

RESOLUTION No.

Refer a measure to City voters for the November 8, 2016 General Election authorizing the issuance of general obligation bonds in the amount of \$258,400,000 to provide funding for affordable housing (Resolution)

WHEREAS, the City of Portland has a documented need for 24,000 affordable housing units for low-income households;

WHEREAS, last year Portland experienced the highest average rent increase in the nation, over 15% overall;

WHEREAS, Portland area incomes have not kept pace with the rising rents;

WHEREAS, a full time minimum-wage earner would need to spend more than 100% of their earnings to afford the average new rental unit in Portland in 2016;

WHEREAS, low-income and moderate-income families and individuals continue to be displaced from Portland;

WHEREAS, on any given night, about 4,000 people including women, children and seniors will sleep on our streets, in a vehicle or in a temporary shelter;

WHEREAS, last year the City of Portland declared a State of Emergency regarding affordable housing and homelessness;

WHEREAS, in the last year the City of Portland has strategically deployed, dedicated and created new resources for the funding of affordable housing development;

WHEREAS, last year the City of Portland increased the amount of urban renewal funding dedicated to affordable housing by 50 percent equating to over \$67 million in additional affordable housing funding;

WHEREAS, last year the City of Portland dedicated tax revenue from the short-term rental tax to affordable housing, estimated to be at least \$1.2 million per year;

WHEREAS, this month the City of Portland created a new revenue source for affordable housing through a tax on new development estimated to generate \$8 million per year for the development of affordable housing;

WHEREAS, federal funding to support low-income renter households has declined 30 percent over the last 15 years;

WHEREAS, affordable rental housing for low-income households, including people experiencing homelessness, persons with disabilities, families, seniors and veterans often requires a commitment of City funds for development and preservation;

WHEREAS, it is in the public interest to fund these capital expenses through the sale of General Obligation bonds;

WHEREAS, if approved, the average Affordable Housing Bond tax rate is estimated to be \$.4208 per \$1,000 of assessed value;

WHEREAS, if approved, the typical home in Portland with an assessed value of \$178,320 is expected to pay a maximum of \$75 annually over the life of the bonds; and

WHEREAS, as delineated in Exhibit C, "Affordable Housing Bond for Portland," program goals are delineated for the bond expenditures, and a citizen oversight committee will be appointed to review the Affordable Housing Bond expenditures and will report annually to the Council.

NOW, THEREFORE, BE IT RESOLVED that the Council submits an Act, attached hereto as Exhibit B, entitled: "A Measure authorizing the City Council of the City of Portland to issue general obligation bonds in the amount of \$258,400,000 for capital improvements for affordable housing, to be repaid from property taxes levied outside constitutional limitations." Exhibit B is hereby submitted to the legal voters of the City of Portland, Oregon for their adoption or rejection at the General Election in the City of Portland, Multnomah County, Clackamas County, and Washington County to be held on November 8, 2016. Each voter who votes upon said proposed measure shall vote "yes" or "no" in the space indicated for such vote on the City ballot at said election; and

BE IT FURTHER RESOLVED that the Council submits the ballot title, question and summary for the November 8, 2016 General Election ballot, as shown in the attached Exhibit A; and

BE IT FURTHER RESOLVED that the Council directs the Auditor to publish the ballot title as shown in Exhibit A in accordance with City Code; and

BE IT FURTHER RESOLVED that the Council directs the Commissioner in Charge of the Portland Housing Bureau to draft and submit an explanatory statement to Multnomah, Clackamas, and Washington County elections offices for publication in each county's voters' pamphlet; and

BE IT FURTHER RESOLVED that the Auditor is directed to forward to Multnomah, Clackamas, and Washington County elections offices all material necessary to place this measure on the November 8, 2016 General Election ballot.

Adopted by the Council:

Commissioner Saltzman
Prepared by: Shannon Callahan
Date Prepared: June 20, 2016

Mary Hull Caballero
Auditor of the City of Portland
By

Deputy

Caption

Bonds to fund affordable housing.

Question

Shall Portland issue bonds, fund affordable housing for low income families, seniors, veterans, people with disabilities; require public oversight?

If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

Summary

Measure would authorize \$258,400,000 in general obligation bonds for affordable housing for low income households.

Bonds will be used to build new housing, purchase and/or rehabilitate existing housing to maintain affordability, prevent displacement, allow residents to remain in their homes.

Housing will contain a mix of unit sizes. Some units will be accessible for low-income people with disabilities and seniors. Housing may include space to provide products and services for residents.

Affordable means rents restricted by designated household size and income level for the dwelling. Low income means a household making 60% or less of median family income; lower income thresholds for some units; flexibility for existing residents and hardship. In 2016, 60% of median family income for a family of four is \$44,100 per year.

A five-member citizen oversight committee will review bond expenditures; provide annual reports.

Tax rate for this measure is estimated to be \$0.4208 per \$1,000 of assessed value. Bonds may be issued in multiple series. Annual audits required.

AN ACT

A Measure authorizing the City Council of the City of Portland to issue general obligation bonds in the amount of \$258,400,000 for capital improvements for affordable housing, to be repaid from property taxes levied outside constitutional limitations.

BE IT ENACTED BY THE PEOPLE OF THE CITY OF PORTLAND, OREGON:

Section 1. Pursuant to Sections 7-201 and 7-203 of the Charter of the City of Portland, the Council is authorized to issue bonds, in the aggregate amount not to exceed \$258,400,000, which shall be general obligations of the City. The proceeds from such bonds shall be placed in a special fund to be established by the Council, and shall be used for capital costs for affordable housing purposes, including acquisition, construction, reconstruction, rehabilitation, capital maintenance and capital repairs, of facilities to provide housing affordable to individuals and households whose income does not exceed 60% of median family income. Such housing may be of any type, including but not limited to single-family, multi-family, houses, apartments, and/or the land on which such facilities are located or may be constructed. Housing units may be designated for different income levels, between 0% and 60% of median family income. Housing units may be designated for particular household sizes. "Affordable" means rents are restricted by designated household size and income level for the dwelling. Bond funds may be used only for capital costs for affordable housing. The Council may authorize inclusion in any project under this Act space not exceeding 20% of the size of that project, for provision of services, including but not limited to child care facilities, groceries, pharmacies, community rooms, food service, neighborhood retail and leasing offices, to serve the residents of the facilities that are the subject of the project. The Council may provide for eligibility rules for residents that temporarily relax or waive the limitations on qualifying income when necessary to avoid undue hardship or to avoid displacement of persons residing in housing at the time it is acquired. The Council shall appoint an oversight committee to review bond expenditures and provide to the Council annual reports on the same. The Council may issue the bonds in one or more series. These general obligation bonds are specifically authorized, and shall not be counted as within the limitation of Section 7-204 of the Charter of the City of Portland. Taxes imposed to pay the principal and interest on these bonds shall not be limited by Sections 11 and/or 11b of Article XI of the Constitution of the State of Oregon, but rather are hereby specifically authorized and shall be in addition to all other taxes that may be levied according to law.

EXHIBIT C: Affordable Housing Bond for Portland program goals

This exhibit to be provided by June 29th.

IMPACT STATEMENT

Legislation title: Refer a measure to City voters for the November 8, 2016, General Election authorizing the issuance of general obligation bonds in the amount of \$258,400,000 to provide funding for affordable housing (Resolution)

Contact name: Shannon Callahan
Contact phone: 503.823.3031
Presenter name: Kurt Creager, PHB Director

Purpose of proposed legislation and background information:

The purpose of this legislation is to refer a general obligation bond for affordable housing to the voters of Portland. If approved the proceeds of the bonds would provide funding for affordable housing to households at or below 60% of median family income.

Financial and budgetary impacts:

City debt management policies limit the amount of outstanding unlimited tax general obligation (ULTGO) bonds to 0.75% of the City's Real Market Value. Based on the City's FY 2015-16 Real Market Value of \$102.6 billion, the City's ULTGO debt limit is about \$769.7 million. The City currently has \$151.6 million in ULTGO bonds outstanding or authorized, leaving available debt capacity of about \$618 million. If the bonds for affordable housing were approved by voters the City's remaining available ULTGO debt capacity would be approximately \$360 million.

Community impacts and community involvement:

Members of the community have been requesting a bond measure for affordable housing to fund much needed housing below 60% of median family income.

If the bonds are approved, a community oversight committee would be established to review expenditures and provide annual reports to City Council. Each member of Council would appoint one member to the committee.

The bond proceeds would also be capable of being used for housing development or acquisition throughout the City. Currently, the City's main funding source for affordable housing, Tax Increment Financing, is geographically limited to approximately 15% of the City and the capacity of that funding source is declining as existing urban renewal districts reach their planned maximum indebtedness.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount