

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

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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.

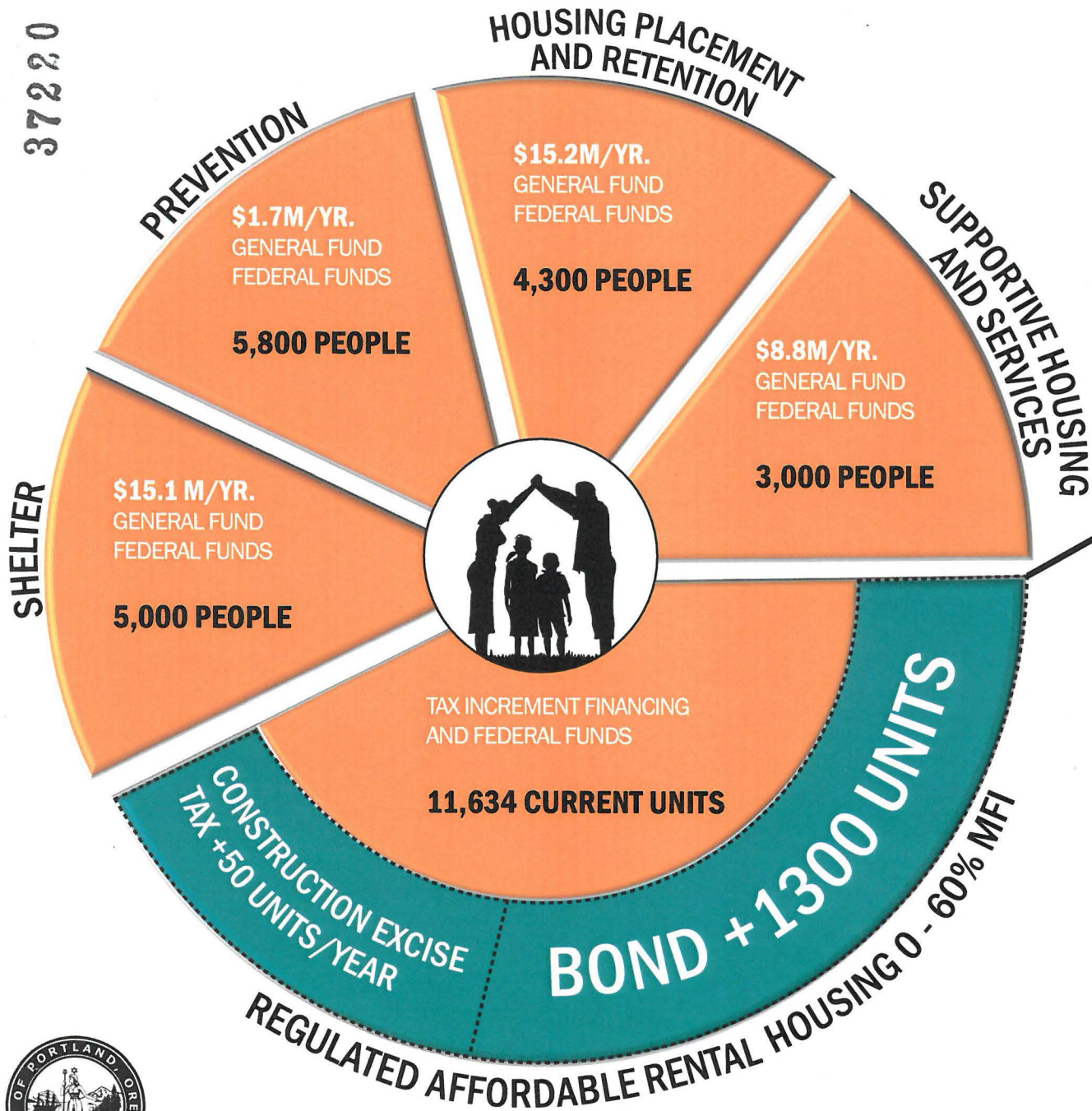
The bond proceeds would also be capable of being used for housing development or acquisition throughout the City. Currently, the City's main funding source for affordable housing, Tax Increment Financing, is geographically limited to approximately 15% of the City and the capacity of that funding source 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

37220



THE ELEMENTS OF HOUSING STABILITY

BOND FUNDING IMPACTS ON CITY PROGRAMS & SERVICES

\$258.4 MILLION BOND FUND

- **1,300** MORE AFFORDABLE HOMES SERVING PORTLANDERS AT OR BELOW 60% MEDIAN FAMILY INCOME (MFI)
- **600** UNITS AFFORDABLE AT 0 - 30% MFI – **25%** INCREASE IN THE EXISTING INVENTORY
- BOND FUNDED HOUSING WILL REMAIN AFFORDABLE PERMANENTLY

MEDIAN FAMILY INCOME (MFI)

	30%	60%	100%
HOUSEHOLD SIZE			
1	\$15,400	\$30,840	\$51,310
2	\$17,600	\$35,220	\$68,640
3	\$19,800	\$39,600	\$65,970
4	\$22,000	\$43,980	\$73,300



BOND TO FUND AFFORDABLE HOUSING

PORTLAND HOUSING FAST FACTS

- 24,000** Housing unit shortage
- \$1,954** Avg. monthly new unit rent
- \$2,842** Median monthly income for renter households
- 54.5%** Households spending over 1/3 of their income on rent
- 15%** Annual rent increase — the highest in the nation

The City of Portland is requesting voter approval of \$258,400,000 in general obligation bonds to fund affordable housing for low-income seniors, veterans, families, and people with disabilities.

WHY A BOND?

The latest data shows that the average three-person household with an extremely low income cannot afford to rent a 2-bedroom apartment in any Portland neighborhood. Bonds would be used to buy and rehabilitate or build new affordable housing, which would be owned by the City and managed in cooperation with Home Forward. With no mortgage to pay, this revenue tool would ensure the rents in 600 of these units would be affordable to the lowest-income households, and fund the development of new family-size housing.

HOW WOULD BOND FUNDING BE USED?

FUNDING



\$258,400,000

\$75 ANNUALLY PER TYPICAL PORTLAND HOME

CREATES



CONSTRUCTING NEW AFFORDABLE HOMES 75%*

PRESERVING AFFORDABILITY OF EXISTING HOMES 25%*

IMPACT



1,300 AFFORDABLE HOMES FOR HOUSEHOLDS AT OR BELOW 60% OF THE MEDIAN FAMILY INCOME

(Less than \$43,980 a year for a family of 4)



50% SIZED FOR FAMILIES (2+ Bedrooms)

600 HOMES FOR VERY-LOW INCOME FAMILIES

(Less than \$22,000 a year for a family of 4)

2,922 MORE PORTLANDERS HOUSED ANNUALLY*

58,000 PORTLANDERS HOUSED OVER 60 YEARS*

**current estimates, subject to change*



CONTACT PORTLAND HOUSING BUREAU

CALL: 503-823-2375 EMAIL: PHBINFO@PORTLANDOREGON.GOV

WWW.PORTLANDOREGON.GOV/PHB/BOND

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37220

*Saltzman
Amendments*

Substitute Resolution Changes:

- Changes Exhibit A – Ballot Title
 - Updated MFI numbers for a family of four making 60% of median family income
 - Change in word from “citizen” to “independent” describing the oversight committee
 - Addition of an administrative costs cap not to exceed 7%
 - Deletion of conjunctions to meet limits of word count for summary
- Changes to Exhibit B – An Act
 - Additional of administrative costs cap not to exceed 7%
- Addition of Exhibit C – Affordable Housing Bonds for Portland
 - Not included in the original filed document

Exhibit A**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~~ **\$43,980** per year.

A five-member ~~citizen~~ **independent** 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. **Administrative costs cannot exceed seven percent.**

Exhibit B

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. **No more than 7% of the special fund may be spent, to the extent permissible under Article XI, section 11L(5) of the Oregon Constitution, for expenses associated with administering the fund, including the issuance of the bonds.** 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.