



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: March 2, 2021

TO: Christine Daniel, City Manager

FROM: Charles S. Bryant, Community Development Director

SUBJECT: Resolution Of The City Council Of The City Emeryville Adopting The Affordable Housing Bond Administration And Expenditure Plan, And Appointing The Budget Advisory Committee To Serve As The Bond Oversight Committee

RECOMMENDATION:

Staff recommends that the City Council adopt the above-entitled resolution approving the Affordable Housing Bond Administration and Expenditure Plan and appointing the Budget Advisory Committee to serve as the Bond Oversight Committee.

BACKGROUND

On February 6, 2018, the City Council directed staff to place a \$50,000,000 affordable housing bond on the June 2018 ballot. On March 6, 2018, the City Council adopted Ordinance No. 18-002 calling a special election for June 5, 2018 on the question of whether to issue general obligation bonds to finance the development of affordable housing projects, which was designated by the County as Measure C. On June 5, 2018 during the special election, over 2/3 of Emeryville voters approved Measure C. Measure C allows the City of Emeryville to issue \$50,000,000 in bonds with an estimated average levy of 4.912 cents per \$100 of assessed value, generating approximately \$3,422,000 annually to pay for debt service on the bonds over 27 years. Measure C supports 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 December 15, 2020, the City Council held a study session to consider a draft Affordable Housing Bond Administration and Expenditure Plan and provided the following direction to staff: 1) use Funding Plan Option #2 (providing funds on-hand to advance the 3600 San Pablo Avenue project) as the basis for the final plan; and 2) designate the Budget Advisory Committee as the Measure C Bond Oversight Committee. At a special meeting on January 19, 2021, the City Council passed Resolution No. 21-01 authorizing the City Manager to commit to a permanent financing development loan in the amount of \$16,747,486 between the City of Emeryville and Resources for Community Development for the development of the 3600 San Pablo Avenue affordable housing project.

DISCUSSION

Staff has prepared the Affordable Housing Bond Administration and Expenditure Plan (“Plan”, see Exhibit A of the attached draft resolution), which outlines the proposed amount of funding to be allocated to various initiatives, anticipated performance measurements, and required accountability measures for the Measure C Housing Bond, as well as the other financial resources the City has available to support affordable housing initiatives in Emeryville. In total, the Plan represents an investment of approximately \$64.516 million in affordable housing, representing \$50 million in Measure C Housing Bond proceeds plus \$14.516 million in other affordable housing funds currently available to the City.

The Plan is organized into Initiatives, Programs and Projects. All housing programs and projects will fall under one of two “Initiatives”: the Production Initiative or the Preservation Initiative. “Programs” describe general areas of activity, and “Projects” are specific developments under each Program. The Plan proposes funding levels, sources, and timing as well as goals and performance measures for each Program.

The Plan includes the following Programs:

Acquisition of Below Market Rate (BMR) Homebuyer Units

Provides for the City’s purchase of existing BMR ownership units that are at risk of becoming market-rate units because of an inability to sell the unit to an income-qualified household during the allotted marketing period or due to risk of foreclosure.

Homebuyer Assistance

Provides down payment and closing cost assistance in the form of deferred loans to low- and moderate-income first-time homebuyers.

Foreclosure Prevention

Provides deferred loans to income-qualified homeowners at risk of displacement due to foreclosure.

Rental Preservation

Provides loans for rehabilitation of existing rental units to be occupied by income-qualified households.

Special Needs Housing Incentives

Provides funding incentives for the creation of additional BMR units for disabled, transitional aged youth, persons experiencing homelessness and other special needs populations at existing rental developments.

Rental Development

Provides funding for new construction of affordable rental units on development sites where the City has an interest (i.e. sites the City owns or has affordability commitments).

Development Opportunities

Provides funds for the strategic acquisition and/or development of properties for affordable housing.

Oversight and Governance

Ordinance No. 18-002 requires independent oversight of bond expenditures. As noted above, during its Study Session on December 15, 2020 the City Council supported the appointment of the Budget Advisory Committee to serve in the capacity of the Bond Oversight Committee. The Budget Advisory Committee would be responsible for oversight of all financial transactions and ensuring that the bond funded projects complied with the object and purpose of the bonds.

The Housing Committee is currently responsible for providing input and recommendations regarding City policies, priorities and needs related to the City's housing policies and program. This committee would continue to serve in that role and provide review and recommendations to the City Council regarding the Plan, the housing program guidelines, and funding recommendations.

The Plan indicates that staff will provide a progress, expenditure and performance report to the City Council each year ("Annual Report"), covering activity for the previous calendar year as well as the cumulative performance of the Programs and Projects in the Plan. The Bond Oversight Committee and Housing Committee would review the Annual Report in draft form. The Annual Report will include accomplishments for each Program, including funds expended, actual unit production and households assisted, compared to the goals outlined in the Plan.

FISCAL IMPACT

The allocation of available funds in the Low- and Moderate-Income Housing Asset Fund (Fund 298), Affordable Housing Fund (Fund 299), and Affordable Housing Impact Fee Fund (Fund 239) represent cash on hand plus anticipated revenue for Fiscal Year 2020-2021. These sources plus the Alameda County Measure A1 funds designated for the City of Emeryville and Measure C Bond funds totals \$64,516,793 in financial resources available to the City to support the production and/or preservation of affordable housing in Emeryville.

STAFF COMMUNICATION WITH THE PUBLIC

Staff presented a draft Plan to the Housing Committee on December 2, 2020. The Housing Committee recommended that the City Council adopt the Affordable Housing Bond Administration and Expenditure Plan.

CONCLUSION

Staff recommends that the City Council adopt the attached resolution approving the Affordable Housing Bond Administrative and Expenditure Plan and appointing the Budget Advisory Committee to serve as the Bond Oversight Committee

PREPARED BY: Valerie F. Bernardo, Community and Economic Development Coordinator II

REVIEWED BY: Chadrick Smalley, Economic Development and Housing Manager

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



Christine Daniel, City Manager

ATTACHMENT:

- Draft Resolution including Exhibit A, Affordable Housing Bond Administration and Expenditure Plan