



October 3, 2011

Lawrence City Commission  
HAND DELIVERED  
Lawrence, KS 66044

**RECEIVED**

OCT 04 2011

CITY MANAGERS OFFICE  
LAWRENCE, KS

RE: Non related occupancy enforcement

Dear City Commissioners,

The evolution of rental registration, inspection and regulation is a topic of significant interest to us at Landmark National Bank. As a provider of financing in this community, we and other Banks have a significant stake in the success and viability of neighborhoods throughout Lawrence. As stakeholders in investment properties, the Bank asks the Lawrence City Commission to carefully consider potential ramifications of sudden increased enforcement of the City's non related occupancy guidelines. Without further study of the following concerns, property values (and subsequently the underlying tax base), property owners, and various neighborhoods could be negatively impacted.

Many Investors and their Banks have invested in properties under key assumptions that assume a particular rate of return. In many cases, this required a significant investment on behalf of the Investor to improve deferred maintenance to the property. The investment serves several purposes:

1. Directly, the property is improved to provide a quality home for tenants.
2. It likely creates a safer home as structural and electrical improvements are very common in nearly acquired properties.
3. The improvements likely increase the property value, and therefore, increased the tax base of the area.
4. Often, a homeowner is unable or unwilling to invest the amount of dollars that many improvements of older homes require; while an Investor is willing to do so for a return on their investment.

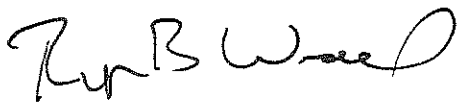
Safety of occupants is of foremost concern to all interest parties. A recommendation worth considering is allowing Investors the opportunity to "re-zone" properties that may be eligible for a different classification that is more appropriate for their use before the use of strict penalties and revocation of licenses. By allowing Investors this opportunity, the City creates opportunities that fit the current use of the property; while not supplanting tenants. In turn, properties like these become safer with additional investment from the Investor and continue to provide reasonable accommodations to tenants.

Should the commission seek to begin strict enforcement of non related occupancy guidelines, the ramifications to the value of many properties would be devastating to property valuation, and could trigger increased levels of foreclosures. Several investment properties are simply best suited as investment properties. To nearly eliminate investment as a potential use, it is undeniable that the best use of some properties will be eliminated causing significant devaluation and unneeded housing inventory.

Lastly, we urge you to consider that Investors play a key role in the prosperity and success of a neighborhood. It is fair to say that Homeowners have much of their net worth tied up their homes. On the same token, Investors often have their net worth AND income tied directly to their investment in Real Estate. For this reason alone, your prudent research is necessary.

At Landmark National Bank, our clients are Homeowners and Investors alike. It is our experience that both types of purchasers are concerned about the upkeep and value of their home. We urge you to consider and study the relationship between Investors and their Real Estate Investments. We feel strongly that you'll conclude that a dramatic and sudden change to governing investment properties could have a detrimental effect to various neighborhood communities.

Best Regards,



Ryan B. Wedel  
Lawrence Community Manager, VP



Brad L. Chindamo  
Eastern Kansas Regional President

September 9, 2011

## Problems with Student rentals in Single Family Neighborhoods

### **1) Destruction of neighborhoods**

Students who rent houses in single family neighborhoods operate entirely differently from families who may live next door. Students expand their activities in the evenings and on weekends, while families are calming down after school and work. Student parties create disturbances in family neighborhoods at the very time families are trying to rest.

In addition, while families work to keep their property neat and tidy, students often ignore the yards of their houses and leave trash and debris in the yards and streets.

Finally students introduce major traffic congestion in otherwise tranquil neighborhoods. While families have one or at most two cars, virtually every student has a car. Student housing means multiple cars parked in the streets and in the yards of the single family house.

Students living in single family homes destroy family neighborhoods. Neighborhoods near the university are becoming uninhabitable.

### **2) Destruction of the Center of Lawrence**

At present student houses typically rent for \$500 per room. Thus a three bedroom house for students would rent for \$1500 per month. This creates a higher selling price for homes than families can pay. Families are being driven out of Lawrence while landlords buy up houses in Lawrence and turn them into businesses. Student housing is simply a new business occupying areas which are not zoned for businesses. The business of renting student housing is driving families out of Lawrence.

Further, the business of buying single family homes and turning them into student houses is creating a student ghetto in the center of Lawrence. Families move away from the University to the outskirts of the city or to Baldwin or Eudora. This creates massive expenses for the City of Lawrence as it requires new roads, new schools and new water treatment plants. Landlords profit from turning the center of the city into a student ghetto, while taxpayers and the city provide them with massive subsidies.

Destruction of the center of Lawrence costs the city money.

### **3) Destruction of our schools.**

As families are forced out of the center of Lawrence and Lawrence itself, they take their children with them. Children are disappearing from Lawrence. In 1995 Lawrence had over 10,000 students in K-12. In 2010, Lawrence had 11,053 students in K-12. However, 1331 of these students were "virtual students" not resident in Lawrence. The real enrollment of students in Lawrence schools has fallen from 10,000 to 9,000 students over the last 15 years. Lawrence is losing students to Eudora and Baldwin. Families cannot afford to live in Lawrence.

But the loss of students is not the most expensive outcome of the proliferation of students taking over single family neighborhoods. The most expensive outcome is that as families move to the outskirts of Lawrence the school board is forced to build new schools in new locations while closing down older centrally located schools. We now have a new High School required by families moving west. We now have new elementary schools which have been built even as central schools are being shut down. We are throwing away perfectly good schools because families are leaving their neighborhoods as KU students drive them out.

Landlords who house KU students in single family houses are profiting by destroying our local schools.

### **Summary**

KU students living in single family homes in Lawrence destroy family neighborhoods, destroy family housing and destroy public schools. Landlords who turn homes into businesses profit at the expense of families, the city and the schools.

This must be stopped.

Arly Allen  
Bob Blank  
Joan Stevenson  
for the Centennial Neighborhood Association.