



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 3, 2016

ITEM NUMBER:

NB-1

SUBJECT: CITY COUNCIL RESOLUTION DETERMINING THE PUBLIC NECESSITY AND INTEREST DEMANDS THE ACQUISITION, CONSTRUCTION, OR COMPLETION OF CERTAIN MUNICIPAL IMPROVEMENTS FOR AFFORDABLE RENTAL HOUSING PURPOSES, BUT EXCLUDING THE R-1 SINGLE-FAMILY ZONES, AND THEIR FINANCING THROUGH THE ISSUANCE OF A GENERAL OBLIGATION BOND, INCLUDING DIRECTING THE CITY PLAN OF MUNICIPAL IMPROVEMENTS FOR AFFORDABLE RENTAL HOUSING BE PRESENTED TO THE PLANNING COMMISSION FOR CONSIDERATION AND ACTION; AND, DIRECTING THE CEO AND CITY ATTORNEY TO PROCEED WITH AN AFFORDABLE RENTAL HOUSING GENERAL OBLIGATION BOND MEASURE

DATE: APRIL 21, 2016

FROM: THOMAS P. DUARTE, CITY ATTORNEY
BRENDA GREEN, CITY CLERK
THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER

PRESENTATION BY: THOMAS R. HATCH, CEO
THOMAS P. DUARTE, CITY ATTORNEY

FOR FURTHER INFORMATION CONTACT: Brenda Green, at (714) 754-5221

RECOMMENDATION:

The City Council (a) adopt Resolution No. 16-xx determining the public interest and necessity demands the acquisition, construction or completion of certain municipal improvements for affordable rental housing purposes within the City, but excluding the R-1 single-family zones, and their financing through the issuance of a general obligation bond, and directing the presentation to the Planning Commission of the city plan of municipal improvements; and (b) direct the CEO and his staff, and the City Attorney, special counsel and financial advisor to proceed with the ballot measure for the general obligation bond for affordable housing.

BACKGROUND:

On April 5, 2016, the City Council provided direction to the CEO and City Attorney (and their designees) to proceed with initiating steps to place a local measure on the November 8, 2016 general election ballot to authorize the City to levy a tax and

issue \$20,000,000 (approx.) in General Obligation Bonds for affordable housing purposes. The City retained Fieldman, Rolapp and Associates to provide financial, tax and election professional services and authorized Stradling Yocca Carlson & Rauth, P.C. to provide public finance, bond counsel and related special counsel legal services, all in preparation of analyses and documents related to the proposed bond measure for affordable housing.

In order to call for an election to issue municipal bonds, the City Council must first consider and adopt a "Resolution of Intention" determining it is in the public interest and necessity to acquire, construct or complete certain municipal improvements for affordable housing purposes within the City, but excluding the R-1 single-family zones. The CEO and City Attorney have caused to be prepared City Council Resolution No. 16-xx (Attachment 1) that, if adopted, determines the public interest and necessity demands the acquisition, construction or completion of certain municipal improvements for affordable rental housing purposes within the City, but excluding the R-1 single-family zones, and their financing through the issuance of a general obligation bond.

Bond Election Process

There are several steps the City must take in order to call for an election to issue a general obligation bond:

- 1 Adopt a Resolution of Intention (also referred to as a resolution of necessity) to issue a general obligation bond (Attachment 1).

Government Code Section 43607 provides that a city must consider and adopt a resolution by a two-thirds vote determining the public interest and necessity demands the acquisition, construction or completion of certain municipal improvements before a general obligation bond can be issued, including property or structures necessary or convenient to carry out the objects, purposes, and powers of the city.

2. Planning Commission Considers City Plan of Municipal Improvements

Government Code Section 43603 provides for the City Planning Commission (and City Council) to consider and approve a group of municipal improvements as constituting a city plan, which the City Council may authorize to be placed on the ballot as a single bond proposition. If the Resolution of Intention is adopted at this meeting, which includes the city plan of municipal improvements for affordable rental housing within the City, but excluding the R-1 single-family zones, it is anticipated that the Planning Commission will consider and take action on a resolution relating to this city plan at the Planning Commission meeting of May 23, 2016.

3. Ordinance calling for an election

Government Code Section 43608 provides that at a meeting subsequent to the adoption of the Resolution of Intention, the City Council may consider, introduce and then pass by two-thirds vote an ordinance calling for the bond election. Based on a schedule prepared by Fieldman, this Ordinance and related resolutions (described below) will be presented to the City Council at the June 7 and June 21, 2016 regular meetings. The Ordinance will include, among other provisions:

- a. Object and purpose of the general obligation bond;
- b. Estimated cost of the municipal improvements and principal amount of the bond with interest rate information. Here, the general obligation bond for affordable rental housing will be approximately \$20,000,000;
- c. Date and manner of holding the election on November 8, 2016.

4. Additional City Council Resolutions

- a. Resolution requesting consolidation of election, including the form of the question or measure to be voted upon;
- b. Resolution setting priorities for filing written arguments and directing the City Attorney to prepare an impartial analysis; and
- c. Resolution regarding tax rate statement.

ALTERNATIVES CONSIDERED:

If to be adopted, the Government Code requires this Resolution of Intention to be passed by an affirmative vote of at least four (4) members of the City Council, thereafter the additional action items will be prepared and presented, as applicable, to the City's Planning Commission and to City Council, as described above.

In the alternative, if there are not four (4) votes approving this Resolution, then the action will fail and the Resolution will not be adopted; and, this will result in no other action items relating to the Measure being presented to the Planning Commission or the City Council and the Measure will not be placed on the November 8, 2016 general election ballot.

FISCAL REVIEW:

It is unknown at this time the exact cost for holding the bond election on November 8, 2016. The total cost will depend upon the number of local initiative(s), measure(s) or other propositions to be held at the same time in the upcoming November general election. Based on the City Clerk's discussions with and information distributed to her by the County Registrar of Voters, as well as the City Clerk's experience and expertise, it is estimated that the costs for holding this measure and bond election will be about

\$20,000. The City has sufficient funds to cover the cost of placing this measure on the ballot and holding the bond election.

No City funds or resources will be used in support or opposition of the bond measure.

LEGAL REVIEW

The City Attorney has reviewed this agenda report and the Resolution and concurs with the recommended actions.

CONCLUSION:

The CEO and City Attorney recommend the City Council adopt the attached Resolution No. 16-xx, a Resolution of Intention including the city plan of municipal improvements for affordable housing purposes, which city plan is directed to be presented to the Planning Commission for consideration and action at a regular or special meeting.

Thomas R. Hatch
Chief Executive Officer

Thomas P. Duarte
City Attorney

ATTACHMENTS: 1 [Resolution No. 16-xx](#)