

RESPONSE TO COUNCIL QUESTIONS RE: 2/25/20 CITY COUNCIL AGENDA

Agenda Item #4.J (20-101)

Action on a Resolution Approving and Authorizing the City Manager to execute a Loan Agreement with ZAEN Partners, LLC for a loan of up to \$6,000,000 to support the construction of 150 affordable housing units located at 2302 Calle Del Mundo and Approve the Related Budget Amendment

Council Question: As per October 22 approval - Value Analysis, the value to the City in terms of developer subsidy was estimated to be \$3.6 million greater for 30 units restricted at 50% AMI than it would be to provide 80 units restricted at 100% AMI. What is the difference of Tax Credit Equity developer got vs the two scenarios ? Basically, what is the extra TAX CREDIT Equity did developer got with that change from 80 units at 100% AMI to 30 units at 50% AMI ? Want to compare if city earned a benefit of 3.6 million how much benefit did developer got ?

Staff Response: Neither of the two scenarios discussed at the 10/22 meeting are still on the table (30 units @ 50% AMI or 80 units @ 100% AMI).

On 10/22, we discussed how the proposal to provide 30 units a 50% AMI would qualify as an “80/20” deal and generate approximately \$6 million of Tax Credit Equity. The scenario to provide 80 units restricted at 100% AMI would not qualify for any Tax Credits. It is important to note that Tax Credits are not synonymous with profit or economic benefit. Typically, these credits are purchased by qualified investors and the proceeds are used for eligible costs as approved by The California Tax Credit Allocation Committee (TCAC).

The proposal to change from 80 units at 100% AMI to 30 units at 50% AMI was exchanged for the current proposal for 100% affordable units.

Agenda Item #5 (20-279)

Verbal Report from City Clerk regarding March 2020 Election

(See updated information in yellow for Mailer 2 that became available on 2/25/20)

Council Question: What is the total expense city has incurred to date on mailers, design, consultation, staff time etc. for the March election? Can we get breakdown?

Staff Response: To date, the City has spent approximately \$30,000 on information outreach related to the March election. Here is the breakdown:

<u>Mailer 1 - All Residents (50,048 total)</u>		<u>Mailer 2 – Registered Voters Only (16,609 total)</u>	
Print	\$8,187.07	Print	Approximately \$3,769.05
Postage	\$9,959.24	Postage	\$4,168.94
Translation	\$1,466.29	Translation	\$1,859.84
Total	\$19,612.60	Total	Total Approximately \$9,797.83

The staff time associated with the March election information outreach to date is estimated to be about 80 hours.