
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item Number: #332 (CC): #2 (HA)

Amendments to the Multifamily Mortgage Revenue Bond Policy

In accordance with direction received from the City Council when the City's Debt Policy was adopted in November 2007, Housing Commission staff has proposed changes to update the Multifamily Mortgage Revenue Bond Policy (Policy). The proposed Policy changes have been categorized as either 1) private placement process amendments or 2) approval process streamlining amendments. The IBA has reviewed and supports all of the proposed changes with the exception of the proposal to delegate the required public hearing (known as a TEFRA hearing – Tax Equity and Fiscal Responsibility Act) from the City Council to Housing Commission staff.

The current process calls for the City Council to conduct a TEFRA hearing and the Housing Authority to adopt a bond inducement resolution. At the conclusion of the TEFRA hearing, the City Council adopts a TEFRA resolution to indicate that the TEFRA hearing was held for a particular project. This proposal calls for both the TEFRA hearing and the bond inducement resolution to be delegated to Housing commission staff. The City Council would still be required to adopt a TEFRA resolution so there would not be a reduction in the total time required to implement a proposed project financing.

Citing timeliness and public convenience factors, Housing Commission staff has recommended TEFRA hearings be moved from busy City Council agendas to more time-certain agendas that can be established at the Housing Commission. Housing Commission staff has additionally committed to transcribe public comment received at TEFRA hearings they hold and provide those comments to the City Council when approval is subsequently sought for the TEFRA resolution. The IBA understands that the proposed change is permissible by law and agrees that there may be some improvement in holding a time-specific TEFRA hearing; however, we are concerned that public transparency is reduced when a required public hearing moves from a televised City Council Chamber (with internet based replay) to a meeting room at the Housing Commission. Additionally, we believe that public comment, to the extent it is received, is more useful when it is presented in person as opposed to being conveyed in a transcribed format.

The IBA notes a distinct process advantage associated with delegating the bond inducement resolution to the Housing Commission as that change would enable Housing Commission staff to work more effectively with affordable housing developers without committing the City Council to approve the contemplated financing. We do not see a significant public benefit associated with delegating the TEFRA hearing as the City Council will still need to adopt a TEFRA resolution, which typically happens on the same day as the TEFRA hearing. If the City Council shares the IBA's concerns, an option would be to approve all of the suggested amendments except for the recommendation to delegate the TEFRA hearing.

The IBA further recommends the City Council request that the resolution be amended to direct that the modified Policy replace the existing policy as Appendix C in the City's larger Debt Policy.

[SIGNED]

Jeff Kavar
Fiscal & Policy Analyst

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APPROVED: Andrea Tevlin
Independent Budget Analyst