



To: Lawrence City Commission
Cc: Tom Markus, Lawrence City Manager
From: The Chamber Board of Directors, Calvin Karlin, Chair
Date: June 23, 2016
Re: Economic Development Incentive Policies

The Chamber of Lawrence, Kansas is pleased to provide comments on proposed revisions to the City's economic development incentive policies which are currently being considered.

Local officials are elected to represent our community's best interests by weighing a multitude of factors when considering any type of proposal. To that end, our community's incentive policies are intentionally flexible, allowing elected officials the ability to compete with other communities and to evaluate each proposal on its own unique merits.

The Chamber opposes the addition of a "but for" clause to Industrial Revenue Bond (IRB) policy

The cost of IRBs to the City is a small portion of the sales tax on construction materials for a given project. The state picks up nearly 72% of the cost of this incentive. As currently written, this tool could be used on its own or in combination with other tools to promote infill development, enhancements to downtown Lawrence, parking above and beyond City code requirements, or any number of things Commissioners may consider to be of public benefit. Adding a "but for" clause to this incentive effectively eliminates many of its intended uses.

The Chamber opposes the addition of arbitrary affordable housing requirements in conjunction with a 50% cap to Neighborhood Revitalization Area (NRA) policy

The Chamber recognizes the need for more affordable housing in our community and supports efforts to address the issue. However, we are concerned about the unintended consequences of the proposed new language. Instituting a 50% cap on rebates, in conjunction with a somewhat arbitrary affordable housing provision, will likely mean fewer housing projects which exacerbates the affordable housing issue. We would strongly encourage a study be commissioned to better define and quantify the affordable housing issue. We are aware of community stakeholders, including the Lawrence Board of Realtors, who are willing to help underwrite the costs of such a study. City staff and the Affordable Housing Advisory Committee should continue to research best practices of communities that have had success in addressing affordable housing. Using this additional information, a plan can be developed which includes multiple funding methods with an understanding of the market impacts of each.

The Chamber opposes significant, open-ended increases to various incentive application fees

The unintended consequences of increasing application fees for various incentives should be carefully considered. Increased fees will be an impediment to smaller projects that meet community goals such as historic preservation. Neighborhood revitalization often takes place one property at a time. The increased and somewhat open-ended fee structure proposed will likely mean that only large developers will have the wherewithal to pursue these incentives.

We appreciate this opportunity to share our thoughts with you during this important process.