

Affordable Housing

Short and Long-term Funding Strategies



June 18, 2013





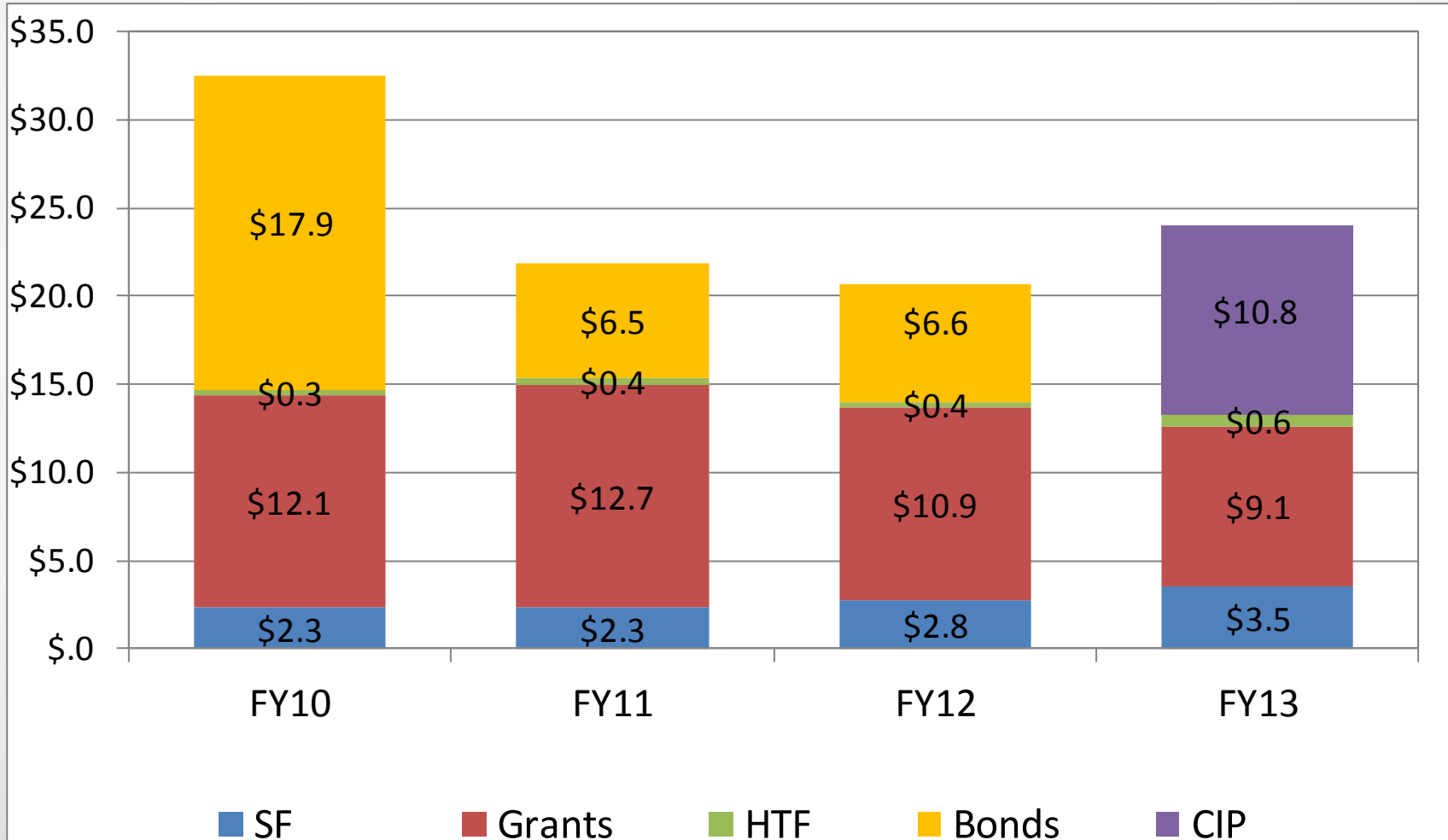
Presentation Overview

- Funding need by service area
- Short and long-term funding goals
- Overview of CDBG and HOME grant funding
- Sustainability Fund and General Fund
- Housing Trust Fund background and summary
- Debt
- 5-year funding projection



NHCD Funding

Sources of NHCD Funding (FY10-FY13)





Funding Need by Service

FY 2014 Projected Funding Need by Service

Description of Services	Operating	CIP	Source
Tenant Based Renter Assistance, Tenant Rights Assistance	\$0.9		SF/GF, Grants
Housing Smarts, Down Payment Assistance	\$0.7		SF/GF, Grants
Architectural Barrier Removal, Emergency Home Repair, Home Rehabilitation Loan Program, GO Repair!	\$3.5	\$1.0	Grants, CIP
S.M.A.R.T. Housing, Community Housing Development	\$0.2		SF/GF
Rental Housing Developer Assistance, Acquisition & Development, Permanent Supportive Housing	\$1.3	\$9.0	Grants, HTF, CIP
Community Development	\$0.8		SF/GF, Grants
Child, Youth and Senior Services	\$1.0		SF/GF, Grants
Debt Service	\$0.6		Grants
Grant Administration and Support Services	\$4.6		SF/GF, Grants
Total Projected Funding Need	\$13.6	\$10.0	

In millions



Funding Goals

- Provide stable source of operating funds for “recurring” programs of \$13.6 million
- Provide dedicated, sustainable CIP funding of \$10 million annually
- Reduce reliance on cyclical bond elections, thereby reducing interest and debt issuance costs
- Transition from Sustainability Fund to General Fund over 5-year period
- Provide Grant Support for CDBG / HOME as needed



Federal Funding

- 6.5% increase in CDBG and HOME grants for FY14 recently reported by HUD

Funding Source	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Amd	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj
CDBG	\$7.5	\$8.2	\$6.9	\$6.7	\$7.2	\$7.2	\$7.2	\$7.2	\$7.2
HOME	\$4.6	\$4.5	\$4.0	\$2.4	\$2.5	\$2.5	\$2.5	\$2.5	\$2.5
Total	\$12.1	\$12.7	\$10.9	\$9.1	\$9.7	\$9.7	\$9.7	\$9.7	\$9.7
<i>Projected GF Grant Support</i>					\$0.0	\$0.1	\$0.2	\$0.3	\$0.4

In millions

- Uses:
 - Grant Administration
 - Small Business Assistance
 - Architectural Barrier Removal
 - Emergency Home Repair
 - Homeowner Rehabilitation Loan Program



Sustainability & General Fund

- Proposed 4-year transition from Sustainability Fund to General Fund

Funding Source	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Amd	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj
Sustainability Fund	\$2.3	\$2.3	\$3.0	\$3.5	\$3.6	\$2.2	\$1.0	\$0.0	\$0.0
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$1.8	\$3.2	\$4.4	\$4.7
Total	\$2.3	\$2.3	\$3.0	\$3.5	\$3.8	\$4.0	\$4.2	\$4.4	\$4.7

In millions

- Uses:
 - Administration/Support Services
 - Community Development
 - Tenant Based Rental Assistance
 - Housing Smarts
 - S.M.A.R.T. Housing
 - Grant Support for CDBG / HOME



Housing Trust Fund History

- The Housing Trust Fund (HTF) was established April 20, 2000
- Council Resolution directed the City Manager to identify funds and resources to invest in an expanded Affordable Housing Initiative
- Funding mechanism is subject to Council approval during annual Budget process
- HTF is funded through 40% of incremental tax revenues derived from developments built on City-owned lands within the defined Desired Development Zone



HTF Options

- Option 1: Current Method
 - 40% Property Tax Increment for City-owned properties
 - 3% growth in existing AV assumed
 - Includes impact of Green Water Treatment Plant and Energy Control Center
- Option 2: Expanded Property Base
 - Option 1 plus non-City owned properties
- Option 3: Set Percentage of O&M Tax Revenue
 - Phased in over 6 years
 - 0.25% starting in FY14; leveling off to 2% in FY18
 - Cap annual transfer at \$10 million



HTF Revenue by Option

6 Year Comparison of Funding Options

Funding Option	FY13 Amd	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj
Current Method	\$0.6	\$0.8	\$0.8	\$1.0	\$1.3	\$1.6
Expanded Property Base		\$1.4	\$1.4	\$1.7	\$2.0	\$2.3
Fixed % of O&M Tax Revenue		\$0.9	\$1.9	\$4.0	\$6.6	\$9.5
% of O&M Tax Revenue		0.25%	0.50%	1.00%	1.5%	2.0%

In millions

- **Uses:**
 - Administration/Support Services
 - Acquisition and Development
 - Rental Housing Developer Assistance



HTF Option 4: GF Transfer

- Prior year transfers over and above 40% calculation
 - \$7.2 million made between FY 2002-2005
 - \$10.8 million in FY13 funded through mid-year budget amendment
- EXAMPLE:

Funding Source	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj
Current HTF Method	\$0.8	\$0.8	\$1.0	\$1.3	\$1.6
Additional GF Transfer to HTF	\$0.1	\$1.1	\$3.0	\$5.3	\$7.9
Total	\$0.9	\$1.9	\$4.0	\$6.6	\$9.5

In millions

- Uses:
 - Architectural Barrier Removal
 - Rental Housing Developer Assistance
 - GO Repair!
 - Permanent Supportive Housing



Debt

- Goal: Combine with HTF or CIP to generate \$10 million annually
- \$27.1 million needed over next 5 years

Funding Source	FY14 Proj	FY15 Proj	FY16 Proj	FY17 Proj	FY18 Proj	Totals
Projected HTF Contribution	\$0.9	\$1.9	\$4.0	\$6.6	\$9.5	\$22.9
Bond Proceeds	\$9.1	\$8.1	\$6.0	\$3.4	\$0.5	\$27.1
Total Available for CIP	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0	\$50.0

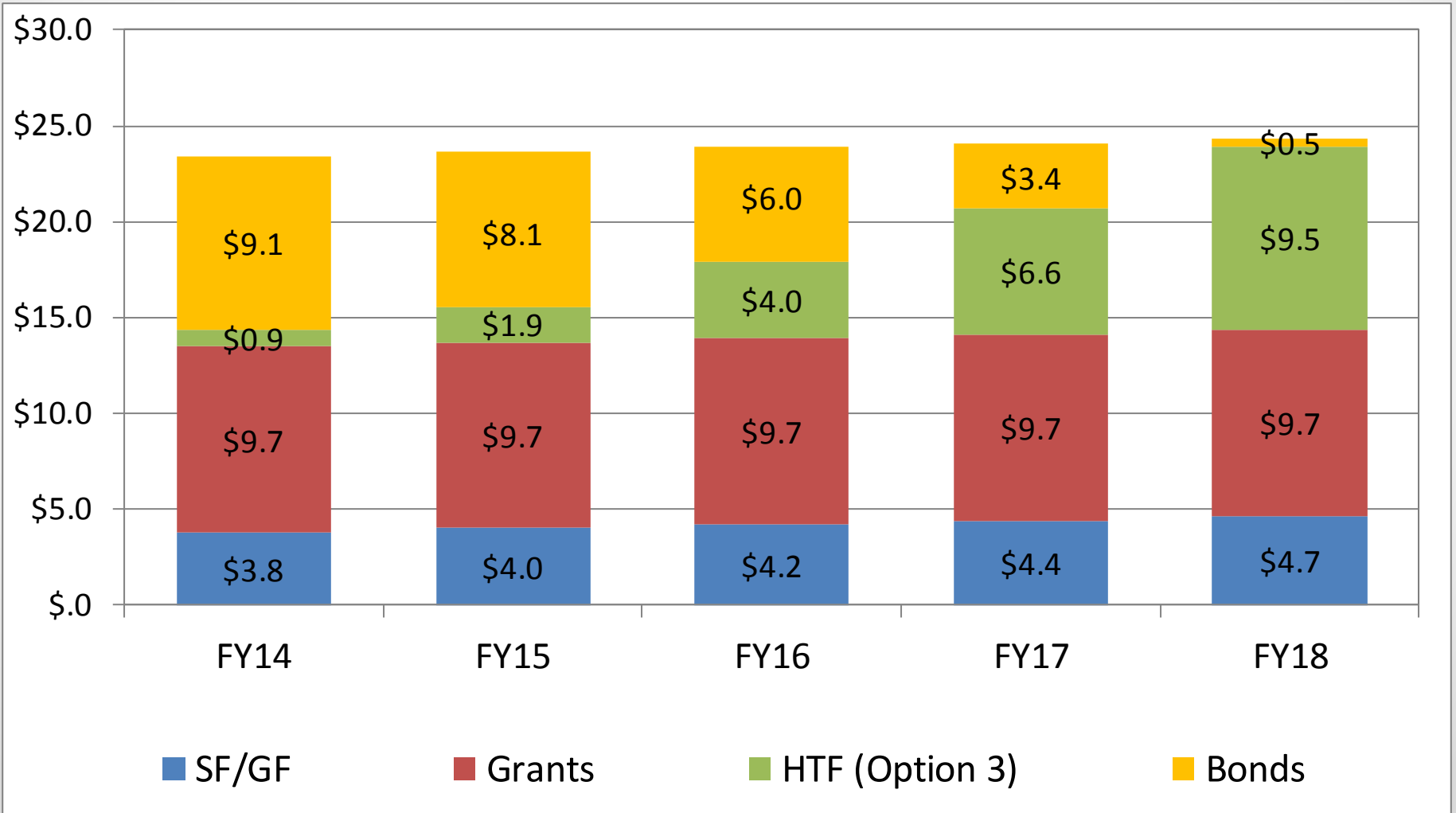
In millions

- Uses:
 - Acquisition and Development
 - Permanent Supportive Housing
 - Rental Housing Developer Assistance



Funding Strategy

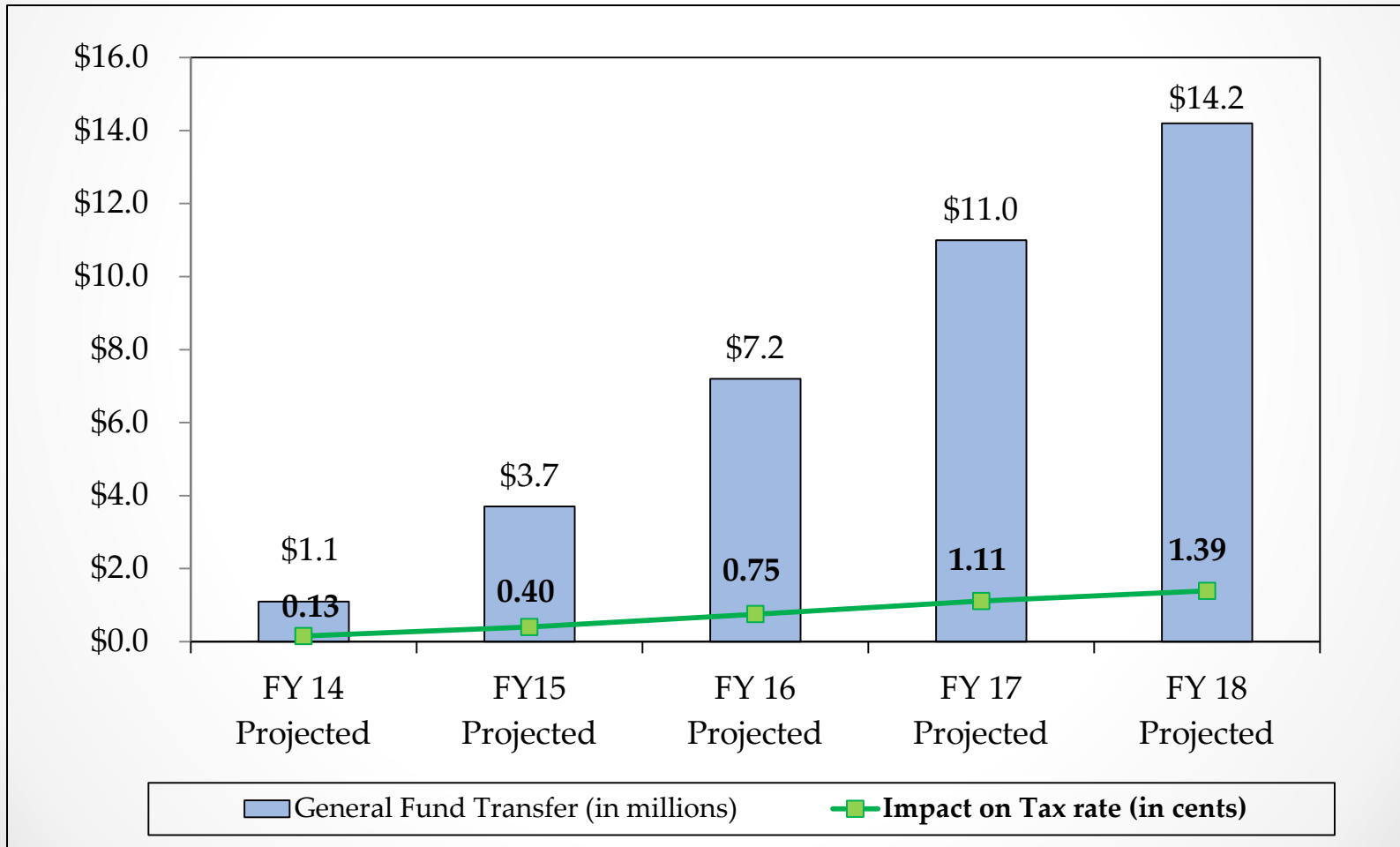
NHCD Projected Funding (HTF Option 3)





Funding Strategy

Projected General Fund O&M Impact





Staff Recommendations

- Reduce long-term reliance on cyclical bond programs, thereby lowering costs
- Increase General Fund transfer to the HTF to \$10 million annually by FY 19
- Between FY14 – FY 18, supplement HTF funding with \$27.1 million in bond funds to achieve \$10 million of CIP funding annually
- Transition Sustainability Fund programs to the General Fund over a 4 year period



Conclusion

Questions