



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Sergio Jimenez
Councilmember Don Rocha

SUBJECT: See below

DATE: September 7, 2018

Approved by:

Date: 09/07/2018

Bond Allocation Plan for General Obligation Bond Allocation for Affordable Housing.

Recommendation:

Accept the staff report on the bond allocation plan for the proposed \$450 million general obligation bond measure for affordable housing with the following modification:

Restrict the allocation of funds for households earning between 80% and 120% of the Area Median Income (AMI) to a minimum \$75,000,000, not exceed \$100,000,000.

Analysis:

We appreciate the Housing Department's efforts to create an equitable allocation of bond revenue among varying household income levels. Unfortunately, the current recommendation leaves \$219 million dollars unrestricted. This is problematic because the intent of the Housing Department and the direction from City Council has consistently been to prioritize housing for our most vulnerable residents. By capping the allocation of funds for households earning between 80% and 120% of the Area Median Income (AMI) to a minimum \$75,000,000 and a maximum of \$100,000,000, we guarantee that any unrestricted funds go towards the development of housing for those households earning 0-80% of AMI. The Housing Department's recommendation would not preclude the following potential distribution of bond funds:

Households Earning up to 30% of the AMI = \$150,000,000

Households Earning up to 80% of the AMI = \$0

Households Earning Between 80% and 120% of the AMI = \$297,300,00

Cost of Issuance \$5,650,000

Total \$450,000,000

Though this may be the most extreme example of inequitable distribution allowable under the current allocation, it is very worrisome that the potential exists for some of our most vulnerable residents (households earning up to 80%) to be left out of the equation.

By accepting our recommendation, we fix this problem and more clearly allocate bond funds in the way we all originally intended.