



Affordable Housing Fund: New Revenue Framework

Feedback Review

Updated: 5/16/2018

- Update on outreach
- Themes and questions from initial framework discussions
- Proposed timeline and next steps
- Questions/Discussion

Outreach in April, May and June

- One-on-one meetings with Councilmembers
- Housing Advisory Committee – full committee and subcommittees
- Stakeholder and public outreach
 - For-profit and non-profit developers
 - Real estate professionals
 - Business community, including RMJ
 - City commissions and individual meetings within these networks
 - General public through town hall meetings

Themes from Feedback

- Proposal addresses critical need for additional housing funds
- Framework represents a creative solution to leverage partnerships and accelerate housing pipeline
- Addresses a gap in the housing plan for most vulnerable residents
- Important focus on geographically dispersed housing
- Reliability of general fund transfer
- Long-term sustainability of funding from linkage fee
- Maintaining the sunset provision
- Need to focus on strong governance over the DHA framework

Stakeholder Questions: Investment Goals

Is “innovation” a new category of spending not contained in the plan?

No, innovative tools will be used to address the plan’s existing spending priorities along income spectrum. Investments will be aligned to AMI goals consistent with the 5 year plan and with the advice of HAC.

Are land trusts, Accessory Dwelling Units (ADUs) considered in this plan?

Units from the DHA partnership would have perpetual affordability but other land trust and ADU strategies can be supported through “paygo” funds.

Is preservation included in the land/property acquisition investments?

Yes, preservation would be an allowable investment strategy for bond proceeds provided it meets focus on 0-30% AMI/supportive housing.

Are the units that DHA will develop additive or units that would have been developed anyway?

The proposed DHA units represent additive units but primarily accelerates unit development that would have been in 10-15 year pipeline.

Stakeholder Questions: Governance

What level of transparency will govern the DHA relationship?

All funds will flow through the AHF and be subject to same requirements – consistency with 5 year plan, annual action plan, and annual report. DHA will also provide regular spending and outcome reports to the City.

What process will govern the land acquisition strategy? How will other partners be included in this process?

The City and DHA are still defining the governance process and advisory committee for land/property acquisition and partner identification.

Is the HAC supportive of the proposal?

The proposal was presented to the HAC at the May budget retreat and will be discussed with the full committee and subcommittees through May and June. Feedback has generally been supportive.

Stakeholder Questions: Revenue

What certainty is provided by the General Fund Transfer?

The transfer is an annual budget commitment made by the administration and City Council.

What amount of volatility could be experienced with the RMJ rate?

To date we have been conservative in our estimates and RMJ revenue has exceeded our forecasts.

Is it possible to convert more of the transfer to a rate?

This is something that could be considered over time as part of the annual budget proposal.

How will the proposal address the current sunset on the AHF?

The current proposal would require an extension of the sunset on the property tax for 20 years (2039) to allow for bonding. We are still discussing with Council/stakeholders how to address other aspects of the sunset.

Current Sunset Provision

DIVISION 4. - SUNSET PROVISION

Sec. 27-170. - Repealer.

This article V shall be repealed effective December 31, 2026.

(Ord. No. 625-16, § 1, 9-19-16)

- Weekly meetings with DHA to draft IGA, scope of services and supplemental documents
- DHA currently refining model that estimates unit production/preservation from the land and property acquisition component of proposal
- As part of the IGA development, OED/DHA will coordinate with DHS, CDOH and CHFA to address future pipeline of 0-30% AMI and supportive housing units
- Development of acquired land by DHA will be prohibited.

Council action would be required for the following:

- Changing the Retail Marijuana Special Rate from 3.5% to 5.5% in 2018
- Approval of the agreement with DHA
- Approval of \$7M General Fund transfer in 2019 budget
- Modifying the Affordable Housing Fund ordinance to accommodate the property tax being committed for 20 years and adding the RMJ rate increase

Proposed Timeline

Task	April 2018	May 2018	June 2018	July 2018	August 2018	Fall 2018	January 2019
Stakeholder and Public Outreach			→				
IGA Development		→					
Council Outreach		→					
Council Adoption				→			
2019 Budget Adoption						→	
Revenue Available for Investment					→		



Affordable Housing Fund: New Revenue Framework

Briefing Materials

Updated: 4/18/2018

Framework Overview

- Double the Affordable Housing Fund
 - \$15M/year to \$30M/year
 - Create/preserve at least 6,400 units over five years
 - Serve at least 31,000 households over five years
- Issue bonds to accelerate funding
- Leverage partnerships to improve outcomes

Guiding Principles

Provide more housing opportunity/access and sooner; and invest in a financially responsible way.

1. Align investment strategies to AHF's five year housing plan and processes
2. Evaluate bonding
3. Leverage housing partnerships and tools
4. Do not increase costs on the very households we are working to serve

Additional Funding Framework Proposal

1. Increase RMJ special tax rate by 2%
 - Dedicate proceeds to the AHF (\$8M in 2019)
2. Increase annual “PAYGO” General Fund transfer to AHF by \$7M starting in 2019
3. Local funding for AHF would = \$30M/year

- Contract with DHA to bond current property tax mill, generating approximately \$105M:
 - 50% will be used for investment into immediately ready projects to accelerate DHA unit creation/preservation
 - 50% will fund land/property acquisition to create a longer-term pipeline of projects serving our most vulnerable residents

Total Framework Funding Impact

Annual Affordable Housing Fund's Revenues (Local)

Existing: Linkage Fee	\$1,500,000
Existing: General Fund/DHS Transfer <i>(backfills the linkage fee during initial ramp up)</i>	\$6,800,000
Existing: 0.442 mills for 20 years	\$7,500,000
New Starting in 2019: 2% RMJ	\$8,000,000
New Starting in 2019: Annual General Fund/DHS Transfer	\$7,000,000
Total	\$30,800,000

Property Tax Pass Through to DHA for Bonding

Existing 0.442 mills for 20 years	\$7,500,000
Potential bond proceeds over 5 years	\$105,000,000

\$7M “PAYGO” Outcomes

Proposal would add \$7M annually to these sources to:

- **Create or preserve at least 750 units over next five years**
 - Focus on preservation and gap financing
- **Serve at least 1,000 additional households over next five years**
 - Direct assistance to stabilize residents at risk of displacement

Benefits:

- Adds additional “pay-as-you-go” funds for flexible investments
- Supports gap financing for projects in pipeline as result of land/property acquisition fund



Outcomes from Bond Approach Land Acquisition Fund

Land/property acquisition program would provide \$50M to:

- **Create or preserve at least 1,400 units over next five to ten years** to serve residents experiencing homelessness and those earning 0-30% AMI via partner developers

Benefits:

- Drives long term pipeline of affordable and supportive housing units
- Supports geographically dispersed housing throughout city
- Addresses priority areas of the five-year housing plan

Outcomes from Bond Approach Accelerated Pipeline

Accelerated units development would leverage approximately **\$50M** to:

- Create and preserve approximately 1,300 units over next five years
 - Additional 759 units above what would have been created already at Sun Valley, Westridge and Shoshone (549 created, 210 preserved)

Benefits of proposal:

- Provides additional units above what was planned in DHA's pipeline
- Accelerates development of units to address immediate needs
- Removes DHA from OED's competitive annual pool, allowing annual "pay-as-you-go" funding for additional projects and developers

AHF Outcomes- Current + Framework

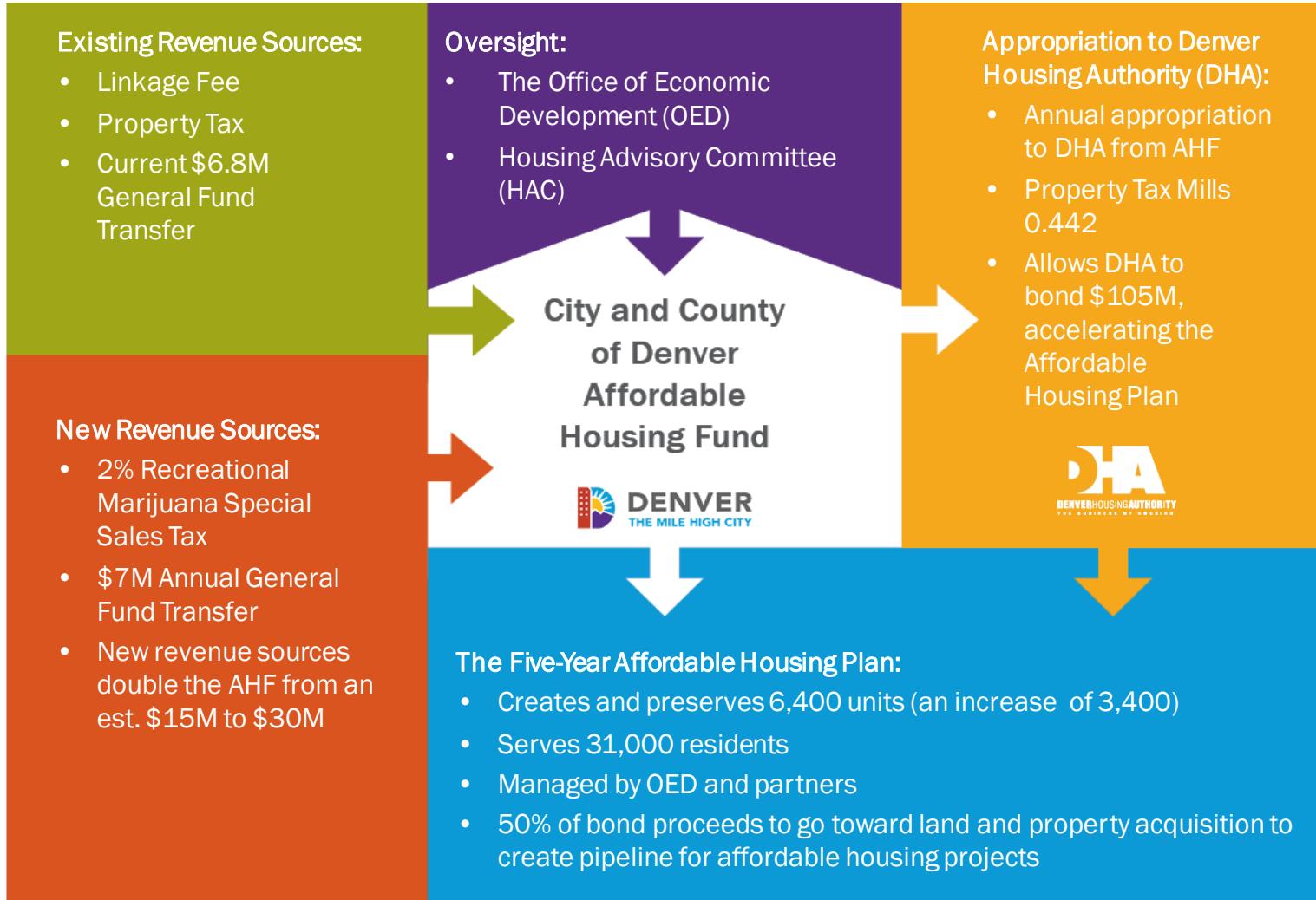
Investment Type	CCD \$15M “Pay-as-you-go” (current housing plan)	CCD \$7M “Pay-as-you-go” (proposed starting 2019)	\$105M bonding with DHA (proposed starting 2019)	Total Over Five Years
Projects	~3,000 units	~750 units		3,750 units
Programs	30,000 households	1,000 households		31,000 households
Land Acquisition			~1,400 units	1,400 units
Accelerated Pipeline			~751 units created (202 previously planned, 549 additional) ~543 units preserved (333 previously planned, 210 additional)	1,294 units
Total Outcomes Across all Resources				6,444 units 31,000 households



AHF Five Year Plan Investment Targets

Population	Housing Plan Priorities	Proposal Priorities	Investment Type
Homelessness	20-25% of funds	~ 20% of funds	<ul style="list-style-type: none">• Land/property acquisition• OED Gap financing• Supportive services
0-30% AMI Rental	20-25% of funds	~ 20% of funds	<ul style="list-style-type: none">• Land/property acquisition• DHA accelerate pipeline• OED Gap financing• Stabilization programs, ex: TRUA
30-80% AMI Rental	20-30% of funds	~ 20% of funds	<ul style="list-style-type: none">• DHA accelerate pipeline• OED Gap financing
Homeownership	20-30% of funds	~ 20% of funds	<ul style="list-style-type: none">• OED Gap financing• Stabilization programs, ex: DURA
Innovation	N/A	~ 20% of funds	<ul style="list-style-type: none">• Land trusts• Rental subsidies

Framework Summary



Proposed Framework Governance

- Revenue, program goals flow thru AHF and HAC
- Investments align with goals of housing plan
- Outcomes reported in annual action plan
- Activity, investments and progress reported to HAC and City Council