



Municipal Housing Bonds

Morgan Spicer

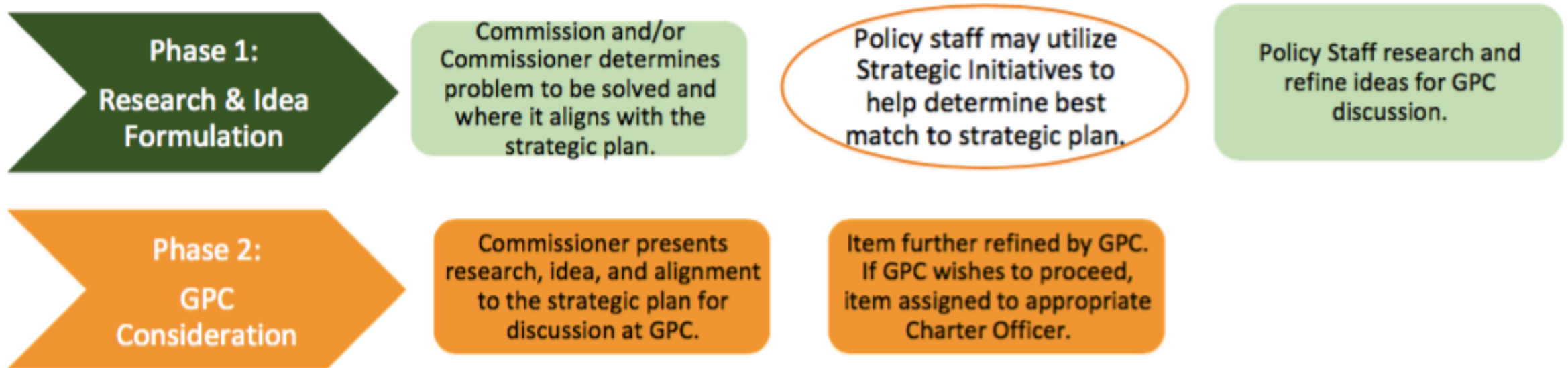
Interim Policy Oversight Administrator

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Policy Research Process



Overview of the Presentation

- What is a Municipal Housing Bond?
- Florida Housing Bond Requirements
- Examples of Municipal Housing Bonds
- Advantages and Disadvantages to Municipal Housing Bonds

What is a Municipal Housing Bond?

- Housing bonds are debt securities issued by state or local governments to raise money for affordable housing development and related programming.
- Municipal housing bonds are nearly always funded through an increase in property taxes (General Obligation Bonds).
- When repayment involves taxpayer assistance, a referendum should be placed on the ballot for voter approval.

State of Florida

- The Florida Constitution grants municipalities the authority to issue general obligation bonds from property taxes for major investments into infrastructure which will mature in 12 months or more to finance or refinance capital projects when approved by a vote of the electors.
- Municipalities can use these bonds to create affordable housing, however this money cannot be used to fund housing services or general government services.
- Municipalities are also able to issue revenue bonds, but it is uncommon for housing bonds to be revenue bonds.

Case Studies

- Durham, North Carolina (2019)
- San Francisco, California (2019)
- Emeryville, California (2018)
- Chapel Hill, North Carolina (2018)
- Charlotte, North Carolina (2018)
- Austin, Texas (2018)
- Charleston, South Carolina (2017)
- Miami, Florida (2017)
- Los Angeles, California (2016)
- Portland, Oregon (2016)

Case Studies, Cont.

Durham, North Carolina (2019)

- \$95M housing bond to fund affordable housing development projects, requiring an additional property tax of \$16 per \$100,000 in assessed property value for 20 years. Revenue is set to go to the Durham Affordable Housing Bond Investment Plan.
- Created an Affordable Housing Implementation Committee – first allocation was in July 2021 to replace a public housing complex with mixed use housing.

San Francisco, California (2019)

- \$600M housing bond with \$220M intended for low income housing, \$150M to rehab public housing projects, \$150M for senior housing, \$60M to preserve middle income housing, and \$20M for housing teachers. Highest estimated property tax increase on a \$600,000 home would be \$102.76.

Case Studies, Cont.

Emeryville, California (2018)

- \$50M bond for affordable housing, preventing displacement of vulnerable populations, and helping low and middle-income households purchase property. Property tax increase of \$0.49 per \$1,000 of assessed property value.

Chapel Hill, North Carolina (2018)

- \$10M bond to build and preserve 700 affordable homes and apartments. Property tax increase of \$0.10 per \$1,000 of assessed property value. \$5M has been allocated to develop 275 affordable housing units, and applications for affordable housing projects with plans for the remaining funds are currently being accepted.

Case Studies, Cont.

Charlotte, North Carolina (2018)

- \$50M bond for an affordable housing trust fund. Currently using \$10M to finance several affordable housing developments to gain 600 new units.

Austin, Texas (2018)

- \$250M bond paid for with a property tax increase of \$0.20 per \$1,000 of assessed property value. The City is currently considering an additional \$500M bond towards affordable housing.

Charleston, South Carolina (2017)

- \$20M bond to create affordable housing with the expectation of 800 new rental units. Bond will be repaid with rent revenue from new homes rather than a tax increase. Issuance of the bond was delayed through 2019 due to a lack of a payment plan.

Case Studies, Cont.

Miami, Florida (2017)

- \$100M of the Miami Forever bond is designated for affordable housing. The City lowered property taxes at the same time as this referendum, so there was no property tax increase. Funding allocation is through a Bond Oversight Board and began in 2019 to go towards affordable and workforce housing projects.

Los Angeles, California (2016)

- \$1.2B bond project to produce 1,000 units per year for 10 years. Paid for with property tax increase of \$0.10 per \$1,000 of assessed property value. First housing project opened in January of 2020, and as of 2022 less than half of the bonds have been sold and 14% of projects completed.

Portland, Oregon (2016)

- \$258M bond to create 1,300 units of affordable housing. Property tax increase of \$0.42 per \$1,000 of assessed property. Two complexes have been opened, six more set to open in 2022. Internal concerns over the program rollouts were expressed by the Portland City Auditor in 2019.

Potential Advantages and Disadvantages to Municipal Housing Bonds

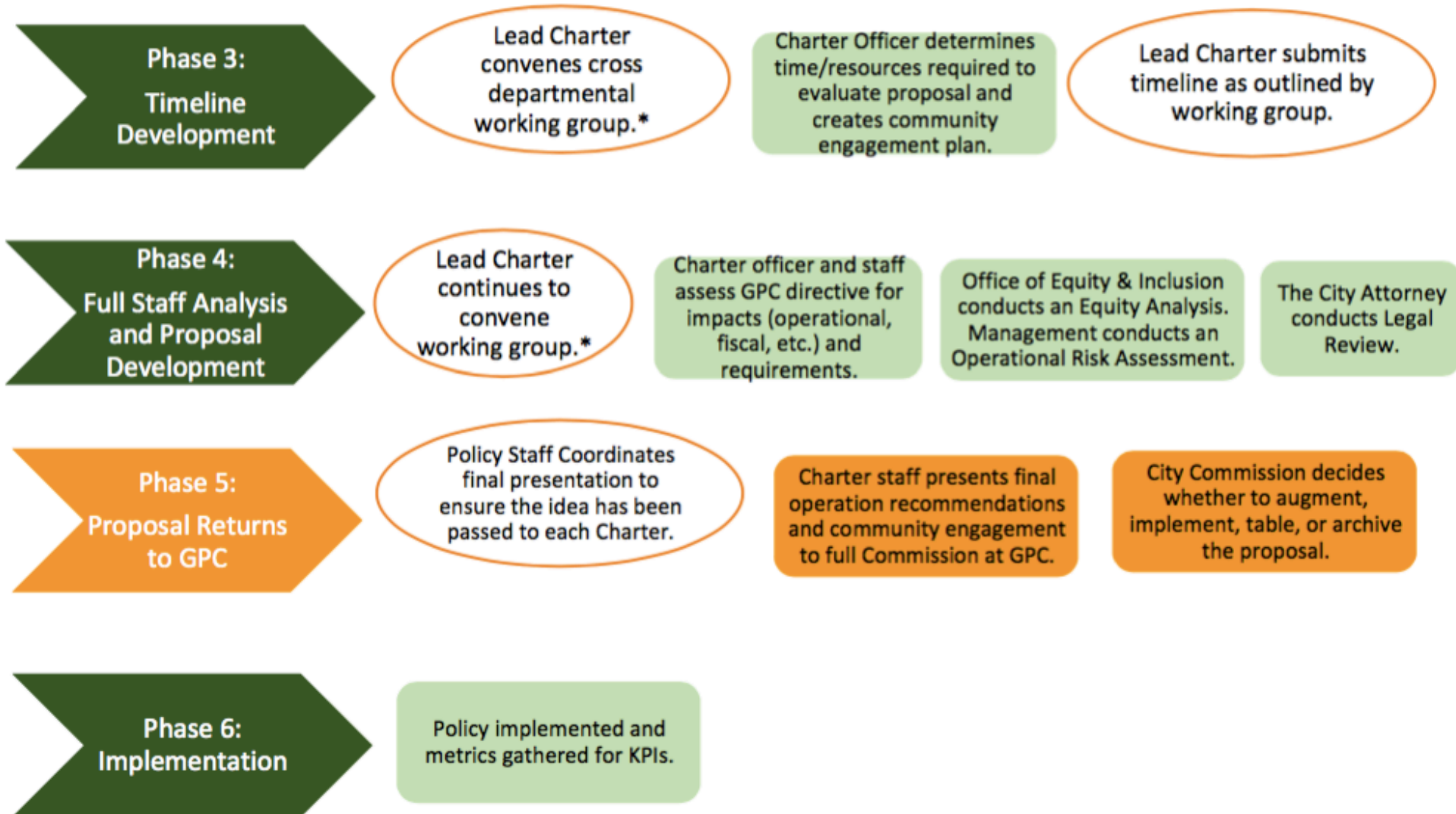
Advantages

- Provides a dedicated funding source to implement affordable housing priorities.

Disadvantages

- Repayment of debt will require taxpayer contribution, generally in the form of increased property taxes.
- Some municipalities have had difficulty allocating funding from bonds towards projects, and ensuring those projects are completed in a timely manner.

Policy Research Process



Discussion?