

Comparison of Alternative Affordable Housing Funding Bills
CB 16-0625: Original Administration/Kniech/Brooks Proposal and
CB 16-0626: Herndon/Ortega/Espinoza Alternative Proposal

SUBJECT	CB 16-0625	CB 16-0626	NOTES
Effective date of linkage fee	January 1, 2017	October 1, 2017	<p>CB 626 is silent as to sources of revenue <u>prior to</u> October 1 of next year, but sponsors will likely advocate for additional expenditure from other sources in the FY 2017 Budget.</p> <p>All details regarding the amount, applicability, and administration of the linkage fee remain the same in both bills; however, CB 626 does not preclude the possibility that the linkage fee law could be amended, delayed again, or even repealed before it goes into effect on October 1, 2017.</p>
Effective date of dedicated .5 mill	January 1, 2017	January 1, 2018	<p>The original proposal to impose the .5 dedicated mill starting in 2017 is projected to raise \$6.73 million which will be available for expenditure immediately in 2017. Again, the one-year delay proposed in CB 626 is expected to be accompanied by an effort to find money from other sources in the FY 2017 budget for affordable housing until the dedicated tax rate goes into effect the following year.</p> <p>Delaying the .5 mill until 2018, will mean higher first year collections because the .5 rate</p>

			<p>will be applied to a higher tax base (since next year is a reassessment year).</p> <p>Since city levies tend to go <u>down</u> in a reassessment year (even while the city maximizes its revenue growth to the extent allowed by the 6% limit in those years), delaying the new dedicated .5 levy until next year will require the levy to be carved out of other city millage rates, such as the General Fund levy, resulting in lower potential revenue growth in other funds for other purposes.</p>
Status of the IHO	As of January 1, 2017, the IHO will no longer apply to new for-sale housing projects	IHO will remain in effect unless and until repealed by future legislation	
Size of Affordable Housing Advisory Committee	23 members	11 members	<p>Much of the reduction in CB 626 is achieved by eliminating all of the <i>ex officio</i> members except the Director of the Office of HOPE.</p> <p>The original bill would have given Council purview over all of the discretionary appointments, either through direct appointment or confirmation. But CB 626 is weighted even more strongly toward council control of the committee, by given council the same number of appointments as the Mayor, and requiring that two members of the committee (instead of one) must actually be a council member.</p>

<p>Scope of Affordable Housing Committee's Authority</p>	<p>Basically the committee is proposed to guide plans and expenditures related to the two new dedicated funding sources <u>only</u>.</p>	<p>The committee's purview would be expanded to include planning and recommending policies in regard to <u>all</u> sources of city revenue for affordable housing</p>	
<p>Adoption of Affordable Housing Plans</p>	<p>The original bill contemplates that the Committee will assist in formulating 3-5 year plans to guide expenditures from the two new dedicated funding sources. Such plans would be adopted administratively, but would then inform OED's annual budget requests, subject to approval by the mayor and council each year.</p>	<p>In addition to the 3-5 year plan for the new dedicated funds, the alternative bill would also require the Committee to recommend a Comprehensive Affordable Housing Plan by October 1, 2017. Once adopted, this plan would govern the expenditure of <u>all</u> affordable housing monies administered by the city, with the plan being subject to approval by the city council.</p>	
<p>Gentrification and Involuntary Displacement</p>	<p>Prior to bill filing, new language was added to the original bill to clarify that an intended use of the property tax revenue funds, along with other</p>	<p>Similar language was included in the alternative bill</p>	

	<p>measures to preserve housing affordability for <u>existing</u> households, are measures to combat involuntary displacement in neighborhoods most heavily impacted by gentrification.</p>		
<p>Additional property tax relief for low income households</p>	<p>Not specifically mentioned in the original bill (but would be a potential use of money in the property tax revenue fund).</p>	<p>The alternative bill charges the committee with making recommendations regarding the possibility of expanding property tax relief for lower income residents.</p>	<p>The City's existing property tax relief/refund program in existence since 1974 is available only to residents who are either elderly or disabled, and who fall below certain income levels. (Income-eligibility for the program was significantly expanded in 2012 as a component of 2A). Any further expansion of the program to a broader population of residents would require additional legislation, and would carry a cost, either to the GF or to the dedicated affordable housing property tax revenue fund.</p>