

**To the Mayor and Members of the City Council****April 2, 2024**

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SUBJECT: GENERAL OBLIGATION BONDS FOR AFFORDABLE HOUSING

The purpose of this Informal Report (IR) is to explain how peer cities have used municipal general obligation bonds for the development of affordable housing. General obligation bonds, often called G.O. bonds, provide a way for local governments to raise money for projects that do not have an existing revenue stream. The bonds are backed by the “full faith and credit” of the municipality. In Texas, general obligation bonds must be approved by the public through a bond proposition voted on at a regular election (Texas Government Code Chapter 1331). There is no prohibition on using G.O. bonds for affordable housing.

Since 2001, as summarized in the attached Table 1, there have been sixteen general obligation bond elections to develop housing in five large Texas cities: Austin, Dallas, Denton, Houston, and San Antonio. The bond proposals have had wording as simple as “for affordable housing development” and as explicit as “the purpose of acquiring land (and interests in land), planning, constructing, renovating, improving, and equipping affordable housing facilities for low-income and moderate-income persons and families.” The funds have been used for grants to housing developers and community housing development organizations, housing rehabilitation programs, homelessness/permanent supportive housing initiatives, property acquisition, and rental housing repair. General obligation bonds have also been used to build infrastructure (water, sewer, streets, sidewalks) for affordable housing and to provide anti-gentrification funds for programs that prevent residential displacement in low-income communities. Table 2 summarizes information about housing bond programs in eight other peer cities, including Albuquerque, Charlotte, Columbus (Ohio), Denver, Durham, Kansas City, Raleigh, and Winston-Salem.

Bond proposals for housing in larger cities have generally been successful. One exception was the 2012 housing bond in Austin, which was part of a larger bond initiative. After the ballot proposal for housing failed to pass in 2012, the City of Austin determined that the wording on the ballot was too vague and went back to the voters in 2013 with a more specifically worded proposal, which passed.

Austin’s Housing Works produced a study in 2022 on the economic impact of the 2013 and 2018 general obligation bonds for affordable housing. The study found that through 2021, two general bond obligations totaling \$138.6 million have enabled developers to leverage an additional \$900 million in investment funds to develop 43 housing projects with a total of 4,372 units, of which 3,707 are affordable to tenants earning 50 percent or less of median income and owners earning 80 percent or less of median income. The total economic impact of Austin’s housing bonds through 2021 was estimated at more than \$1 billion. The ongoing maintenance of these affordable units produced a further \$101 million in annual economic impact (Source: Housing Works & Civic Economics, *Economic Impact of the 2013 and 2018 General Obligation Bonds for Affordable Housing Austin Through 2021*). Among the six largest cities in Texas, none have reported that they had sought or secured pledges of matching funds before they issued their bonds. Austin has reported, however, that their bonds have leveraged private funds by a 6:1 private/bond ratio and San Antonio has reported a 9:1 leverage ratio, with leverage consisting of private debt, tax credit equity, philanthropy, and owner’s equity.

If you have questions about this information, please contact Christianne Simmons, Director, Fort Worth Lab, at 817-392-6222, or Victor Turner, Neighborhood Services Director, at 817-392-8187.

David Cooke
City Manager

IR General Obligation Bonds for Affordable Housing

Table 1: Texas General Obligation Bond Ballot Propositions for Housing

City	Year	Proposition Amount	Tax Rate Effect	Passed?	Usage of Funds	Outcomes
Austin	2006	\$55M	Unable to locate information	Yes	40% for persons with low wage jobs, disabilities, or homeless 25% for first time homeowners 35% for low-income seniors, persons with mobility impairments, abused/neglected children, and mentally ill	<ul style="list-style-type: none"> 2,600 affordable rental and homeownership units of which 73% are affordable to households between 30-50% MFI (Source: ULI) Estimate is \$22,000/housing unit (Source: Austin American Statesman) GO bonds leveraged \$196M and had a \$400M economic impact. (Source City of Austin; Housing Works)
Austin	2012	\$78.3M	<p>None</p> <p>The debt service on the bond was expected to be funded within the current tax rate, so no property tax increases were anticipated as a result of the bond measure. (Source: City of Austin)</p>	No	N/A	<ul style="list-style-type: none"> Polled voters said “not enough information” and “vague wording” led to lack of votes (Source: Austin Chronicle)
Austin	2013	\$65M	<p>Yes</p> <p>Austin taxpayers will see a total tax rate increase of \$0.37 per \$100 property valuation once all bonds are issued. (Source: City of Austin)</p>	Yes	Provided gap financing ranging from \$1M-3M to private developers leveraging housing tax credits and other equity sources	<ul style="list-style-type: none"> Provided gap funding to 12 affordable housing developments scattered throughout the City Created total of 500 affordable housing units G.O bonds leveraged \$233M (Source: HousingWorks)
Austin	2018	\$250M	<p>Yes</p> <p>The 2018 fiscal year O&M tax rate for the bond is 33.93 cents per \$100 of taxable assessed property value.(Source: City of Austin)</p>	Yes	40% land acquisition 38% rental housing development assistance 11% owner housing development assistance 11% home repair	<ul style="list-style-type: none"> Acquisitions: 60 acres vacant land, three hotels for PSH; 29 properties to CLT Leveraged \$900M in investment funds to create 43 projects 4,372 Units of which 3707 are affordable to tenants at/below 50% MFI and owners earning 80% MFI \$1B economic impact (Sources: HousingWorks and City of Austin)
Austin	2022	\$350M	<p>Yes</p> <p>Increase of \$0.0132 per \$100 property valuation once all bonds are issued (Source: City of Austin)</p>	Yes	Building new affordable housing Land acquisition Home Repair	No reports yet available.

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City	Year	Proposition Amount	Tax Rate Effect	Passed?	Usage of Funds	Outcomes
Dallas	2017	\$ 20M	None Paying off these bonds will not require a tax-rate increase (Source: Dallas Morning News)	Yes	100% transitional and permanent supportive housing targeting chronic homeless, rapid rehousing for elderly, disabled families with children, and daycare centers with wrap-around services	<ul style="list-style-type: none"> • 5 affordable PSH projects supported • St. Jude Center Park Center (\$3M) • Acquisition of hotel (\$2.3M) • Acquisition of referral only shelter (500K) • Acquisition of hotel (\$5M) • Acquisition of Hampton Road complex (\$6.5M) (Source: City of Dallas)
Dallas	2017	\$55.4M	None Paying off these bonds will not require a tax-rate increase (Source: Dallas Morning News)	Yes	Proposition I: Economic Development included \$6.5M for "Housing bond funds"	<ul style="list-style-type: none"> • 33 total projects • Housing bond funds in amount of \$6.5M shown as a project, not yet spent (Source: City of Dallas)
Dallas	2024	\$61M	None There is no recommended increase in the tax rate to support the bond. (Source: City of Dallas)	Vote May 4, 2024	40% infrastructure in ROW for affordable housing 60% for gap financing for affordable housing	Bond election on May 4, 2024
Dallas	2024	\$8.5M	None There is no recommended increase in the tax rate to support the bond. (Source: City of Dallas)	Vote May 4, 2024	100% PSH and homeless housing	Bond election on May 4, 2024
Denton	2023	\$15M	Yes The tax rate impact of the entire 2023 bond program (\$309.58M) is estimated to be no more than 0.05764 per \$100 of valuation (Source: City of Denton)	Yes	100% toward affordable housing; property acquisition, grants and low-interest loans, funding affordable housing resources, preserving or improvements to existing affordable housing facilities	No reports available
Houston	2001	\$20M	Unable to locate information	Yes	Proposition F (Affordable Housing) Cannot find.	Unable to locate information
Houston	2006	\$18M	Unable to locate information	Yes	Proposition F (Housing) Cannot find.	Unable to locate information
Houston	2012	\$15M	Unable to locate information	Yes	For demolition of blighted properties to provide locations for construction of affordable housing using federal funds.	Unable to locate information
Houston	2013	\$65M	Unable to locate information	Yes	69% for rental housing 5% for permanent supportive housing 8% for ownership housing 18% for housing repair	Unable to locate information

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City	Year	Proposition Amount	Tax Rate Effect	Passed?	Usage of Funds	Outcomes
San Antonio	2017	\$20M	<p>None</p> <p>No City property tax rate increases (Source: City of San Antonio)</p>	Yes	In 12 identified Neighborhood Improvement areas: purchase and prepare sites for private sector development of single-family or multi-family workforce housing construction. Permitted expenditures include land acquisition, demolition of dilapidated/unusable structures, right-of-way improvements, extension of utilities, and remediation of environmental conditions impeding development.	<ul style="list-style-type: none"> • Provided gap financing for projects in four Council Districts: • 500 affordable apartment units for families • 80 PSH units for families • 3 projects complete, one completed December 2025 (Source: City of San Antonio)
San Antonio	2022	\$150M	<p>None</p> <p>The bond program is achievable without a projected increase in the City's Ad Valorem Tax Rate. (Source: City of San Antonio)</p>	Yes	<p>30% homeownership rehabilitation and preservation</p> <p>27% improving rental housing</p> <p>23% building affordable rental</p> <p>17% permanent supportive housing</p> <p>3% building homes to own</p>	Reports not yet available

IR General Obligation Bonds for Affordable Housing

Table 2: Other Large City General Obligation Bond Ballot Propositions for Housing

City	Year	Proposition Amount	Tax Rate Effect	Passed?	Usage of Funds	Outcomes
Albuquerque, NM	2017	\$3.788M	No Approval of projects contained in the 2017 G.O. bond program will not require a City property tax rate increase.	Yes	Construction and rehabilitation of high quality, permanently affordable housing for low to moderate working families, including affordable senior rental	
Albuquerque, NM	2019	\$5M	No Approval of projects contained in the 2017 G.O. bond program will not require a City property tax rate increase.	Yes	Plan, design, acquire land, and construct affordable housing and homeless facilities	
Albuquerque, NM	2021	\$3.3M	No Approval of projects contained in the 2017 G.O. bond program will not require a City property tax rate increase.	Yes	Plan, design, acquire land and construct affordable housing	
Charlotte, NC	2020	\$50M	No The financing costs for these bonds are included in the current city budget. No additional property tax increase will be required to pay for these bonds. (City of Charlotte, NC)	Yes	Housing bonds fund the city's Housing Diversity Program to increase the supply of safe, quality and affordable housing for low- and moderate-income residents throughout Charlotte. The Housing Diversity Program not only addresses the need for new construction, it also helps preserve existing housing through rehabilitation of both single- and multifamily housing units. This funding leverages other public, private and nonprofit dollars to increase the supply and accessibility of housing in the community.	

IR General Obligation Bonds for Affordable Housing

City	Year	Proposition Amount	Tax Rate Effect	Passed?	Usage of Funds	Outcomes
Charlotte, NC	2022	\$50M	No The financing costs for these bonds are included in the current city budget. No additional property tax increase will be required to pay for these bonds. (City of Charlotte, NC)		Funds will go toward the Housing Trust Fund - New construction of multi-family homes. - Preserve existing housing through rehabilitation. - Homeownership in targeted neighborhoods. - Housing for seniors, disabled people, and those experiencing homelessness.	It is the latest in bond-funded investments in affordable housing in Charlotte, which has authorized \$180 million in such spending since 2018. That year, the city created a fund to encourage investment in affordable housing; over the past five years, Charlotte has added 12,000 affordable housing units and shelter beds through financing from the fund, according to the official statement accompanying the sale of the bonds. (Source: Munichain News)
Columbus, OH	2019	\$50M	No Bonds are repaid using a quarter of every income tax dollar and some of the utility bills. Since 1956, the City has never imposed a property tax to repay bonds.	Yes		Leveraged \$276M in public and private sector support to create more than 1,300 housing units for individuals earning less than \$49,960 per year or families of four making less than \$67,050. (Source: Columbia Dispatch)
Columbus, OH	2022	\$200M	No Bonds are repaid using a quarter of every income tax dollar and some of the utility bills. Since 1956, the City has never imposed a property tax to repay bonds.	Yes	Purpose of promoting neighborhood and community development and affordable housing by purchasing, constructing, demolishing, renovating, improving, equipping and furnishing residential and commercial structures in the City, and acquiring, clearing, testing, remediating environmental issues, extending utilities, and otherwise improving residential and commercial sites in the City, and providing funds for grants in connection with the same in the principal amount of \$200,000,000 to be repaid annually over a maximum period of 20 years	\$80 million will be used to supercharge production of new affordable housing units for families earning below 80% of the area median income \$50 million will be used to support affordable homeownership opportunities through the Central Ohio Community Land Trust \$40 million will be invested to help preserve existing affordability \$30 million will be dedicated to permanent supportive housing and supportive services for individuals earning less than 30% of the area median income

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City	Year	Proposition Amount	Tax Rate Effect	Passed?	Usage of Funds	Outcomes
Denver, CO	2021	\$38.6M	No Structured within the existing tax rate (6.50 GO Bond mill levy)	Yes	Repairs and improvements to the Denver housing and sheltering system, which may include but are not limited to: Establishing and/or improving shelters and facilities to provide services to people experiencing homelessness by purchasing buildings, converting buildings, and/or constructing facilities.	A part of "RISE Denver" (a \$260M G.O. Bond program) 450 beds: \$7.4 million for purchase of the 48th St. Shelter 136 beds: \$16 million toward the overall project costs to build the Urban Peak youth homelessness shelter 52 beds: \$12.2 million toward the overall reconstruction of the VOA Family Motel
Durham, NC	2019	\$95M	Yes 1.38 cents will service the debt for the \$95 million Affordable Housing Bond that voters passed in 2019	Yes	Housing projects for the benefit of persons of low income, or moderate income, or low and moderate income, including construction of infrastructure improvements related thereto and the acquisition of land and rights-of-way	Build 1,600 new affordable housing units and preserve 800 affordable rental units Move 1,700 homeless individuals and households into permanent housing Provide 400 affordable home ownership opportunities for first-time homebuyers Help 3,000 low-income renters and homeowners remain in or improve their homes
Kansas City, MO	2022	\$50M	Yes The bonds would be repaid through a modest property tax increase. For a household with a \$140,000 home and a \$15,000 car, the property tax would average an additional \$8 each year, rising to an \$160 average additional payment in year 20. <i>The amount is based on passage of all three ballot questions.</i>	Yes	Affordable housing rehabilitation, renovations, and construction of houses and buildings, including blight removal, to provide affordable housing for very low- to moderate income households	Estimated to build 2,000 units of deeply-affordable housing.
Raleigh, NC	2020	\$80M	Yes The bond could raise Raleigh's property tax rate by	Yes	Community development programs to provide and rehabilitate multifamily and single-family housing for the benefit of persons of low and	Small-scale rental projects Development Equitable development around transit King's Ridge Homeless men's facility

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			.78 centers per \$100 valuation.		moderate income, including, without limitation, (a) the construction or rehabilitation of housing or neighborhood revitalization improvements, (b) programs to provide loans and other financial assistance to such persons and to public and private providers of housing and (c) the acquisition of any related land, rights of way and equipment,	
Winton Salem, NC	2018	\$11.7M	Yes In order to pay for debt payments on the 2018 voter approved bonds, the current tax rate of 59.74 cents will be increased by 4 cents to the new proposed tax rate of 63.74 cents per \$100 of assessed value.	Yes	Acquisition, constructing, and rehabilitating multifamily housing for persons of low and moderate income and accomplishing the renewal of urban residential neighborhoods, including the acquisition of land or rights-of-way in land required	