



DATE: December 12, 2017

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adoption of Resolution Approving Multifamily Housing Bond Policies Pursuant to Section 5031(c) of the California Debt Limit Allocation Committee Regulations

RECOMMENDATION

That Council adopts the attached Resolution approving multifamily housing bond policies pursuant to Section 5031(c) of the California Debt Limit Allocation Committee Regulations (Attachment II).

BACKGROUND

In order to facilitate the development, including the acquisition, rehabilitation, preservation and new construction, of affordable housing, the City has often applied for an allocation of the state ceiling on private activity bond volume cap and later exercised its authority to issue tax-exempt bonds (the "Bonds") pursuant to the California Debt Limit Allocation Committee (CDLAC) regulations. Bonds are complemented by non-competitive 4% Low-Income Housing Tax Credits (the "Tax Credits"). Together, the two funding programs provide the most favorable financing for affordable rental housing projects and they have been the largest source of external financing for such projects in California.

DISCUSSION

On January 1, 2017, the California Debt Limit Allocation Committee promulgated Section 5031 of its regulations (Division 9.5 of Title 4 of the California Code of Regulations, the "Code"), requiring applicants for an allocation of the state ceiling on private activity bond volume cap to adopt Bond Issuance and Post-Issuance Compliance Policies (the "Policies") and to submit them to CDLAC. The Policies included as Attachment III are intended to comply with this new regulation and must be adopted by the end of this calendar year, or before applying for any new private activity bond volume cap.

The Policies memorialize existing CDLAC requirements, particularly those requirements related to post-issuance compliance monitoring and reporting obligations. However, CDLAC

wants issuers of Bonds to acknowledge and adopt those requirements as (written) policies. The Policies have been drafted by staff from Jones Hall, the City's external bond counsel. Staff has reviewed and amended the Policies as necessary, and recommends that the City Council adopts them.

ECONOMIC IMPACT

Social research indicates that access to affordable housing has many socio-economic benefits for individuals and the local community. The specific benefits of affordable, Bond-funded projects will be further described when those projects are presented to Council as the issuance of Bonds must be publicly-noticed, reviewed, and approved by Council.

FISCAL IMPACT

The issuance of Bonds does not represent a financial impact to the General Fund. However, the City receives an undetermined amount of revenue upon completion of Bond-funded projects as bond issuance and administrative fees paid by the project sponsors. These fees help offset some of the City staff costs associated with complying with the requirements memorialized in the Policies.

STRATEGIC INITIATIVES

Facilitating the development of affordable housing (i.e. by issuing tax-exempt bonds) supports accomplishment of the Complete Communities strategic initiative. The purpose of the Complete Communities initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work, and play for all. This item supports the following goal and objectives:

Goal 2: Provide a mix of housing stock for all Hayward residents and community members, including the expansion of affordable housing opportunities and resources.

Objective 1: Centralize and expand housing services.

Objective 2: Facilitate the development of diverse housing types that serve the needs of all populations.

Objective 4: Increase the supply of affordable, safe and resilient housing in Hayward.

PUBLIC CONTACT

The Code does not require any public outreach for adoption of the Policies. Future Bond issuances, however, are subject to public noticing and Council approval during a public hearing.

NEXT STEPS

Council adoption of the Policies will allow the City to: a) comply with the new Code requirement; b) to apply for future allocations of the state ceiling on private activity bond volume caps; c) and to continue issuing tax-exempt bonds. If Council adopts the Policies, no other action will be required to comply with the Code.

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Recommended by: María Hurtado, Assistant City Manager

Approved by:



Kelly McAdoo, City Manager