

Program F7 | GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING

PURPOSE:

A voter approved tax measure, such as a parcel tax or a general obligation bond, if approved, could be used for funding the City's homeless and affordable housing programs, providing subsidies for specific programs including providing a substantial source for "local match" funding of LIHTC affordable housing projects serving very low and low income families and also funding for additional homeless facilities.

AREA OF STUDY:

A General Obligation (GO) Bond would provide a low cost and very evenly distributed burden incidence (as an ad valorem property tax override). A GO Bond requires two-thirds voter approval and places restrictions on the issuance of debt related expenditures. Areas of study for such a GO Bond would include:

1. Determining the mix of improvements and investments (e.g. affordable housing subsidies) should be included in the Bond Measure.
2. Preparing a financial analysis that includes a forecast of the City's assessed valuation and the amount of funding that could be raised at progressively increasing mil rates. Preliminary analysis indicates that each mil would generate roughly \$2 million in annual tax revenue. Thus a two mil tax rate, the equivalent of \$20 for every \$100,000 of assessed valuation, would generate approximately \$4 million in annual tax revenue; this revenue could support a bond of up to \$80 million.
3. Preparing an analysis that demonstrates the value and benefits of making the desired public investments allowed by the Bond Measure.
4. Conducting outreach to determine if there is adequate interest in the funding to attract a necessary group of publically-minded civic leaders to initiate and sustain the campaign effort

STEPS/DELIVERABLES:

1. Given the City's broader capital financing requirements, consideration should be given to adding the housing funding needs to an "omnibus" Bond measure that included dedicated portions for critical infrastructure and community facilities. Such an omnibus bond measure could be branded as a "Municipal Investment Strategy". Council would need to provide necessary direction and funding to initiate this effort and its related research and analysis.
2. Once the purpose(s) of the bond measure is established it will be necessary to do scientific polling to gauge public support for the various components funded by the Bond and the amount of the overall bond, i.e., willingness to pay. If poll results are encouraging subsequent efforts can be undertaken.
3. A technical team would need to be assembled by the City to structure the Bond Measure. Typically this team would include the City's financial advisor, bond counsel, and tax consultant.
4. A successful General Obligation Bond campaign will require a concerted effort between the City and a citizen-based campaign in support of the Bond Measure. Outreach and organization will be necessary to organize and fund the campaign effort, including attracting civic leaders to participate, fund raising for necessary campaign expenses, and organizing campaign volunteers.

OUTREACH AND COMMUNICATION PLAN:

Initial outreach and communications can occur as part of the overall HAP Community Outreach Program. Beyond this initial informational effort outreach will become the responsibility of the campaign committee, a political action committee independent of the City.

TIMEFRAME:

If a Bond Measure is to make the November 2017 ballot organizational effort would need to begin early in 2017.

COST:

Cost of the initial staff work and professional services would be limited as a general obligation bond is a comparatively simple type of financing. The campaign, which would be funded with donations, will involve a range of costs perhaps requiring \$100,000 or more.