth herein if two-thirds of all qualified voters voting on the proposition set forth above vote in favor thereof. The Bonds will be general obligations of the City payable from and secured by taxes levied and collected in the manner prescribed by laws of the State of California. All of the Bonds shall be equally and ratably secured, without priority, by the taxing power of the City. Proceeds of the Bonds may be used to reimburse the City for amounts advanced from the general fund or other funds or accounts to acquire real property when such purchases are made prior to the availability of Bond proceeds.

Section 3. Estimated Cost of Improvements. The estimated cost of the portion of the costs of the Improvements to be paid for from the Bonds is \$167 million. The estimated cost includes legal and other fees and the cost of printing the Bonds and other costs and expenses incidental to or connected with the authorization, issuance or sale of the Bonds. The cost of the Improvements includes planning, program management and construction costs.

Section 4. Principal Amount of Bonds. The aggregate principal amount of Bonds to be issued is not to exceed \$167 million.

Section 5. Maximum Interest Rate. The maximum rate of interest to be paid on the Bonds shall be 12% per annum.

Section 6. Accountability Requirements. The following accountability measures apply to the issuance of Bonds pursuant to this Measure:

- (a) The specific purpose of the bonds is to finance the Improvements; and
- (b) The proceeds from the sale of the City's bonds will be used only for the purposes specified in this Measure, and not for any other purpose; and
- (c) The proceeds of the Bonds will be deposited into an account to be created and held by the City; and
- (d) The City Manager of the City shall file an annual report with the City Council which report shall contain pertinent information regarding the amount of funds collected and expended, as well as the status of the Improvements; and
- (e) All expenditures will be subject to oversight by an independent oversight committee, composed of individuals appointed by the City Council, to confirm that Bond expenditures are consistent with the intent of this Measure; and
- (f) All expenditures also will be subject to an annual independent financial audit to confirm that Bond expenditures are consistent with the intent of this Measure.

EXHIBIT B

TAX RATE STATEMENT

An election will be held in the City of Santa Rosa (the “City”) on November 6, 2018, to authorize the sale of up to \$167 million in bonds of the City to finance the specific projects listed in the bond measure. If such bonds are authorized, the City expects to sell the bonds in one or more series. Principal and interest on the bonds will be payable solely from the proceeds of ad valorem tax levies made upon the taxable property in the City. The following information is provided in compliance with sections 9400-9404 of the California Elections Code. Such information is based upon the best estimates and projections presently available from official sources, upon experience within the City, and other demonstrable factors.

Based upon the foregoing and projections of the City’s assessed valuation:

1. The best estimate of the average annual tax rate that would be required to be levied to fund the bond issue over the entire duration of the bond debt service, based on a projection of assessed valuations available at the time of filing of this statement is \$0.39 per \$100 (or \$39 per \$100,000) of assessed valuation of all property to be taxed. The best estimate of the final fiscal year in which the tax is anticipated to be collected is _____.

2. The best estimate of the highest tax rate that would be required to be levied to fund the bond issue, based on a projection of assessed valuations available at the time of filing this statement is \$_____ per \$100 (or \$_____ per \$100,000) of assessed valuation of all property to be taxed. The best estimate of the first fiscal year in which the highest tax rate will apply is _____.

3. The best estimate of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold is \$_____.

Voters should note that such estimated tax rates are specific to the repayment of bonds issued under this authorization and are and will be in addition to tax rates levied in connection with other bond authorizations approved or to be approved by the City or any other overlapping public agency.

Voters should note that estimated tax rate is based on the ASSESSED VALUE of taxable property on Sonoma County’s official tax rolls, not on the property’s market value. In addition, taxpayers eligible for a property tax exemption, such as the homeowner’s exemption, will be taxed at a lower effective tax rate than described above. Property owners should consult their own property tax bills to determine their property’s assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based upon projections and estimates only, which amounts are not maximum amounts or durations and are not binding upon the City. The actual debt service amounts, tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale,

and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the City based on need for funds and other factors. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within the City as determined by the Sonoma County assessor in the annual assessment and the equalization process.

Finance Director
City of Santa Rosa

August 7, 2018