

Proposed Amendment to the City Charter to Expand Bond Project Flexibility

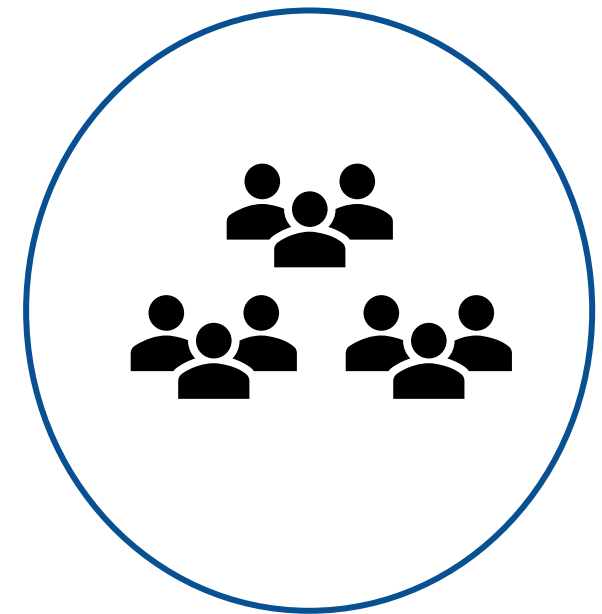
Andy Segovia, City Attorney
City Council A Session
February 3, 2021



OFFICE OF THE CITY ATTORNEY

Charter Change Process

- Charter Review Commission
- Robust process to develop recommended changes
 - Council/Staff input,
 - community outreach,
 - stakeholders,
 - consultation with experts
- Recommendations are submitted to City Council
- City Council votes to place changes on ballot



History of Bond Language

- **May 3, 1997** – Massive overhaul of Charter. Most amendments came from Charter Review Committee of 1996. A change to Charter, Sec. 98 limited the scope of potential bond projects, e.g., affordable housing and economic development projects.
- 2018 Charter Review Commission reviewed proposed language amending Charter, Sec. 98. to allow more flexibility.
- The proposed amendment language augments the 2018 language to align with local bond authority allowed under State law.

Current Charter Language

Sec. 98. - Authority to issue bonds.

*The City shall have power to borrow money on the credit of the City and to issue bonds to construct, acquire, equip, renovate, improve and repair **public works** for public purposes and to fund or refund any bonded indebtedness;*

....

(Ord. No. 85965, § 1 (Prop. 1), 5-5-97)

- Current Charter language only permits construction for “**public works**”.
- Sec. 1331.052 of the Tex. Gov’t Code permits home-rule municipalities to issue bonds “to make permanent public improvements or for another public purpose in the amount and to the extent provided by its charter.”

CURRENT BOND AFFORDABLE HOUSING PROGRAM CHALLENGES

A charter amendment would give more flexibility to use the Bond without relying on Urban Renewal authority.



- Requires an adopted Urban Renewal Plan designating areas where funding can be used
- Designated areas are harder to develop (blight and slum criteria) and/or have high land value
- Sites are limited and must find willing sellers to negotiate acquisition
- Limits use of funds to site readiness activities (horizontal improvements, not vertical)
- Urban Renewal Plan requires single-family for homeownership be sold to an individual/family at or below 80% AMI (HUD) and have a 30-year restrictive covenant
- Competitive bidding process of individual sites adds at least 6-12 months to project timeline
- Pre-development costs are considered ineligible until Council approval of a project

Proposed Charter Amendment Language

Sec. 98. - Authority to issue bonds.

The City shall have power to borrow money on the credit of the City and to issue bonds ~~to construct, acquire, equip, renovate, improve and repair public works~~ for permanent public improvements or for any other public purposes not prohibited by the Texas Constitution or the general laws of the State of Texas and to fund or refund any bonded indebtedness; ...

- Courts have found that home-rule cities may determine that providing affordable housing and economic development projects serves a public purpose.
- The current City Charter language only allows for “**public works**”. If the City Council wants voters to consider a broader array of bond projects then the language should be changed.

Bond Program Comparison

	Austin, TX 2018	Dallas, TX 2017	Houston, TX 2012	Raleigh, NC 2020	Atlanta, GA On Hold
	\$250 Million	\$20 Million	\$15 Million	\$80 Million	\$100 Million
	5 years	5 years	5 years	5 years	TBD
Rental	\$94 Million	\$0	\$0	\$58 Million	\$46 Million
<i>Rental Production</i>	\$94 M	✗	✗	\$42 M	\$23 M
<i>Rental Pres./Acq./Rehab</i>	✗	✗	✗	\$16 M	\$23 M
Homeownership	\$56 Million	\$0	\$0	\$12 Million	\$29 Million
<i>Ownership production</i>	\$28 M	✗	✗	✗	✗
<i>Ownership Pres./Acq./Rehab</i>	\$28 M	✗	✗	\$6 M	\$29 M
<i>Down Payment Assistance</i>	✗	✗	✗	\$6 M	✗
Homeless	\$0	\$20 Million	\$0	\$10 Million	\$0
Land Banking/Other	\$100 Million	\$0	\$15 Million	\$0	\$18.8 Million
Administration					\$6.2 Million

Housing Bond Program Examples

- Land Acquisition (Land Banking)
- New construction gap financing
 - Homeownership
 - Rental
- Preservation of Existing Housing Stock
 - Rental
 - Small multi-family repair program
 - Acquisition Rehabilitation
 - Ownership
 - Minor Repair
 - Owner Occupied Rehab
- AMI Targeting
 - Lower AMI levels
 - Supportive Housing
- Priority locations
 - Transit Oriented Developments



Economic Development Projects

- Voter Approved
- Used to Support Economic Development Projects
 - Grants (can be used for operations)
 - Improvements such as buildings, site prep, etc.
 - Allows permissible private uses



2022 BOND PROGRAM TIMELINE

OCTOBER – DECEMBER
2020



Program Development
*Department & City Council
Potential Projects*

OCTOBER - JANUARY
2021



Consultant Selection
For Cost Estimating

FEBRUARY- JUNE
2021



**Project Scoping &
Cost Estimating**

JULY - SEPTEMBER
2021



**Committee
Appointments**

AUGUST - SEPTEMBER
2021



**Recommended
Projects**

OCTOBER - DECEMBER
2021



**Committee Community
Meetings**

JANUARY - FEBRUARY
2022



Call for Election
Mayor & City Council Action

MAY
2022



Bond Election
Public Vote

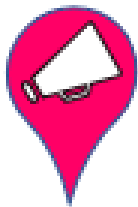
Charter Amendment Timeline



BALLOT LANGUAGE

February 3, 2021

Final Ballot language needs to be drafted and in the ordinance to Order Election



ORDER ELECTION

February 11, 2021



NOTICE OF ELECTION

April 11, 2021



ELECTION DAY

May 1, 2021



Recommendation

Recommend Council places proposed bond language change on May ballot.

- Bond project development timeline
- Allows for flexibility in developing projects such as
 - Affordable housing
 - Economic development
 - Other capital projects

Proposed Amendment to the City Charter to Expand Bond Project Flexibility

Andy Segovia, City Attorney
City Council A Session
February 3, 2021



OFFICE OF THE CITY ATTORNEY