

RESOLUTION

WHEREAS, the Council of the City of Los Angeles has adopted a resolution determining that the public interest and necessity demand the acquisition or improvement of real property, as further described therein, and providing for the submission of a general obligation bond proposition to the qualified voters of the City of Los Angeles at a Special Election to be called and consolidated with the State's General Election held on November 8, 2016;

WHEREAS, the City Election Code requires the City Attorney to prepare and present a ballot title and question consisting of an impartial statement of the proposition; and

WHEREAS, the City Attorney has presented the following ballot title and question for the proposed general obligation bond proposition:

**HOMELESSNESS REDUCTION AND PREVENTION, HOUSING, AND
FACILITIES BOND.
PROPOSITION ____.**

To provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, seniors, foster youth, and the disabled; and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services; shall the City of Los Angeles issue \$1,200,000,000 in general obligation bonds, with citizen oversight and annual financial audits?

NOW, THEREFORE, BE IT RESOLVED that the ballot title and question presented by the City Attorney be adopted by the City Council.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held on JUN 29 2016.



HOLLY L. WOLCOTT, City Clerk

By

Deputy

C.F. No. 16-1800-S2

RESOLUTION

Resolution providing a proposal for the issuance of general obligation bonds to be submitted for approval by a two-thirds vote of the qualified voters of the City of Los Angeles, in accordance with California Constitution Article XIII A, Section 1(b)(2), to finance the acquisition or improvement of real property to provide: (a) supportive housing for extremely low income or very low income individuals and families who are homeless or chronically homeless, which includes facilities from which assistance and services, such as mental health treatment, health care, drug and alcohol treatment, education and job training, may be provided; (b) temporary shelter facilities, storage facilities, shower facilities and other facilities to be used to provide supportive services or goods to, or otherwise benefit, those who are homeless, chronically homeless or at risk of homelessness; (c) affordable housing, including veterans housing, for extremely low income, very low income and/or low income individuals and families, including those who are at risk of homelessness; and (d) associated infrastructure and landscaping, including utilities, sidewalks and streets to be used in connection with the aforementioned housing units and other facilities; any of which may be operated, managed, owned or used by the City, other public entities, nonprofit entities or private entities, as permitted by law.

WHEREAS, on January 7, 2016, the City Administrative Officer and Chief Legislative Analyst, with the assistance of various City of Los Angeles and County of Los Angeles representatives issued a Comprehensive Homeless Strategy Report (such report as amended is referred to herein as the Report, CF# 15-1138-S1) pursuant to the request of the Mayor and the Council of the City of Los Angeles;

WHEREAS, the Report provided more than 60 policy and funding recommendations in dealing with homelessness;

WHEREAS, in the Report, the Los Angeles Homeless Services Authority has identified approximately 26,000 homeless persons within the City of Los Angeles;

WHEREAS, the present homeless population within the City of Los Angeles which affects all segments of society, including all ethnicities and ages, and affects areas throughout the City of Los Angeles, has created a public health and safety crisis;

WHEREAS, the homeless crisis has been exacerbated by the underbuilding of housing in the City of Los Angeles, which has created a shortage of housing for homeless persons;

WHEREAS, low-income individuals and households face a greater risk and danger of homelessness because of the shortage of housing and affordable housing in the City of Los Angeles and resulting high rents;

WHEREAS, the City Council has determined that, to address this crisis, the public interest or necessity demands the acquisition or improvement of real property to

provide: (a) supportive housing for extremely low income or very low income individuals and families who are homeless or chronically homeless, which includes facilities from which assistance and services, such as mental health treatment, health care, drug and alcohol treatment, education and job training, may be provided; (b) temporary shelter facilities, storage facilities, shower facilities and other facilities to be used to provide supportive services or goods to, or otherwise benefit, those who are homeless, chronically homeless or at risk of homelessness; (c) affordable housing, including veterans housing, for extremely low income, very low income and/or low income individuals and families, including those who are at risk of homelessness; and (d) associated infrastructure and landscaping, including utilities, sidewalks and streets to be used in connection with the aforementioned housing units and other facilities; any of which may be operated, managed, owned or used by the City, other public entities, nonprofit entities or private entities, as permitted by law;

WHEREAS, the City Council finds that financing supportive housing, veterans housing, affordable housing and other facilities to provide supportive services or goods to those who are homeless, chronically homeless or at risk of homelessness, which may be owned by the City, other public entities, nonprofit entities or private entities, serves a public purpose;

WHEREAS, the City Council, for the fiscal year 2016-17 budget, included over One Hundred Million Dollars to address the homeless crisis;

WHEREAS, the Report has estimated that the projected cost estimate for the City of Los Angeles to create and maintain programs and facilities to address the public health and safety crisis created by homelessness in the City of Los Angeles, will require approximately Two Billion Dollars of funding over ten years;

WHEREAS, given limited resources and other priority endeavors in the City to ensure public safety, infrastructure improvements and a growing economy, it is clear that additional funding for housing is also needed to complement any City plan to address the homeless crisis in the urgent, comprehensive and persistent manner it deserves;

WHEREAS, the City Council finds that the issuance of general obligation bonds is the most cost effective way to raise funds necessary to pay for the acquisition or improvement of real property described above, and to stabilize the funding needs for such acquisition or improvement of real property, and to mitigate any financial pressures on the General Fund;

WHEREAS, in order to issue general obligation bonds for this purpose, it is necessary to prepare an ordinance ordering the submission of a proposition to incur general obligation bonded indebtedness to the qualified voters of the City of Los Angeles;

WHEREAS, the Charter of the City of Los Angeles Section 325 requires the preparation of a debt impact statement prior to the placing of any debt authorization on the ballot, and the City Administrative Officer has presented a debt impact statement to the City Council; and

WHEREAS, the City Council hereby proposes to submit to the qualified voters of the City of Los Angeles at a Special Election to be called and consolidated with the State General Election to be held on November 8, 2016, a proposition designated as Proposition ____, and as further described in Exhibit 1 attached to this Resolution, to incur general obligation bonded indebtedness to finance the acquisition or improvement of real property to provide: (a) supportive housing for extremely low income or very low income individuals and families who are homeless or chronically homeless, which includes facilities from which assistance and services, such as mental health treatment, health care, drug and alcohol treatment, education and job training, may be provided; (b) temporary shelter facilities, storage facilities, shower facilities and other facilities to be used to provide supportive services or goods to, or otherwise benefit, those who are homeless, chronically homeless or at risk of homelessness; (c) affordable housing, including veterans housing, for extremely low income, very low income and/or low income individuals and families, including those who are at risk of homelessness; and (d) associated infrastructure and landscaping, including utilities, sidewalks and streets to be used in connection with the aforementioned housing units and other facilities; any of which may be operated, managed, owned or used by the City, other public entities, nonprofit entities or private entities, as permitted by law, and the City Council hereby sets forth its determination of public interest and necessity with respect thereto and the public purposes served thereby;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOS ANGELES AS FOLLOWS:

Section 1. That the recitals herein are true and correct.

Sec. 2. That the public interest or necessity demand: (a) the acquisition or improvement of real property to provide: (1) supportive housing for extremely low income or very low income individuals and families who are homeless or chronically homeless, which includes facilities from which assistance and services, such as mental health treatment, health care, drug and alcohol treatment, education and job training, may be provided; (2) temporary shelter facilities, storage facilities, shower facilities and other facilities to be used to provide supportive services or goods to, or otherwise benefit, those who are homeless, chronically homeless or at risk of homelessness; (3) affordable housing, including veterans housing, for extremely low income, very low income and/or low income individuals and families, including those who are at risk of homelessness; and (4) associated infrastructure and landscaping, including utilities, sidewalks and streets to be used in connection with the aforementioned housing units and other facilities; any of which may be operated, managed, owned or used by the City, other public entities, nonprofit entities or private entities, as permitted by law, all as further described in Exhibit 1 attached to this Resolution, and (b) the ordering of the

preparation of an ordinance to submit a proposition to incur general obligation bonded indebtedness of an aggregate principal amount up to One Billion Two Hundred Million Dollars (\$1,200,000,000) to pay for such acquisition or improvement of real property to the qualified voters of the City at a Special Election to be called and consolidated with the State General Election to be held on November 8, 2016.

Sec. 3. That the acquisition or improvement of real property described above and in Exhibit 1 attached to this Resolution are necessary or convenient to carry out the objects, purposes and powers of the City.

Sec. 4. That the cost of the acquisition or improvement of real property described above and in Exhibit 1 attached to this Resolution is approximately One Billion Two Hundred Million Dollars (\$1,200,000,000), that the costs are too great to be paid out of the ordinary annual income and revenue of the City and require an expenditure greater than the amount allowed for acquisition or improvement of real property by the annual tax levy, and the maximum aggregate principal amount of the general obligation bonded indebtedness proposed to be incurred to pay for such acquisition or improvement of real property is One Billion Two Hundred Million Dollars (\$1,200,000,000).

Sec. 5. The City Clerk is hereby directed to present to the City Council the necessary resolutions and ordinance ordering the submission of the proposition to incur general obligation bonded indebtedness in the maximum aggregate principal amount and for the purposes set forth above and as described in Exhibit 1 attached to this Resolution to the qualified voters of the City at a Special Election to be called and consolidated with the State General Election to be held on November 8, 2016.

Sec. 6. The City Clerk is hereby authorized and directed to publish a notice containing the proposed general obligation bond proposition, specifying the date of November 8, 2016, as the date the proposition is to be voted upon by the qualified voters of the City of Los Angeles. The notice shall be published once in a newspaper of general circulation in the City of Los Angeles, and in each edition thereof during that day of publication. The City Clerk is authorized and directed to prepare and keep in the City Clerk's office a sufficient supply of copies of the proposed general obligation bond proposition and to distribute the proposed general obligation bond proposition to any and all persons requesting a copy. Further, the City Clerk is authorized and directed to mail copies of the proposed general obligation bond proposition to each of the qualified voters of the City of Los Angeles.

Sec. 7. The City Clerk is hereby authorized and directed to cause a notice to be published once in a newspaper of general circulation that copies of voter information pamphlets containing the proposed general obligation bond proposition may be obtained upon request in the City Clerk's office.

Sec. 8. The City Clerk shall certify to the adoption and passage of this Resolution by a vote of two-thirds of all the members of the City Council, and is directed to file a duly certified copy of this Resolution forthwith with the Board of Supervisors and with the Registrar-Recorder of the County of Los Angeles.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles, by a vote of not less than two-thirds of all of its members, at its meeting held on JUN 29 2016.




HOLLY L. WOLCOTT, City Clerk

By 
Deputy

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By 
DAVID MICHAELSON
Chief Assistant City Attorney

Date 6/28/2016

C.F. No. 16-1800-52

Exhibit 1

HOMELESSNESS REDUCTION AND PREVENTION, HOUSING AND FACILITIES GENERAL OBLIGATION BOND PROGRAM

Proceeds of the general obligation bonds, to be issued in one or more series on a tax-exempt or taxable basis as determined to be necessary or appropriate, in an aggregate principal amount up to One Billion Two Hundred Million Dollars (\$1,200,000,000), shall be used only for the purposes of acquisition or improvement of real property to provide:

- (A) Supportive housing or supportive housing units for individuals and families who are homeless or chronically homeless and (1) "extremely low income," as established and revised from time to time by the U.S. Department of Housing and Urban Development (HUD) for the County of Los Angeles (which currently includes income up to 30% of Area Median Income (AMI)) (referred to herein as Extremely Low Income), or (2) "very low income," as established and revised from time to time by HUD for the County of Los Angeles (which currently includes income up to 50% of AMI) (referred to herein as Very Low Income), which housing includes facilities from which assistance and services, such as mental health treatment, health care, drug and alcohol treatment, education and job training, may be provided by the City, other public entities, nonprofit entities and/or private entities;
- (B) Temporary shelter facilities, storage facilities, shower facilities and other facilities to be used by the City, other public entities, nonprofit entities and/or private entities to provide supportive services or goods to, or otherwise benefit, those who are homeless, chronically homeless or at risk of homelessness;
- (C) Affordable housing or affordable housing units, including veterans housing, for individuals and families who are (1) Extremely Low Income, (2) Very Low Income and/or (3) "low income," as established and revised from time to time by HUD for the County of Los Angeles (which currently includes income up to 80% of AMI) (referred to herein as Low Income), including individuals and families who are not currently homeless but are at risk of homelessness; provided, however, that not more than 20% of general obligation bond proceeds shall be used for such purposes; and/or
- (D) Associated infrastructure and landscaping, including utilities, sidewalks and streets to be used in connection with the housing units and other facilities described in clauses (A) through (C) above.

The housing units and other facilities described above may be operated, managed, owned or used by the City, other public entities, nonprofit entities or private entities, as permitted by law.

All housing developments and facilities described above shall comply with applicable City, State and Federal accessibility laws and agreements, including Section 504 of The Rehabilitation Act of 1973 and the Americans with Disabilities Act.

Proceeds of the general obligation bonds would also be used to pay for costs directly connected to the acquisition or improvement of real property described above, as well as costs incidental to issuing the general obligation bonds.

Proceeds of the general obligation bonds will not be used to finance any services or operations.

Additional Provisions:

- (1) A seven-member Citizens Oversight Committee shall be established prior to the issuance of any bonds, and shall be comprised of four members appointed by the Mayor and three members appointed by the City Council. Except as otherwise provided herein, the members' terms and qualifications, and any other duties and scope of the Citizens Oversight Committee, shall be established by ordinance.
- (2) A three-member Administrative Oversight Committee shall be established prior to the issuance of any bonds, and shall be comprised of the Mayor, the City Administrative Officer and the Chief Legislative Analyst, or their respective designees. Except as otherwise provided herein, any other duties and scope of the Administrative Oversight Committee shall be established by ordinance.
- (3) On or before April 1 of each year beginning on April 1, 2018, the Citizens Oversight Committee shall prepare or cause to be prepared, and submit, an annual allocation plan for the upcoming fiscal year (beginning on the immediately following July 1) to the Administrative Oversight Committee for review and approval, which annual allocation plan shall then be submitted by the Administrative Oversight Committee to the City Council for review and approval. The annual allocation plan shall be adopted and approved by the City Council and the Mayor prior to the beginning of such upcoming fiscal year.
- (4) The annual allocation plan shall prioritize funding for supportive housing or supportive housing units that provide for the expansion and improved access for those who are homeless or chronically homeless to assistance

and services, such as mental health treatment, health care, drug and alcohol treatment, education and job training.

- (5) A financial audit shall be conducted for each fiscal year bonds are outstanding or any bond proceeds remain unspent by the City Controller and shall be made available to the public.
- (6) Bonds shall be issued from time to time, and expended, based on an allocation process that includes the then current annual allocation plan to determine funding priorities and awards, as well as the most recent annual financial audit conducted by the City Controller.
- (7) Bonds shall be issued and administered by the City Administrative Officer, and bond financed projects under the Program shall be administered by the Los Angeles Housing and Community Investment Department or such other department or entity as designated by the City Council and Mayor, each with oversight by the Citizens Oversight Committee and the Administrative Oversight Committee. The City Administrative Officer shall annually report on the status of the Program, funds collected and expended and projects approved for funding.
- (8) Bond proceeds shall not be used to supplant funding from existing sources currently allocated by the City and dedicated to the development or financing of (a) affordable housing or (b) supportive housing, temporary shelter facilities, storage facilities, shower facilities and other facilities used to provide supportive services to those who are homeless, chronically homeless or at risk of homelessness; provided, that, such funding from existing sources are from established ongoing sources of funding, including grant and special funds, and subject to the continued availability of such funds. This Maintenance of Effort requirement shall not apply to any source of one-time or limited-duration funding, including General Fund, Special Fund or Grant Funds.
- (9) All bond proceeds shall be deposited into a special fund and shall only be used for the purposes of the Program as described herein.
- (10) If any section, clause, sentence, phrase, or portion of this proposition is held unconstitutional or invalid by any court or tribunal of competent jurisdiction, the remaining sections, clauses, sentences, phrases, or portions of this proposition shall remain in full force and effect, and to this end the provisions of this proposition are severable. In addition, the voters declare that they would have passed all sections, clauses, sentences, phrases, or portions of this proposition without the section, clause, sentence, phrase or portion held unconstitutional or invalid.

Ballot Summary

TITLE:

HOMELESSNESS REDUCTION AND PREVENTION, HOUSING, AND FACILITIES BOND

THE ISSUE:

To provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, seniors, foster youth, and the disabled; and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services; shall the City of Los Angeles issue \$1,200,000,000 in general obligation bonds, with citizen oversight and annual financial audits?

THE SITUATION:

The homeless population in Los Angeles is approximately 26,000 -- an 11% increase since 2015 -- partly due to an undersupply of affordable housing, overall low vacancy rates, and high rents. Homelessness affects all segments of society and is a public health and safety concern Citywide. The City and County of Los Angeles, in partnership with key stakeholders, determined that approximately 13,000 housing units are needed. Revenue sources are required to finance this housing.

THE PROPOSAL:

The City would issue up to \$1,200,000,000 in general obligation bonds to buy, build, or remodel facilities to provide:

- Supportive housing for homeless individuals and families where services such as health care, mental health and substance abuse treatment, education, and job training may be provided;
- Temporary shelters and facilities, such as storage and showers;
- Affordable housing (up to 20% of bond funds), including veterans housing for individuals and families with low incomes; and
- Related infrastructure.

Citizens Oversight and Administrative Oversight Committees would monitor bond expenditures. A financial audit shall be conducted annually.

The bonds will be paid from an increase in property taxes, as detailed in the accompanying tax rate statement.

A YES VOTE MEANS:

You want to issue up to \$1,200,000,000 in bonds to develop housing and facilities to reduce and prevent homelessness.

A NO VOTE MEANS:

You do not want to issue up to \$1,200,000,000 in bonds to develop housing and facilities to reduce and prevent homelessness.

HOMELESSNESS REDUCTION AND PREVENTION, HOUSING, AND FACILITIES BOND

IMPARTIAL SUMMARY

BY SHARON M. TSO, CHIEF LEGISLATIVE ANALYST

The Los Angeles Homeless Services Authority's (LAHSA) recent count of homeless individuals determined that there are approximately 26,000 homeless individuals in Los Angeles, a growth of 11% in the past year. Homelessness and homeless encampments have increased Citywide and are a safety and public health issue. Contributing to homelessness is the lack of affordable housing, low vacancy rates, and rising rents. These factors limit housing options, while high rents put more people at risk of homelessness.

After extensive analysis and working in cooperation with the County of Los Angeles, LAHSA and the non-profit community, the City adopted the Comprehensive Homeless Strategy on February 9, 2016. The strategy determined that 13,000 units of new housing, including 10,000 units of supportive housing, are needed at an estimated cost exceeding \$1 billion to house the homeless. The City's strategy incorporates the United States Department of Housing and Urban Development's (HUD) and LAHSA's position that providing stable housing to a homeless individual prior to providing needed services is more effective at resolving homelessness compared to offering services without guaranteed housing. Development of this housing requires a dedicated revenue source since the City does not have the funding capacity in its current operating budget.

If approved, this proposal will authorize the City to issue General Obligation bonds in the amount of \$1,200,000,000 to develop housing and facilities for the homeless and affordable housing for those at risk of homelessness, as follows:

- Supportive housing or units for individuals and families who are homeless or chronically homeless and (1) extremely low income, or (2) very low income, as defined by HUD for the County of Los Angeles. This housing includes facilities from which assistance and services, such as mental health treatment, health care, drug and alcohol treatment, education and job training, may be provided by the City, other public entities, non-profit entities and/or private entities;
- Temporary shelter facilities, storage facilities, shower facilities and other facilities to be used by the City, other public entities, non-profit entities and/or private entities to provide supportive services or goods to, or otherwise benefit, those who are homeless, chronically homeless or at risk of homelessness;
- Affordable housing or units, including veterans housing, for individuals and families who are (1) extremely low income, (2) very low income and/or (3) low income, as defined by HUD for the County of Los Angeles, including individuals and families who are not currently homeless but are at risk of homelessness; provided, however, that not more than 20% of general obligation bond proceeds shall be used for such purposes; and/or
- Associated infrastructure and landscaping, including utilities, sidewalks and streets to be used in connection with the housing units and other facilities described above.

Bonds will be issued and expended in accordance with an annual allocation plan. Proceeds will pay for costs associated with acquiring and improving real properties. Bond proceeds will not be used to finance services or operations, and will not be used to replace existing sources of funds dedicated to develop similar supportive and affordable housing or facilities that provide homeless services.

This measure will require:

- Preparation of an annual plan that prioritizes funding for supportive housing and facilities and the necessary bond issuance to finance those developments;
- Establishment of Citizens Oversight and Administrative Oversight Committees to monitor the bond program; and
- Annual financial audits which will be available to the public.

This measure will become effective if approved by two-thirds of voters.

**PROPOSED
HOMELESSNESS REDUCTION AND PREVENTION, HOUSING AND FACILITIES
GENERAL OBLIGATION BOND PROPOSITION
NOVEMBER 8, 2016**

FINANCIAL IMPACT STATEMENT

**By Miguel A. Santana
City Administrative Officer**

The proposition authorizes the City to issue up to \$1.2 billion in general obligation bonds for the purposes of financing permanent supportive and affordable housing and facilities for the homeless. Principal and interest on the bonds will be payable from additional property taxes to be levied upon taxable property in the City according to their assessed value. Based on current estimates, the issuance of such bonds will result in estimated average annual debt service payments of approximately \$65.3 million for 29 years.

The issuance of these bonds is consistent with the City's Debt Management Policy, which limits debt service payments to no more than 15 percent of General Revenues. Based on current debt repayment schedules, the City's debt ratio is estimated to be at its highest in the first year of this bond issuance, Fiscal Year 2017-18, at approximately 6.56 percent of General Revenues.

In addition to the cost of paying principal and interest payments on the bonds, the City will incur additional costs to administer the issuing of this debt and providing loans to build affordable housing and facilities. Some of the costs may not be permitted to be financed from bond proceeds and would be financed from various other sources, including the General Fund. **Once all \$1.2 billion of bonds are issued and all bond proceeds are spent, the estimated additional cost of administering the housing and facilities loan program would be approximately \$1.6 million each year.** The actual annual cost will vary due to numerous factors, including the actual projects constructed.

**PROPOSED
HOMELESSNESS REDUCTION AND PREVENTION, HOUSING AND FACILITIES
GENERAL OBLIGATION BOND PROPOSITION
NOVEMBER 8, 2016**

**TAX RATE STATEMENT
By Miguel A. Santana**

If the bond proposition is approved, the general obligation bonds will be issued in phases, as projects are ready. The City expects to sell the bonds in 10 series over time ranging from approximately \$30 million to \$210 million per series. Principal and interest on the bonds will be payable from the proceeds of taxes levied upon taxable property in the City.

In Fiscal Year 2017-18, the first fiscal year after the first series of bonds are expected to be issued, the estimated tax rate is \$0.0006 per every \$100 of assessed valuation (\$0.60 per every \$100,000 of assessed valuation).

In Fiscal Year 2026-27, the first fiscal year after the expected issuance of the last series of bonds (and the year in which the tax rate is expected to be the highest), the estimated tax rate is \$0.0185 per every \$100 of assessed valuation (\$18.54 per every \$100,000 of assessed valuation).

Over the life of the bonds, the estimated average annual tax rate is \$0.0096 per every \$100 of assessed valuation (\$9.64 per every \$100,000 of assessed valuation). A home with an assessed value of \$341,000 is estimated to have an average annual tax of \$32.87 for 29 years.

The best estimate of the total debt service, including the principal (\$1.2 billion) and interest (\$693 million), that would be required to be repaid if all the bonds are issued and sold is \$1,893,000,000.

The foregoing information is based upon the City's projections and estimates only, which are not binding upon the City. The estimates provided herein do not account for the taxes levied to pay for bonds issued by the City pursuant to prior voter authorizations. The actual tax rates and the years in which they will apply may vary from those presently estimated due to variations from these estimates in, among other factors: the timing of bond sales, the amount of bonds sold at each sale, market interest rates for bonds at the time of each bond sale, the credit quality of the City at the time of each bond sale, and the actual assessed valuations of taxable property in the City during the term of repayment of the bonds.