

Ordinance ordering an election for May 1, 2021 to amend the City Charter to allow the City to issue bonds for permanent public improvements or any other public purpose including affordable housing projects.

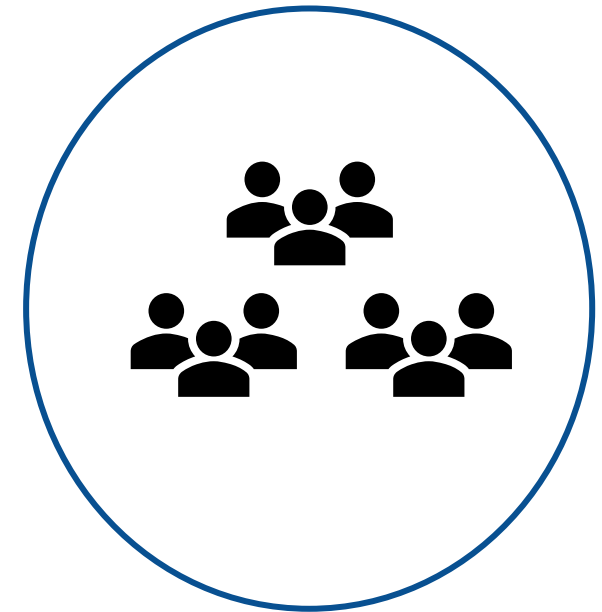
Andy Segovia, City Attorney
City Council A Session
February 11, 2021



OFFICE OF THE CITY ATTORNEY

Charter Change Process

- Charter Review Commission – Charged by Mayor
- Robust process to develop recommended changes
 - Council/Staff input,
 - community outreach,
 - stakeholders,
 - consultation with experts
- CRC recommendations are submitted to Council
- City Council selects changes to place on ballot
- Community votes on changes to the City Charter



History of Current Bond Language

- **May 3, 1997** – Massive overhaul of City Charter. Most amendments recommended by Charter Review Committee of 1996.
 - *A change to Charter, Sec. 98 limited the scope of potential bond projects to “public works”*
- 2016-2017 and 2018 Charter Review Commissions reviewed proposed language amending Charter, Sec. 98. to allow more flexibility.
- The proposed amendment language augments the 2016-2017 and 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

- Courts have found that home-rule cities may determine that providing affordable housing and other projects addressing community needs serve 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 Charter language should change.

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, to include affordable housing programs in scope and breadth as determined by ordinance of the City Council, ...**

Bond Program Comparison

Arlington

- The Council shall have the power to incur, create, refund and refinance indebtedness and borrow money for public purposes, to issue special or general obligation bonds or other evidences of indebtedness in connection therewith and to secure and pay the same from the source or sources in the amount and manner, subject to the elections and in accordance with the procedures provided and required by State law.

Austin

- The city shall have the power to borrow money on the credit of the city and to issue general obligation bonds for the acquisition of property for the permanent public improvements or for any other public purpose not now or hereafter prohibited by the constitution and laws of the State of Texas.

Dallas

- The city shall have the power to borrow money on the credit of the city and to issue general obligation bonds for making public improvements or for other public purposes not prohibited by the Constitution and laws of the State of Texas, and to issue refunding bonds to refund outstanding bonds of the city previously issued.

Fort Worth

- The City Council shall have authority to provide for the issuance and sale of bonds for permanent improvements and for any other legitimate municipal purpose as may be determined by the City Council. Such bonds shall be issued and sold in accordance with the requirements of state law and in such manner as the City Council may by ordinance determine.

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
- Texas Displacement Tool Kit
- 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

- Potential economic development projects must be Council and 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



Current Charter Language

Sec. 3. – Powers of city. Par. 5. Urban redevelopment.

The city may sell the land, or any part thereof in such districts or areas, which is designated for private or public buildings or for private open spaces upon such terms, covenants and conditions and subject to such restrictions, excluding rent control by the city, as to building uses and open spaces, as will substantially carry out the plans adopted by the city for the clearance and redevelopment of such districts or areas; provided, however, that land so disposed of shall contain a covenant which shall run with such land precluding its sale to or use by any public housing agency. (emphasis added)

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

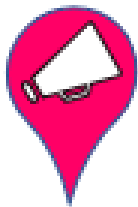
Charter Amendment Timeline



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

Council order an election for May 1, 2021 to amend the City Charter to allow the City to issue bonds for permanent public improvements or any other public purpose including affordable housing projects

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Economic Development Projects



- Planning, designing, constructing, improving, extending and expanding public street, utility, and other infrastructure facilities, including the acquisition of land
- The City's programs for economic development including:
 - acquiring improved and unimproved properties
 - The demolition of existing structures
 - Making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-use development, neighborhood revitalization projects, and mixed income development

2017 Neighborhood Improvements Bond Program



\$20M Approved



Urban Renewal Agency



3 Projects Underway



1 Active RFP (San Pedro)



**All funds encumbered
by 2022**



Leveraged \$82.5M



Park at 38THIRTY (D8)

- 196 family-sized units
- All units \leq 60% AMI
- Total Development Cost: \$37.7M
- Open by June 2021



West End on Frio (D5)

- 24-unit multiplex
- 10 \leq 50% & 2 \leq 80% AMI
- Total Development Cost: \$4.5M
- Open by August 2021



GreenLine North (D3)

- 292 family-sized units
- 2/3 \leq 60% & 15% \leq 30-50% AMI
- Total Development Cost: \$51.4M
- Open by September 2022