

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: June 15, 2016

To: Honorable Members of the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee

From: Sharon M. Tso, Chief Legislative Analyst 
Miguel A. Santana, City Administrative Officer  

Subject: **BALLOT MEASURES TO PROVIDE FUNDING TO ADDRESS HOMELESSNESS**

SUMMARY

On May 25, 2016, the Homelessness and Poverty Committee (Committee) approved recommendations to move forward with ballot measures that would seek voter approval to raise new funds to provide housing and services for the homeless. The Committee instructed the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), and City Attorney to prepare language to present five measure to the voters on either the November 2016 State General Election or the March 2017 City Primary Election. Those measures are: General Obligation (GO) Bond, Sales Tax, Marijuana Tax, Billboard Tax, and Documentary Transfer Tax. Upon review of the potential tax measures that could be presented to the voters, staff determined that additional consideration should be provided concerning a Parcel Tax.

The following report provides information on the specific policy decisions that Council must approve in order to provide direction to allow the City Attorney to draft the required ordinances and resolutions to place measures before the voters. Council will need to address the specific policy elements, such as tax rates and term. Most importantly, Council will need to identify the uses of tax revenues to ensure that voters have a clear understanding of how the funds generated will be expended.

Staff have determined that sufficient information is available to consider placing the GO Bond, Parcel Tax, and Sales Tax on the November 8, 2016 State General Election ballot. Council may instead choose to place any of these measures on the March 7, 2017 ballot. Additional analysis is required to fully evaluate the policy requirements for the Billboard Tax, Marijuana Tax, and Documentary Transfer Tax. Information should be available for Council consideration in time to place these measures on the March 7, 2017, Municipal ballot.

RECOMMENDATIONS

That the Council:

1. Consider the General Obligation Bond, Parcel Tax, and Sales Tax options to generate new revenue to fund supportive, emergency, and affordable housing and services to address the homelessness crisis;
2. If Council chooses to place any revenue measure on the November 8, 2016, request the City Attorney to prepare and present the necessary Resolutions and Ordinances, with assistance of the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA), and continue consideration of the remaining measures for the March 7, 2017, Municipal Election; and
3. Instruct the CAO and CLA to prepare additional analysis of the Billboard Tax, Marijuana Tax, and Documentary Transfer Tax for possible placement on the March 7, 2017, Municipal Election.

FISCAL IMPACT

There is no impact on the General Fund as a result of this action, which only requires staff to prepare necessary documents for further consideration by the Council and Mayor.

BACKGROUND

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The following report provides information on the specific policy decisions that Council must approve in order to provide direction to allow the City Attorney to draft the required ordinances and resolutions to place measures before the voters. Council will need to address the specific policy elements, such as tax rates and term. Most importantly, Council will need to identify the uses of tax revenues to ensure that voters have a clear understanding of how the funds generated will be expended.

In addition, this report provides additional information concerning legislative action at the County and State to provide funding for affordable housing to serve the homeless and low income households.

Ballot Schedule

As noted in the March 18, 2016, CAO and CLA report (CF# 16-0047) concerning funding options for homeless services and housing, Proposition 218 requires that any new tax assessed by a local government first be submitted to the electorate for approval. A general tax requires majority approval at a regularly scheduled municipal election. A special tax requires a two-thirds vote to approve and can be placed on any ballot.

The next State General Election will be held November 8, 2016. The Council typically approves a request for the City Attorney to prepare the necessary election documents no later than 14 days prior to the deadline for the Council to adopt resolutions to place a measure on the ballot. In 2016, however, these deadlines coincide with the Council’s summer recess. In order to comply with the required election deadlines, Council will need to approve all actions before they adjourn for recess on July 1, 2016.

In particular, Council will need to request that the City Attorney prepare the necessary documents, such as resolutions of necessity and other elections resolutions, well in advance of the July 1, 2016 deadline.

The last day for the Council to adopt Resolutions of Necessity (required only for GO Bonds) is June 29, 2016. The last day for the Council to adopt election resolutions is July 1, 2016. The City may not place any City general tax on the November ballot. However, the Council may place a City general fund tax on the March ballot with a corresponding advisory article, which expresses the voters mandate to spend the new source of revenue on homeless housing and programs.

It should be noted that City Election Code 601 requires only that the election ordinance receive eight affirmative votes on first read by the relevant deadline. Second reading and mayoral signature can come later as long as the ordinance is ultimately adopted. As such, the first reading of the election ordinance for the November 8, 2016, State General Election must receive eight votes no later than July 1, 2016.

To place a measure on the March 7, 2017 City Primary Election ballot, Council must request the City Attorney to prepare the necessary documents by November 2, 2016. Council would need to approve any resolutions of necessity by November 15, 2016 and all other election resolutions by November 17, 2016. Since this is a Municipal Election, the Council may present both General and Special tax measures.

**Table 1
Ballot Deadlines**

Ballot	Council Request City Attorney to Prepare Resolutions	Last Date to Adopt Resolution of Necessity	Last Date for Council To Adopt Election Resolutions	Date of Election
State General	June 1, 2016	June 29, 2016	July 1, 2016	November 8, 2016
Municipal Primary	November 2, 2016	November 8, 2016	November 9, 2016	March 7, 2017

County and State Funding Measures

Both the County of Los Angeles and the State of California are considering measures to establish new funding sources dedicated to the creation of new supportive and affordable housing. The County is currently pursuing new taxing authority to allow counties in California, with approval of voters, to levy a tax on households with an income in excess of \$1 million. The County has been seeking support from legislators in Sacramento with the intention of receiving approval in the State's 2016-2017 budget currently under consideration. The Legislative Budget Committee Conference report, however, does not include this measure in its proposal as of Thursday, June 9, 2016. The City has adopted a Resolution to support the County's proposal.

The Legislative Budget Conference Committee report does, however, include the "No Place Like Home" proposal to provide \$2 billion in funding for supportive housing that provides mental health services. In addition, the report also provides a \$400 million set-aside for affordable housing contingent upon approval of a "By-Right" provision that would reduce entitlement barriers to the development of qualifying housing projects. The By-Right provisions are not expected to be adopted in the budget, but rather via another bill to be considered before close of the legislative session in September.

Other State housing proposals, such as the increase in tax credits and the \$3 billion housing bond, are not included in the Conference Committee report. Other legislation concerning affordable housing financing and funding remain active.

Staff will continue to monitor these legislative proposals and report to Council concerning relevant developments.

"No Place Like Home"

The Mental Health Services Act (MHSA) trailer bill, also known as the "No Place Like Home" (NPLH) proposal seeks to amend the MHSA to allow for funding of initiatives that facilitate permanent supportive housing. The trailer bill establishes the "No Place Like Home Program Advisory Committee" with fifteen (15) members including several State department director-level positions, and the Treasurer, or their designees; three County level and one City level Governor appointees; supportive housing resident; affordable housing organization representative; mental health organization representative; and a representative from a local or regional continuum of care organization. The Committee, chaired by the Director of Housing and Community Development Department (HCD) or designee, would advise and assist in the implementation of the NPLH program; review and make recommendations on HCD's guidelines; review HCD's programs in distributing funds; and provide guidance on statewide homelessness issues.

The trailer bill creates the "No Place Like Home Fund" within the State Treasury for deposit of any proceeds from the issuance of bonds by the Treasurer for this program, any other federal or state grants, private donations or grants, and any interest, loan repayments or the return of funds.

HCD would adopt program guidelines and organize counties into competitive groupings based on population, as follows: (a) the County of Los Angeles; (b) Large counties with populations greater than 750,000; (c) Medium counties with populations between 200,000-750,000; and (d) Small counties with populations less than 200,000. The trailer bill states that the competitive program shall distribute funding on a calculation made by the HCD that shall include the number of homeless persons residing within each county and considers minimum funding levels necessary for permanent supportive housing development. HCD may also consider other factors in the calculation inasmuch as they support certain objectives. HCD may further establish an alternative process for allocating funds directly to counties, subject to certain requirements.

HCD would administer a total of \$2 billion in funding for permanent supportive housing for the target population (individuals or households as provided in Section 5600.3 who are homeless, chronically homeless, or at risk of chronic homelessness). A total of \$1.8 billion would be available subject to a competitive application process to be developed by HCD. A county may be the sole applicant if it is the development sponsor or jointly with a separate entity as development sponsor. Funding requirements indicate that the development shall integrate the target population with the general public and utilize low barrier tenant selection. Guidelines may provide for alternative housing models such as shared housing and HCD would adopt income and rent guidelines. Deferred payment loans would be available for capital costs including acquisition, design, construction, rehabilitation or preservation, and to capitalize operating reserves of permanent supportive housing for the target population.

A total of \$200 million would be distributed on an “over-the-counter” basis for construction, rehabilitation, or preservation, and to capitalize operating reserves of permanent supportive housing for individuals in the target population. There would be a priority for those with mental health supportive needs who are homeless or at risk of chronic homelessness. Funds shall be available to all counties proportionate to the number of homeless persons residing within each county and would be administered either in accordance with the existing MHSA housing program or alternative procedures developed by HCD. Moneys not awarded within 18 months would be allocated to the competitive program.

A total of \$6.2 million from the Mental Health Services Fund would be appropriated to HCD for technical and application preparation assistance to counties.

Funding Sources Evaluated

At the instruction of the Committee, the CAO, CLA, with the assistance of the City Attorney have evaluated the policy elements required to draft the necessary Resolutions and Ordinances to place measures before the voters related to:

- GO Bond
- Sales Tax
- Billboard Tax
- Documentary Transfer Tax
- Marijuana Tax

In addition, staff recommend that Council further consider a Parcel Tax. This revenue stream provides greater flexibility in use than a GO Bond. Therefore the Parcel Tax has been included as a potential source of funds.

This report contains charts outlining the specific policy decisions that Council would need to consider when providing final direction to the City Attorney requesting the necessary documents to place a measure before the voters. The policy components provided in those charts would be adequate to allow the City Attorney to draft the measures.

During consideration of the policy issues associated with each potential revenue source, staff identified specific details, such as the rate or method of apportionment of taxes, that would need to be designated by Council. In some cases, the options are very simple and straight-forward. In others, this decision would be based on detailed analyses of parcel data. As such, additional information is provided below to inform any decision concerning the Parcel Tax or the Documentary Transfer Tax.

In addition, information is provided concerning the advantages and disadvantages associated with a GO Bond. Certain State provisions related to the use of GO Bonds may constrain the ability of the City to use these funds. Staff evaluated several potential housing development models to test the viability of the GO Bond as a source of funds for the construction and finance of supportive and affordable housing. That resultant analysis is discussed below.

Due to the detail required to draft an election Resolution and Ordinance, it is not recommended that the Council move forward with a Billboard Tax at this time. Additional consideration is needed to determine the options related to the rate or method of apportionment of a Billboard Tax.

Similarly, it is not recommended that the Council consider a Marijuana Tax. No State ballot measure to legalize recreational marijuana has been confirmed for the November 8, 2016, State General Election ballot at this time, so it may be premature to place a local tax measure before the voters.

Finally, as noted below, additional research is needed to determine how the Documentary Transfer Tax would be administered. In addition, this type of tax can only be placed on a Municipal Election ballot because it is a General Tax. Although such research could be completed by the time voters consider such a measure, it may be prudent to fully evaluate these concerns before placing such a measure on the ballot.

GO Bonds

A General Obligation (GO) Bond is a voter-approved bond issuance payable from property tax based on the property's assessed value. The GO Bonds can only be used for the acquisition and improvement of real property. Proceeds from bond issuances cannot be used for services, maintenance or operations. The CAO would administer and issue the bonds, while the Housing

and Community Investment Department (HCID), would administer the housing program(s) financed by the bond proceeds. Attachment 1 shows the projected tax rates for a median assessed value home (\$327,900) based on a \$1.1 billion issuance, and an interest rate of 5%, with bonds issues over a ten year period and a twenty year repayment schedule.

There are a number of challenges in using the GO Bonds in the traditional housing financing system. The chart below outlines the advantages and disadvantages with GO Bonds.

Uses	Advantages	Disadvantages
Finance the acquisition and improvement of real property	<ul style="list-style-type: none"> -- Issuance of GO Bonds raises substantial amounts of capital -- Annual issuances based on project readiness 	<ul style="list-style-type: none"> -- GO Bond proceeds may not be used for services, operations/staff salaries, or maintenance.
Development Options		
1. Housing Units or Building owned by the City		<ul style="list-style-type: none"> -- City liability as landlord/property owner. -- Need for complex legal partitioning of properties -- Unable to leverage other funds with tax-exempt bonds; any units/properties purchased would require the City to bear the full cost. -- City would contract with developer for property management. -- Proceeds cannot be used for the additional staff needed to operate this model.
2. City purchases land and leases to developers	Mitigates liability to the City as landlord/owner	<ul style="list-style-type: none"> -- Would not expedite the creation of housing units because projects would still have a financing gap.
3. City provides gap financing to developers through loans; current HCID System (may require court validation after voter approval)	If court validation succeeds: <ul style="list-style-type: none"> -- City would not be required to own properties financed by GO Bond proceeds. -- City allowed to issue loans to developers to construct affordable and permanent supportive housing -- Developers could leverage other private, state and federal housing resources 	<ul style="list-style-type: none"> -- Bond Counsel may not be able to issue an unqualified opinion for these projects. -- Bonds do not have to be owned by the City without a court validation. -- Court validation would be open to challenges from the public; opponents of development and/or affordable housing.

Ideally, the City would want to use the proceeds in the line with the current financing model—provide gap financing via loans to developers and leverage these funds with other private, county, state and federal resources. However, in order to use this model (Option 3 in the chart below), the City’s Bond Counsel has advised that the City may be required to validate the bond issuance once the measure has been approved by the voters and the City is ready to issue bonds. Historically, all City GO Bond financed facilities have been or are owned by the City.

GO Bonds may also be used to fund facilities (shelters, storage, etc.) But the Council would have to identify other sources to fund the operations and maintenance of these facilities, since GO Bond proceeds cannot be used for this purpose. In addition, the Council may not want to fund facilities that are intended to be temporary solutions until permanent housing units are developed. Leasing or using City-owned facilities may be more cost-effective.

Parcel Tax

The advantages and disadvantages associated with the GO Bond options caused staff to further evaluate the list of funding sources presented by the CAO and CLA in the March 18, 2016 report to the Committee to identify other options that may provide more flexibility. The Parcel Tax became evident as a new source of funding that is more flexible in use and could generate similar amounts of funds.

A Parcel Tax is a special tax that requires a two-thirds approval of voters. It is levied on parcels or other characteristics of property, typically set at some fixed amount (per parcel, per square foot, per room). A Parcel Tax cannot be based on a property’s value. The Parcel Tax is in addition to the assessed value tax, and appears on the same bill. Revenue generated may be used to fund a variety of local government services, even if the service does not benefit the property directly. The use of Parcel Tax revenue, however, is restricted to the designated public programs, services, or projects that voters approved. Therefore, Council may place before the voters a measure that allows proceeds to be used for housing, services and operations.

According to the impartial analysis for Measure P (the County’s proposed Parcel Tax for recreation and parks facilities), a parcel is defined as any unit of real property that receives an annual secured property tax bill from the County Treasurer and Tax Collector.

As the chart below outlines, the tax could be structured in a way that meets the annual City’s revenue goal for housing programs. Below are the rates required for specific revenue goals, per parcel and per square foot (s.f.), with billing amounts for select home sizes.

**Table 2
Annual Parcel Tax Revenue Calculations**

Annual Revenue Goal	Annual Set Tax by Parcel*	Annual Revenue Goal	Annual Tax per s.f.**	Annual bill for 1,000 s.f. Home	Annual bill for 1,500 s.f. Home	Annual bill for 2,000 s.f. Home	Annual bill for 2,500 s.f. Home	Annual bill for 3,000 s.f. Home
\$10 m	\$12.74	\$10 m	\$0.0042	\$4.24	\$6.35	\$8.47	\$10.59	\$12.71
\$20 m	25.49	\$20 m	\$0.0085	8.47	12.71	16.94	21.18	25.42
\$30 m	38.23	\$30 m	\$0.0127	12.71	19.06	24.42	31.77	38.12
\$40 m	50.98	\$40 m	\$0.0169	16.94	25.42	33.89	42.36	50.83
\$50 m	63.72	\$50 m	\$0.0212	21.18	31.77	42.36	52.95	63.54
\$60 m	76.47	\$60 m	\$0.0254	25.42	38.12	50.83	63.54	76.25
\$70 m	89.21	\$70 m	\$0.0297	29.65	44.48	59.30	74.13	88.96
\$80 m	101.96	\$80 m	\$0.0339	33.89	50.83	67.78	84.72	101.66
\$90 m	114.70	\$90 m	\$0.0381	38.12	57.19	76.25	95.31	114.37
\$100 m	127.45	\$100 m	\$0.0424	42.36	63.54	84.72	105.90	127.08
\$110 m	140.19	\$110 m	\$0.0466	46.60	69.89	93.19	116.49	139.79
\$120 m	152.94	\$120 m	\$0.0508	50.83	76.25	101.66	127.08	152.50
\$130 m	165.68	\$130 m	\$0.0551	55.07	82.60	110.14	137.67	165.21
\$140 m	178.43	\$140 m	\$0.0593	59.30	88.96	118.61	148.26	177.91
\$150 m	191.17	\$150 m	\$0.0635	63.54	95.31	127.08	158.85	190.62
\$160 m	203.91	\$160 m	\$0.0678	67.78	101.66	135.55	169.44	203.33
\$170 m	216.66	\$170 m	\$0.0720	72.01	108.02	144.03	180.03	216.04
\$180 m	229.40	\$180 m	\$0.0762	76.25	114.37	152.50	190.62	228.75
\$190 m	242.15	\$190 m	\$0.0805	80.48	120.73	160.97	201.21	241.45
\$200 m	254.89	\$200 m	\$0.0847	84.72	127.08	169.44	211.80	254.16

* Based on 784,643 parcels in the City of Los Angeles

**Based on 2,360,696,400 assessable square footage in the City of Los Angeles

Below is a select history of recent Parcel Tax measures submitted to City voters:

- November 2014 Los Angeles County Measure P (Safe Neighborhood Parks \$23/year for 30 years) **Failed** 62.9% (yes)/37.1% (no).
- November 2012 Santa Monica Mountains Recreation and Conservation Authority Measure HH (\$23/year for 10 years) **Approved** 76.2% (yes)/23.8% (no). Applies to only parts of the City.
- November 2012 Woodland Hills, Encino and Tarzana Mountains Recreation and Conservation Authority Measure MM (\$19/year for 10 years) **Approved** 68.7% (yes)/31.3% (no). Applies to only parts of the City.
- June 2010 Los Angeles Unified School District Measure E (\$100/year for 4 years) **Failed** 53.9% (yes)/47.1% (no).
- November 2008 City Proposition A Gang and Youth Violence Prevention, After-School and Job Training Programs (\$36/year) **Failed** 66.3% (yes)/33.8% (no).

The most recent consideration of the City Parcel Tax was in 2012 for a \$39/year parcel tax to fund Recreation and Parks services, but the proposal was not advanced to the voters for consideration.

The timeline for implementation of a Parcel Tax (or GO Bond) according to County Auditor Controller is as follows:

- After election, assessment information needs to be uploaded by August 10 for inclusion on the master bill.
- Receipts are distributed on the 20th day of the month from November to August.
- Remittances are based on actual collections. Due to the high volume of payments that are received around the 10th of December and April (when property taxes are due), and an early cut-off to process direct deposits for receipt by levying agencies by the 20th of the month, most agencies will receive larger remittances in December/January and April/May.
- City staff are required to prepare the assessment file for the County to process by the submission deadline. The County also requires a billing agreement.
- An additional required action for GO Bond is that a Tax Rate Resolution needs to be approved by the City Council every year.

Documentary Transfer Tax

The Documentary Transfer Tax is assessed during the sale or transfer of real property. The current City rate is \$2.25 per \$500 of sales value (0.45%). The County collects an additional \$0.55 per \$500 sales value (0.11%).

As discussed in previous reports on this matter, a Documentary Transfer Tax must be presented to the voters as a general tax, and as such these funds would not be reserved for a special purpose. The Council could present the voters with an advisory measure to fund homeless services and associated facilities, affordable housing, and construction of supportive housing. Two options have been identified concerning the rate or method of apportionment of a Documentary Transfer Tax for this purpose:

1. Double the City rate to \$4.50 per \$500 of sales value (0.9%) for an increase in estimated revenue of \$167 million.
2. Implement a progressive tax rate from \$1.125 to \$4.50 per \$500 of sales value (0.225% to 0.9%) for an increase in estimated revenue of \$128 million.

The progressive structure is based on the City of San Francisco documentary transfer tax structure which is pegged to dollar value rather than sales value quartiles, with tax rates from 0.5% to 2.5%.

The City’s Progressive Documentary Transfer Tax Structure could include the following elements:

- A. Four tax rate brackets would be based on the quartiles of single family home sales value.
- B. The quartiles would be recalculated annually to prevent "bracket creep."

An estimate of the quartiles, based on 2012 data, is provided in Table 3.

Table 3
Progressive Documentary Transfer Tax

Quartile	2012 Quartiles	Current Rate	Proposed Flat Rate	Proposed Tiered Rate
25% or less	<\$255K	\$2.25 (0.45%)	\$4.50 (0.9%)	\$1.125 (0.225%)
25% to 50%	Between \$255k and \$365k	\$2.25 (0.45%)	\$4.50 (0.9%)	\$2.25 (0.45%)
50% to 75%	Between \$365k and \$585k	\$2.25 (0.45%)	\$4.50 (0.9%)	\$3.375 (0.675%)
75% or more	>\$585k	\$2.25 (0.45%)	\$4.50 (0.9%)	\$4.50 (0.9%)

Revenue estimates based on FY 2014-2015 and reflect up to a 3.8% reduction in home sales

If Council chooses to pursue this option, additional investigation would be needed to:

- A. Revise 2012 quartiles to reflect current market prices.
- B. Confirm with the County that the current Memorandum of Understanding (MOU) for documentary transfer tax collection can be revised annually to reflect adjustments to rates.

Sales Tax

The March 18, 2016, report from the CAO and CLA provides information concerning a Sales Tax increase, including the potential revenues amount that could be generated by a quarter cent Sales Tax increase. The April 15, 2016 CAO and CLA follow-up report provides additional information related to State provisions that control the amount of the local Sales Tax and options for an increase in the City and County.

OPTIONS ON INCOME LEVELS

Council could choose to establish income level criteria to ensure that housing built under any new revenue program is reserved for homeless persons and families, as well as low income persons and families generally. The income categories and 2016 Area Median Income (AMI) are based on U.S. Department of Housing and Urban Development (HUD) criteria. HUD updates these annually. The HUD income categories and the Los Angeles AMI are provided below:

1. Extremely Low-Income (currently 0-30% of AMI)
2. Very Low-Income (currently 31-50% of AMI)
3. Low-Income (currently 51-80% of AMI)
4. Moderate Income (currently 81-120% of AMI)

Income Category	1 Person Household	2 Persons Household	3 Persons Household	4 Persons Household	5 Persons Household	6 Persons Household	7 Persons Household	8 Persons Household
Extremely Low (0-30% AMI)	\$18,250	\$20,850	\$23,450	\$26,050	\$28,440	\$32,580	\$36,730	\$40,890
Very Low Income (31-50% AMI)	\$30,400	\$34,750	\$39,100	\$43,400	\$46,900	\$50,350	\$53,850	\$57,300
Low Income (51-80% AMI)	\$48,650	\$55,600	\$62,550	\$69,450	\$75,050	\$80,600	\$86,150	\$91,700
Moderate Income (81-120% AMI)	\$54,450	\$62,200	\$70,000	\$77,750	\$83,950	\$90,200	\$96,400	\$102,650

POLICY DETAILS

If the Council chooses to place a revenue measure before the voters on the November 8, 2016, State General Election ballot, the specific issues in each of the charts below must be addressed. The City Attorney would draft the required Resolutions and Ordinances based on the Council's direction related to these policy details.

GENERAL OBLIGATION (GO) BONDS

A GO Bond measure can be placed on either the November 2016 or March 2017 ballots. This measure always requires a 2/3 vote of the electorate and must be for a specified use.

State law currently limits the annual maximum interest rate on GO Bonds at 12%. That limit can be set at a lower rate. The interest rate on June 14, 2016 was 2.28% for tax-exempt bonds and 3.77% for taxable bonds. Information concerning the tax rate on a median assessed value home is provided in Attachment 1.

1	Ballot	A. November 2016 B. March 2017 C. Hold for further consideration
2	Amount	A. \$500 million B. \$750 million C. \$1 billion D. \$1.5 billion
3	Term for repayment	20 years (or based on the City Debt Policy)

4	Uses	<p>A. Capital to construct or finance housing development and acquire real property.</p> <p>B. New acquisition, construction, renovation, or improvements, the projects of which may be carried out in partnership with public, private or non-profit parties.</p> <p>C. Housing Type Options: supportive housing and/or affordable housing, and associated infrastructure, such as utilities, sidewalks, and streets, related to properties/projects funded by bonds.</p> <p>D. Housing (Income levels-options)</p> <ol style="list-style-type: none"> 1. Extremely Low-Income (currently 0-30% of AMI) 2. Very Low-Income (currently 31-50% of AMI) 3. Low-Income (currently 51-80% of AMI) 4. Moderate Income (currently 81-120% of AMI) <p>E. Facilities such as storage, shelters, showers, etc.</p> <p>F. Taxable and tax-exempt debt may be issued.</p>
5	Maximum Interest Rate	<p>A. Limit set by State law, currently 12%</p> <p>B. A rate lower than State law</p>
6	Recommended Additional Provisions	<ul style="list-style-type: none"> - Bonds issued as needed - Allocation process includes an Annual Plan to determine funding priorities and awards - Annual audit - Administered by the Housing and Community Investment Department, with oversight by a Citizens Oversight Committee and the Administrative Oversight Committee - Citizens Oversight Committee (3 appointed by Mayor, 4 appointed by Council - Administrative Oversight Committee (Mayor, CAO, CLA or designees) - Bond proceeds must not supplant existing sources dedicated to the development or finance of supportive or affordable housing

PARCEL TAX

A Parcel Tax is always a Special Tax and requires a 2/3 vote of the electorate to approve. It can be presented at either the November 2016 or March 2017 elections. Use of funds must be specified.

1	Ballot	<ul style="list-style-type: none"> A. November 2016 B. March 2017 C. Hold for further consideration
2	Rate or Method of Apportionment	<ul style="list-style-type: none"> A. Flat charge per each parcel in the City B. Charge based on square footage of <u>improvements</u>, as noted in Table 2 (page 9)
3	Sunset	<ul style="list-style-type: none"> A. No sunset B. 10 years C. 20 years D. Another designated sunset date
4	Uses	<ul style="list-style-type: none"> A. Capital to construct or finance housing development and acquire real property. B. New acquisition, construction, renovation, or improvements, the projects of which may be carried out in partnership with public, private or non-profit parties. C. Housing Type Options: supportive housing and/or affordable housing, and associated infrastructure, such as utilities, sidewalks, and streets, related to properties/projects funded by bonds. D. Housing (Income levels-options) <ul style="list-style-type: none"> 1. Extremely Low-Income (currently 0-30% of AMI) 2. Very Low-Income (currently 31-50% of AMI) 3. Low-Income (currently 51-80% of AMI) 4. Moderate Income (currently 81-120% of AMI) E. Facilities such as storage, shelters, showers, etc. F. Services, such as rental vouchers.

5	Recommended Additional Provisions	<ul style="list-style-type: none">– Revenue bonds issued as needed (secured by Parcel Tax)– Allocation process includes an Annual Plan to determine funding priorities and awards– Annual audit– Administered by the Housing and Community Investment Department, with oversight by a Citizens Oversight Committee and the Administrative Oversight Committee– Citizens Oversight Committee (3 appointed by Mayor, 4 appointed by Council)– Administrative Oversight Committee (Mayor, CAO, CLA or designee)– Bond proceeds must not supplant existing sources dedicated to the development or finance of supportive or affordable housing
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SALES TAX

A Sales Tax may be either a General or a Special tax, and may be placed on either a State (Special Tax) or municipal ballot (General or Special Tax). Los Angeles County and most of its cities currently have additional taxing authority of up to 1%. On June 7, 2016, voters in the city of Long Beach approved Measure A to increase this city's Sales Tax by 1% for 6 years, and then reducing that to ½% for an additional four years. Measure A was a General Tax, therefore its uses are unrestricted. There was no companion advisory measure associated with Measure A.

1	Type	A. General (majority vote, for March 2017 only) B. Special (either November 2016 or March 2017)
2	Ballot	A. November 2016 B. March 2017 C. Hold for further consideration
3	Rate or Method of Apportionment (estimated based on 2012 study)	A. 1/4 percent (\$122 million annually) B. 1/2 percent (\$244 million annually) C. 1 percent (\$488 million annually)
4	Sunset	A. No sunset B. 10 years C. 20 years D. Another designated sunset date
5a	Uses, if General	No designation of uses required. But an advisory measure could be adopted with the uses designated below.
	Recommended Elements, if General	None recommended

<p>5b</p>	<p>Uses, if Special</p>	<p>A. Capital to construct or finance housing development and acquire real property.</p> <p>B. New acquisition, construction, renovation, or improvements, the projects of which may be carried out in partnership with public, private or non-profit parties.</p> <p>C. Housing Type Options: supportive housing and/or affordable housing, and associated infrastructure, such as utilities, sidewalks, and streets, related to properties/projects funded by bonds.</p> <p>D. Housing (Income levels-options)</p> <ol style="list-style-type: none"> 1. Extremely Low-Income (currently 0-30% of AMI) 2. Very Low-Income (currently 31-50% of AMI) 3. Low-Income (currently 51-80% of AMI) 4. Moderate Income (currently 81-120% of AMI) <p>E. Facilities such as storage, shelters, showers, etc.</p> <p>F. Services, such as rental vouchers.</p>
	<p>Recommended Additional Provisions, if Special</p>	<ul style="list-style-type: none"> - Revenue bonds issued as needed (secured by Sales Tax) - Allocation process includes an Annual Plan to determine funding priorities and awards - Annual audit - Administered by the Housing and Community Investment Department, with oversight by a Citizens Oversight Committee and the Administrative Oversight Committee - Citizens Oversight Committee (3 appointed by Mayor, 4 appointed by Council) - Administrative Oversight Committee (Mayor, CAO, CLA or designee) - Bond proceeds must not supplant existing sources dedicated to the development or finance of supportive or affordable housing

BILLBOARD TAX

Billboard Tax should be reserved for consideration on the March 2017 ballot. Additional consideration of the Rate or Method of Apportionment is required before this measure can be fully considered by the Council and Mayor.

A Billboard Tax may be either a General or a Special tax, and may be placed on either a State or municipal ballot. A 2/3 vote is needed to approve a Special tax.

1	Type	A. General (majority vote, for March 2017 only) B. Special (either November 2016 or March 2017)
2	Ballot	A. November 2016 B. March 2017 C. Hold for further consideration
3	Rate or Method of Apportionment	To be determined
4	Sunset	A. No sunset B. 10 years C. 20 years D. Another designated sunset date
5a	Uses, if General	No designation of uses required. But an advisory measure could be adopted with the uses designated below.
	Recommended Elements, if General	None recommended.

<p>5b</p>	<p>Uses, if Special</p>	<p>A. Capital to construct or finance housing development and acquire real property.</p> <p>B. New acquisition, construction, renovation, or improvements, the projects of which may be carried out in partnership with public, private or non-profit parties.</p> <p>C. Housing Type Options: supportive housing and/or affordable housing, and associated infrastructure, such as utilities, sidewalks, and streets, related to properties/projects funded by bonds.</p> <p>D. Housing (Income levels-options)</p> <ol style="list-style-type: none"> 1. Extremely Low-Income (currently 0-30% of AMI) 2. Very Low-Income (currently 31-50% of AMI) 3. Low-Income (currently 51-80% of AMI) 4. Moderate Income (currently 81-120% of AMI) <p>E. Facilities such as storage, shelters, showers, etc.</p> <p>F. Services, such as rental vouchers.</p>
	<p>Recommended Additional Provisions, if Special</p>	<ul style="list-style-type: none"> – Revenue bonds issued as needed (secured by Billboard Tax) – Allocation process includes an Annual Plan to determine funding priorities and awards – Annual audit – Administered by the Housing and Community Investment Department, with oversight by a Citizens Oversight Committee and the Administrative Oversight Committee – Citizens Oversight Committee (3 appointed by Mayor, 4 appointed by Council) – Administrative Oversight Committee (Mayor, CAO, CLA or designee) – Bond proceeds must not supplant existing sources dedicated to the development or finance of supportive or affordable housing

DOCUMENTARY TRANSFER TAX

An amendment to the existing Documentary Transfer Tax, which is a General Tax, can only be presented to the voters at a municipal election with a simple majority.

1	Ballot	A. March 2017 B. Hold for further consideration
2	Rate or Method of Apportionment	A. Double the City rate to <u>\$4.50</u> per \$500 of sales value (0.9%) B. Implement a progressive tax rate from <u>\$1.125</u> to <u>\$4.50</u> per \$500 of sales value (0.225% to 0.9%) C. Alternative rate or method of apportionment
3	Sunset	A. No sunset B. 10 years C. 20 years D. Another designated sunset date
4	Recommended Elements	None recommended

5	Uses designated in an advisory measure	<p>A. Capital to construct or finance housing development and acquire real property.</p> <p>B. New acquisition, construction, renovation, or improvements, the projects of which may be carried out in partnership with public, private or non-profit parties.</p> <p>C. Housing Type Options: supportive housing and/or affordable housing, and associated infrastructure, such as utilities, sidewalks, and streets, related to properties/projects funded by bonds.</p> <p>D. Housing (Income levels-options)</p> <ol style="list-style-type: none"> 1. Extremely Low-Income (currently 0-30% of AMI) 2. Very Low-Income (currently 31-50% of AMI) 3. Low-Income (currently 51-80% of AMI) 4. Moderate Income (currently 81-120% of AMI) <p>E. Facilities such as storage, shelters, showers, etc.</p> <p>F. Services, such as rental vouchers.</p>
6	Recommended Additional Provisions, if an advisory measure is included	<ul style="list-style-type: none"> - Allocation process includes an Annual Plan to determine funding priorities and awards - Annual audit - Administered by the Housing and Community Investment Department, with oversight by a Citizens Oversight Committee and the Administrative Oversight Committee - Citizens Oversight Committee (3 appointed by Mayor, 4 appointed by Council) - Administrative Oversight Committee (Mayor, CAO, CLA or designee)

MARIJUANA TAX

Subject to results of a Statewide initiative relating to the legalization of recreational marijuana, a Marijuana Tax may be either a General or a Special tax, and may be placed on either a State or municipal ballot.

1	Type	A. General (majority vote, for March 2017 only) B. Special (March 2017)
2	Ballot	A. March 2017 B. Hold for further consideration
3	Rate or Method of Apportionment	A. 10% of gross receipts B. Rate per plant
4	Sunset	A. No sunset B. 10 years C. 20 years D. Another designated sunset date
5a	Uses, if General	No designation of uses required. An advisory measure could be adopted with the uses designated below.
	Recommended Elements, if General	None recommended. If an advisory measure is advanced, then the Recommended Additional Provisions for a Special tax could be incorporated into the advisory measure.

<p>5b</p>	<p>Uses, if Special</p>	<p>A. Capital to construct or finance housing development and acquire real property.</p> <p>B. New acquisition, construction, renovation, or improvements, the projects of which may be carried out in partnership with public, private or non-profit parties.</p> <p>C. Housing Type Options: supportive housing and/or affordable housing, and associated infrastructure, such as utilities, sidewalks, and streets, related to properties/projects funded by bonds.</p> <p>D. Housing (Income levels-options)</p> <ol style="list-style-type: none"> 1. Extremely Low-Income (currently 0-30% of AMI) 2. Very Low-Income (currently 31-50% of AMI) 3. Low-Income (currently 51-80% of AMI) 4. Moderate Income (currently 81-120% of AMI) <p>E. Facilities such as storage, shelters, showers, etc.</p> <p>F. Services, such as rental vouchers.</p>
	<p>Recommended Additional Provisions, if Special</p>	<ul style="list-style-type: none"> - Revenue bonds issued as needed (secured by Marijuana Tax) - Allocation process includes an Annual Plan to determine funding priorities and awards - Annual audit - Administered by the Housing and Community Investment Department, with oversight by a Citizens Oversight Committee and the Administrative Oversight Committee - Citizens Oversight Committee (3 appointed by Mayor, 4 appointed by Council) - Administrative Oversight Committee (Mayor, CAO, CLA or designee) - Bond proceeds must not supplant existing sources dedicated to the development or finance of supportive or affordable housing

ATTACHMENT 1
Projected General Obligation Bonds Tax Rate Per Median Assessed Value Home

Fiscal Year Ending	Tax Rate Per Median House				
	Existing City GO Bonds and Authorization	New Housing Bonds ²	Overlapping GO Bonds		Total
			LAUSD	LACCD	
2016	89.90	-	360.44	213.22	663.56
2017	78.43	-	546.88	143.31	768.62
2018	78.12	22.37	544.74	135.67	780.90
2019	73.88	21.61	517.20	124.75	737.44
2020	69.77	42.31	512.22	111.16	735.46
2021	63.98	40.79	504.42	110.67	719.86
2022	57.70	59.84	504.82	109.57	731.93
2023	47.35	57.54	492.56	108.73	706.18
2024	38.43	75.03	483.59	108.31	705.36
2025	31.31	72.01	454.54	107.60	665.46
2026	19.94	88.01	434.17	108.68	650.80
2027	16.59	84.32	403.67	107.84	612.42
2028	13.88	80.57	377.99	109.17	581.61
2029	13.10	76.88	319.74	108.66	518.38
2030	9.88	73.20	319.61	107.81	510.50
2031	5.08	69.58	320.51	106.98	502.15
2032	4.76	66.02	319.07	106.19	496.04
2033	1.78	62.54	297.45	106.23	468.00
2034	1.67	59.12	321.42	88.50	470.71
2035	1.57	55.78	18.54	51.45	127.34
2036	1.47	52.52	18.15	52.76	124.90
2037	1.38	49.34	17.00	52.06	119.78
2038	-	38.72	16.66	53.84	109.22
2039	-	36.29	16.33	42.03	94.65
2040	-	26.70	16.01	41.21	83.92
2041	-	24.95	-	36.05	61.00
2042	-	16.31	-	35.07	51.38
2043	-	15.21	-	33.94	49.15
2044	-	7.46	-	32.83	40.29
2045	-	6.93	-	31.72	38.65
2046	-	-	-	30.61	30.61
2047	-	-	-	29.52	29.52
2048	-	-	-	28.43	28.43
2049	-	-	-	27.35	27.35
2050	-	-	-	-	-

Factors and Assumptions:

1. Cost figures for new housing GO bond are based on a \$1.1 billion issuance (10 year issuance).
2. Figures assume the issuance of GO bonds in 2017 with repayment to begin in 2018.
3. Taxable Assessed Valuation as of January 1, 2015 totaled to \$497.86 billion.
4. Median Assessed Value (AV) of Single Family Home as of January 1, 2015 equaled \$327,900. Assumed a 2% AV growth.
5. Repayment is based on a 5% interest rate.