

Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo

SUBJECT: SEE BELOW

DATE: August 10, 2018

Approved



Date

8/10/18

SUBJECT: GENERAL OBLIGATION BOND MEASURES

RECOMMENDATIONS

A. Approve the Administration's new memoranda for items 3.1 and 3.2, with the following modifications:

1. Amend the draft Resolution for the Affordable Housing Bond as follows, with the *italicized* portion reflecting an addition and the strike-through representing a deletion:
 - i. Paragraph I.A. shall state: "The measure will authorize the City to issue up to \$450 million principal amount of municipal General Obligation Bonds (the "Bonds"), for the purpose of financing the cost of land or improvement of land for, without limitation, providing housing affordable for working families; veterans; seniors; teachers; nurses, paramedics, and other workers; individuals with disabilities; domestic violence survivors; and the homeless, *with at least \$150 million (one third) of the proceeds of the Bonds being used for housing affordable for families and individuals earning up to 30% of the area median income (AMI), and at least \$75 million (approximately 16%) of the proceeds of the Bonds being used for housing affordable for households earning between 80% and 120% of AMI.* ~~which may include building and rehabilitating housing that is affordable for working families and individuals earning up to 80% of the area median income (AMI) and allowing the use of no more than 20% of the proceeds of the Bonds (\$90 million principal amount assuming the full authorization of \$450 million principal amount is issued, for households earning up to 120% of the AMI.~~ Funds may be used to: to (a) acquire land for the development of housing; (b) construct new housing; and (c) acquire and rehabilitate existing apartments or homes to create housing that is restricted to be affordable for the long-term (collectively, the "Projects"). The City Council finds each of the proposed categories of Projects are improvements necessary for carrying out the City's objects, purposes and powers with respect to addressing the City's need for affordable housing, as described above, for the preservation of public health, peace and safety."

- ii. Amend the full text of the bond measure to reflect the amended Resolution.
- 2. Amend the draft Resolution for the Disaster Preparedness, Public Safety, and Infrastructure Bond as follows, with the italicized portion reflecting an addition:
 - i. Paragraph I.A.4. shall state: "Preventing flooding and water quality contamination, including the acquisition of open space *in Coyote Valley* for these purposes. . ."
 - ii. Amend the full text of the bond measure to reflect the amended Resolution.

DISCUSSION

The Council's approval of direction on Tuesday to move forward with these bond proposals has brought forward key stakeholders, who have expressed concern about whether they have sufficient assurance and definition in these measures. I continue to believe that the best course of action for this Council is to hear and discuss an expenditure plan, including a specific list of proposed projects, in four weeks—after community and Council office outreach and research and financial analysis is conducted, rather than haggle over that list today, particularly given our time constraints to get to the registrar. However, coalitions of key stakeholders—particularly affordable housing advocates, employers, and environmentalists—can make immediate commitments of time, volunteer energy, and resources to support these measures if given the assurance that additional specificity can provide. We will need these and other critical partners in the early stages of this campaign, since waiting a month to have them pushing with us will leave us too far from the finish line.

Accordingly, I have recommended the inclusion in the resolution of two basic guidelines around affordable housing expenditures—providing minimum percentages of funding for housing those with extremely low incomes, and a smaller set-aside for financing workforce housing for modest-income residents, such as teachers. After consultation with Housing Department staff, I have confirmed that these expenditure guidelines reflect priorities we have already established as a Council in the Affordable Housing Investment Plan and Housing Crisis Workplan. When this issue returns to Council in the weeks ahead, and with additional input from the Administration and the public, the Council can lend additional definition to the expenditure of the \$450 million, particularly the 52% that remains unallocated.

Similarly—as the Council unanimously approved from my August 6, 2018, memorandum—the Disaster Preparedness, Public Safety, and Infrastructure Bond measure may enable Council to purchase natural lands and open space in Coyote Valley, to reduce the risks of downstream flooding, of contamination of our streams and aquifers, and from wildfires. Yet, there's no mention of Coyote Valley in the resolution. Specifying the location of potential land purchases within the resolution provides a greater transparency and accountability to our voters.

With this additional specificity in the respective resolutions, voters will have the benefit of better knowing what they're getting for their investment.