



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: September 5, 2023
TO: Paul Buddenhagen, City Manager
FROM: Lawrence Chiu, Finance Director
SUBJECT: **Resolution Of The City Council Of The City of Emeryville Establishing Fiscal Year 2024 Property Tax Levy Rate For The City's General Obligation Bond Indebtedness (Measure C Affordable Housing Bond)**

RECOMMENDATION

Staff recommends that the City Council adopt the above-entitled resolution approving the establishment of the Fiscal Year (FY) 2024 property tax levy rate of \$59.82 per \$100,000 in Assessed Value for the secured and utility tax roll for the City of Emeryville's Measure C General Obligation (GO) Bonds Series 2023.

BACKGROUND

On March 6, 2018, the City Council authorized placement of a \$50,000,000 affordable housing bond initiative on the June 5, 2018 ballot to finance the development of affordable housing projects within the City of Emeryville. This ballot initiative (Measure C) was approved by over two-thirds of the Emeryville voters. Measure C allows the City of Emeryville to issue \$50,000,000 in GO Bonds to be repaid with the voter-approved supplemental ad valorem taxes to support the City's Housing Element and other General Plan policies by financing affordable housing development costs for extremely low, very low, and low-income households as well as for persons with special needs.

On March 2, 2021, the City Council adopted the Affordable Housing Bond Administration and Expenditure Plan that guides the expenditure of the \$50,000,000 in Measure C Affordable Housing Bond proceeds.

On February 21, 2023, the City Council adopted a resolution, authorizing the issuance and sale of up to \$50,000,000 of the City's 2023 GO Bonds and related actions.

On April 4, 2023, the City Council adopted a resolution, approving the forms and authorizing the distribution of a notice of intention to sell bonds, a notice of sale and a preliminary official statement, and sale of the City's 2023 GO Bonds.

As of July 1, 2023, the principal amount of \$50,000,000 is outstanding on the GO Bonds.

The bond sale was timed to closely correspond to the use of those proceeds in affordable housing development, which has begun. On November 15, 2022, the City Council adopted a resolution, authorizing the execution of an Exclusive Right To Negotiate Agreement with EAH Housing, Inc. for the development of the "Christie Sites" located at 5890, 5900 and 6150 Christie Avenue. EAH Housing's proposal for the Christie Sites redevelopment includes three eight-story buildings containing 367 units of affordable

housing for families earning at or below 60% of Area Median Income, with spaces dedicated for after-school programs and a range of ground-floor townhome units. The Affordable Housing Bond Administration and Expenditure Plan programmed \$23,410,000 to support redevelopment of the Christie Sites, and negotiations are underway.

On April 18, 2023, the City Council adopted a resolution, authorizing the execution of the Amended and Restated Loan Agreement between the City of Emeryville and Evoy, L.P., an affiliate of Resources for Community Development, for the development of the Nellie Hannon Gateway project at 3600, 3610 and 3620 San Pablo Avenue. This agreement provides a total of \$16,747,486, \$3,529,891 of which are 2023 GO Bond proceeds, for the development of 90 residential units and 4,600 square feet of commercial space for the Emeryville Citizens Assistance Program ("ECAP"). All of the units, except the manager's unit, will be affordable to extremely low- and low-income households (i.e. 20-60% of Area Median Income). The building permit was issued on May 9, 2023, a groundbreaking ceremony was held on June 29, and construction is anticipated to be complete in the spring of 2025.

DISCUSSION

Debt service payments on these bonds are paid through ad valorem taxes on all taxable land and improvements. Staff is seeking Council approval of the attached resolution which authorizes the placement of an ad valorem property tax levy in the amount of \$0.05982 per \$100 or \$59.82 per \$100,000 in assessed value for the secured and utility tax roll. As an example of how the tax would be calculated, a home with an assessed value of \$400,000 would be assessed \$239.28 (4 x \$59.82).

The Measure C Tax Rate Statement included in the ballot materials when this measure was before the voters included:

- (a) The best estimate from official sources of the average annual tax rate that would be required to be levied to fund that bond issue over the entire duration of the bond debt service, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors of 4.912 cents per \$100 of assessed valuation of all property to be taxed; and
- (b) The best estimate from official sources of the highest tax rate that would be required to be levied to fund that bond issue, and an estimate of the year in which that rate would apply, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors was 6.335 cents per \$100 of assessed valuation of all property to be taxed. The best estimate of the year in which the highest tax rate would apply was anticipated to be 2019-20.

For unsecured property taxes, per Alameda County's methodology, the prior year's secured tax rate becomes this year's unsecured tax rate; as a result, this rate will not benefit from the coming year's Assessed Value until FY 2025. There was no levy in the prior fiscal year, therefore there is no unsecured tax rate.

FISCAL IMPACT

The bonds are payable from supplemental ad valorem taxes levied upon all taxable property in the City. The City is authorized and obligated to levy and collect ad valorem taxes in an amount sufficient to pay the debt service, including the principal and interest due on the GO Bonds.

Based on FY 2024 assessed valuation, the estimated average property tax rate levy required to pay for the GO Bonds annual debt service of approximately \$4 million is \$0.05982 per \$100. The approximate ad valorem tax levy revenue for FY 2024 will be \$4 million.

STAFF COMMUNICATION WITH THE PUBLIC

None

CONFLICT OF INTEREST

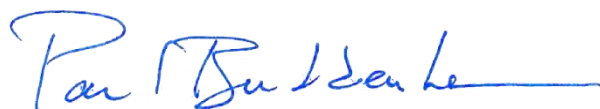
None

CONCLUSION

Staff recommends that the City Council adopt the above-entitled resolution approving the establishment of the FY 2024 property tax levy rate of \$59.82 per \$100,000 in Assessed Value for the secured and utility tax roll for the City of Emeryville's Measure C General Obligation Bonds Series 2023.

PREPARED BY: Lawrence Chiu, Finance Director

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Paul Buddenhagen, City Manager

ATTACHMENTS

- Draft Resolution
 - Exhibit A – Tax Rate Calculation based on FY 2024 Assessed Value