



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

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DATE: May 17, 2016

TO: Mayor and City Council

FROM: Library and Community Services Director

SUBJECT

Review and Discussion of Proposed Alameda County-Wide General Obligation Bond Issuance (County-Wide Housing Bond)

RECOMMENDATION

That the City Council reviews and comments on this staff report and the presentation provided in Attachment I; and provides guidance to Mayor, Council, and staff regarding the City's position, if any, on the proposed bond.

BACKGROUND

The Alameda County Board of Supervisors (BOS) has directed County staff to explore the possibility of placing a County-wide General Obligation Bond (GO Bond) measure on the November 2016 ballot for the purpose of generating revenue to support various housing-related programs and investments throughout Alameda County, including Hayward, in response to the current housing affordability crisis.

To inform and seek input on the GO Bond issuance proposal, the BOS Health Committee has been conducting a series of work sessions to discuss and consider housing bond policy and programmatic proposals with the goal of drafting the final bond measure language and authorizing resolution for the November ballot. City of Hayward staff has been attending these work sessions. At this time, the BOS is scheduled to vote on potential bond measure language at its meeting on June 14, 2016 - in advance of the elections filing deadline to place a County measure on the November 2016 ballot.

County Supervisors have also been conducting outreach efforts in their respective districts to seek public input on the housing bond and affordable housing-related matters through stakeholder and town hall meetings, none of which were scheduled to take place in Hayward. City staff has attended some of these meetings as well. A list of the Supervisors' town hall meetings is included with this report as Attachment II.

DISCUSSION

Staff from the Alameda County Community Development Agency (CDA) will provide a detailed presentation during the Council work session tonight about the proposed GO Bond. The presentation slides are included with this report as Attachment I. What follows is a summary of key aspects of the draft proposed GO Bond:

Bond Issuance Proposal

It is currently estimated that the bond issuance will be approximately \$500 million and that the bonds will be issued in three series, approximately two years apart as follows: \$200 million in 2017 and 2019, and \$100 million in 2021. At this amount, it is estimated that the increase on the residential homeowners' tax bill as a result of the bond indebtedness would be approximately \$12 per \$100,000 of the assessed value of each property. The average assessed value of properties in Alameda County is approximately \$400,000. Therefore, the bond is expected to raise approximately \$500,000,000.

It is currently proposed that the bond proceeds would be distributed among jurisdictions using a formula that guarantees an equitable, need- or population-based geographic distribution, although different allocation models have been proposed to date.

Programmatic Proposal

Based on stakeholder input and eligible uses of GO Bonds, critical housing needs addressed, etc., the following are the programs that CDA currently proposes to fund with the G.O. Bond proceeds:

- **Affordable Rental Housing Development Program:** new construction, acquisition, rehabilitation, and preservation of rental housing, including: a) construction and rehabilitation of permanent supportive housing, b) acquisition of substandard, vacant, or at-risk rental housing for conversion to affordable housing, and c) other programs that: i) leverage other federal, state or local funds, ii) ensure anti-displacement, and iii) ensure long-term or permanent affordability. The currently proposed set-aside for this program is approximately \$425 million.
- **Down Payment Assistance Loan Program:** shared-equity "silent-second" down-payment assistance loans of up to \$100,000 (or 15% of the sales price, whichever is lesser) for households earning between 80% and 120% of the Area Median Income (AMI). The currently proposed set-aside for this program is approximately \$50 million.
- **Home Accessibility Loan Program:** silent-second, deferred-payment loans of up to \$15,000 for very low and low-income (50% to 80% of AMI) seniors and people with disabilities to pay for accessibility improvements in their homes. The currently proposed set-aside for this program is approximately \$10 million.
- **Home Preservation Loan Program:** loans to assist low-income homeowners to stay in their homes. Program areas may include loans to pay for rehabilitation of owner-occupied homes. One-time payments of back taxes and/or overdue mortgage payments are also being considered. The currently proposed set-aside for this program is approximately \$15 million.

The funding allocation for development of affordable rental housing would consist of the bulk of the bond proceeds - an estimated 85% of the approximately \$500 million total bond proceeds. The targeted

populations of these programs include seniors, homeless, and people with disabilities. The maximum household income limit of program beneficiaries would be between 30% and 60% of AMI.

It is envisioned that the funds for rental housing programs would be used as *gap* financing and that, for bond funds to be allocated to a project, the jurisdiction in which the project will be located would need to provide a local financial contribution or a match.

FISCAL IMPACT

If approved by the voters, the Alameda County-Wide GO Bond issuance would have no financial impact to Hayward's General Fund, and would potentially have a beneficial impact to the City's housing-related special revenue funds. The current GO Bond proposal requires local jurisdictions to provide a financial contribution toward rental projects that receive a funding allocation from the GO Bond. This would present a potential impact but also a leveraging opportunity for Hayward's affordable housing funds. Any local contribution to future specific projects would still require review and approval by Council.

PUBLIC CONTACT

Although this is the first presentation of the proposed measure in Hayward, County CDA staff has conducted extensive public outreach to inform community stakeholders about the GO Bond issuance proposal. These outreach efforts started in March. As part of the County HOME Consortium Technical Advisory Committee, the City's Library and Community Services division staff has received frequent updates on the development of the proposal.

County supervisors are hosting town hall meetings in their respective districts to gauge support, garner feedback, and seek input on the GO Bond proposal: the District 2 meeting is scheduled for Union City on Thursday, May 12. The BOS Health Committee has also been conducting a series of work sessions to discuss and consider housing bond policy and programmatic proposals. The BOS is scheduled to vote on a final bond measure language and authorizing resolution at its meeting on June 14, 2016 - in advance of the election filing deadline to place a County measure on the November 2016 ballot.

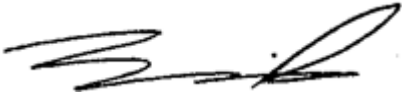
NEXT STEPS

Staff will continue to follow the housing bond proposal closely and will keep Council regularly apprised as the proposal develops. Should Council so direct, staff can do two things: assure that any Council concerns or preferences identified in this work session are communicated to County officials; and staff can bring back a formal policy position on the proposed measure for Council's consideration if and when the Board of Supervisors votes to place the measure on the November 2016 ballot.

Prepared by: Omar Cortez, Housing Development Specialist

Recommended by: Sean Reinhart, Director of Library and Community Services

Approved by:

A handwritten signature in black ink, appearing to read 'Fran David', written in a cursive style.

Fran David, City Manager

Attachments: Attachment I - Presentation Slides
Attachment II -Schedule of Supervisors' Town Hall Meetings