

NHCD Responses for Bond Oversight Committee
April 8, 2009

Proposition 5

1. I still have heartburn that we are supposed to be ensuring the appropriate spending of bond funds on affordable housing, but we really have no metrics to compare the progress to date to. It is vital that we at least understand the goals laid out by the CDC and if the City's expenditures to date are achieving those goals.

NHCD Response: Each funding application is reviewed by an external Housing Bond Review Committee (HBRC) for compliance with the Affordable Housing G. O. Bond goals and scoring criteria.

Each project recommended for funding is reviewed by and must be approved by Council in its role as the AHFC Board of Directors. After a thorough review by staff and the HBRC, ultimately it is Council, determining on a project-by-project basis, how the funds for Proposition 5 are spent.

Attached are two memoranda with CDC's recommendations to Council regarding the use of G. O. Bond funds based on staff's request for direction and clarification.

The Bond Oversight Committee is welcome to forward any suggestions and recommendations regarding the use of affordable housing G. O. Bond funds to the CDC.

2. It appears that we are having difficulty in spending Proposition 5 dollars on Home Ownership Programs. What is the plan to rectify this?

NHCD Response: It is true that fewer applications for ownership projects are coming in than for rental projects. Currently, there are two ownership applications pending approval by the AHFC Board, which if approved, would expend about \$1.9 million for 75 houses (\$25,333 per house).

Our plan to increase the number of affordable ownership units is, in part, waiting for a response from the IRS on the use of G. O. Bond funds for acquiring and holding property in a community land trust. If that is a permitted use, then those units would be affordable in perpetuity.

The CDC has also recommended making land owned by AHFC available for third party developers using G. O. Bond funds.