

Draft
City of Lawrence
Affordable Housing Advisory Board
October 10, 2016 minutes

MEMBERS PRESENT: Rebecca Buford, John Harvey, Dana Ortiz, Shannon Oury, Tim Stultz, Matt Sturtevant, Nancy Thellman

MEMBERS ABSENT: Emmanuel Birdling, Stuart Boley

STAFF PRESENT: Casey Toomay, Assistant City Manager; Diane Stoddard, Assistant City Manager; Britt Crum-Cano, Economic Development Coordinator; Scott McCullough, Director of Planning and Development Services; Jeff Crick, Planner II; Danelle Dresslar, Community Development Manager; Brad Karr, Community Development Programs Analyst

Chair Matt Sturtevant called the meeting to order at 11:02 am.

1. Approve minutes from September 12, 2016 meeting

John Harvey moved to approve the meeting minutes from September 12, 2016. Rebecca Buford seconded the motion. The motion passed 7-0.

2. Public Comment

There was no public comment.

3. Monthly Financial Report - August

Casey Toomay presented the board with the August Financial Report for the AHAB.

4. Consider letter of support for the United Way's application for Kansas Health Foundation Grant

Erika Dvorske, President and CEO of the United Way of Douglas County, spoke to the board about the United Way's application for the Kansas Health Foundation Grant. As part of the application process, the United Way underwent an evaluation on building its capacity. The United Way plans to build capacity in fund raising and program evaluation with emphasis on a particular housing program targeting a narrow subset of the population. The target group would be individuals on Medicaid, Medicare or are uninsured who are frequent emergency department users for non-emergent care. There would be an estimated 180 to 200 individuals targeted in this program.

Toomay presented the board with a draft [letter of support](#) that would be on the October 11, 2016 City Commission agenda for approval.

Shannon Oury moved to recommend forwarding the letter of support to the City Commission for approval. Nancy Thellman seconded the motion. The motion passed 7-0.

5. Review and consider recommendation of project:

Britt Crum-Cano gave the board an overview of the reason for the AHAB to review these projects, and reminded the board the changes to the economic development policy have not been approved yet.

1. Robert Schumm - multi-level, mixed use commercial and residential development at approximately 815 Vermont St.
 - a. [Original Staff Memo & Attachments](#); 6/7/16 City Commission Action: Defer the request back to staff.
 - b. [Reconsideration request Staff Memo & Attachments](#); 7/5/16 City Commission Action: Receive request; refer to staff for gap analysis, specifying the Neighborhood Revitalization Area rebate percentage level and duration that can be examined; require the applicant to enter into a funding agreement with the City to cover the cost of gap analysis; and, refer request to the Affordable Housing Advisory Board and Public Incentives Review Committee for review and recommendation.

Robert Schumm gave the board an overview of his proposed project, which would include one unit to be sold at below market rate to an income qualified buyer. The first floor is currently anticipated to be commercial space, the second floor offices, and floors 3-5 condominiums. The project would include a total of twelve condo units and a twenty two space underground parking garage. The 600 square foot affordable unit would list for \$98,000 and use a deed restriction to remain permanently affordable. The total subsidy on the affordable unit would be \$149,728 (\$38,000 on construction, \$60,000 in finishing charges, and \$51,728 for one parking space). Buford asked about the amount of HOA fees for the affordable unit. Schumm indicated the HOA fees have not yet been determined, but could be estimated at around \$200/month. If the final HOA amount puts the unit out of range for a buyer at 80% of MFI, he would reduce the selling price to compensate for the fees. Harvey asked what the price points were for the market rate condo units. Schumm said the average would be around \$225 per square foot for a white box shell with no finishings. Harvey asked if the developer would be partnering with a non-profit to locate and qualify a buyer for the affordable unit. Buford said Tenants to Homeowners (TTH) and the developer do not yet have an agreement, but if so TTH would find and qualify the buyer. Buford asked what the tax incentive amount is on this project. Crum-Cano said two analytical models are used, the cost benefit model to determine the fiscal impact to the four taxing jurisdictions (city, county, school district, state) and a gap analysis that identified the financial gap the developer needs for the entire project to go forward. The cost benefit model ratio for the City is 1.78; every \$1 of public incentive invested by the taxing jurisdiction in this project returns \$1.78; the ratio for the County is 2.56. The gap analysis showed a need for a 10 year/75% NRA rebate and the developer also requested a sales tax exemption on construction materials. Those two combined over a 10 year period will account for \$1.478 million. Thellman said in fairness to the developer, this project could have provided nothing towards affordable housing; the project as is provides for several of the AHAB priorities including mixed use, infill development with an affordable housing component. Oury said the important factors to her are the permanent aspect of the affordable unit and the opportunity for a low income individual to live downtown.

Thellman moved to recommend the project to the City Commission. Oury seconded the motion. The motion passed 6-0 with one abstention (Buford).

2. Williams Management LLC - multi-level, mixed use commercial and residential development to be located at 820-826 Pennsylvania St.
 - a. [Staff Memo & Attachments](#); 7/5/16 City Commission Action: Receive request; refer to staff for gap analysis, specifying the Neighborhood Revitalization Area rebate percentage level and duration that can be examined; require the applicant to enter into a funding agreement with the City to cover the cost of gap analysis; and, refer request to the Affordable Housing Advisory Board and Public Incentives Review Committee for review and recommendation.

Matt Gough with Barber Emerson, L.C., representing Williams Management LLC, presented the board an overview of the proposed project. The project would contain a restaurant/brewery on the first floor and fourteen apartments on the second and third floors. The applicant has requested economic development incentives in the form of a ten year NRA tax rebate and an IRB for sales tax exemption on construction materials and taxable labor. The applicant has proposed two affordable one bedroom rental units for a thirty year period. The project would use the LIHTC standards to establish a maximum rent and to qualify applicants who are at or below 60% of MFI, which currently would set the rent at \$840 with utilities. Buford asked what

the rent would be on the market rate units. Gough said the market rate one bedroom units would be estimated around \$1,000 to \$1,200 per month. Oury mentioned the Poehler and 9Del projects are also 30 year periods of affordability, so all of these units will go market rate around the same time. Harvey said 30 years is a reasonable time period for this type of project. Thellman asked why rental units cannot be held in permanent affordability. Oury indicated the long term administrative expenses involved in certifying and monitoring the projects make it difficult; she felt the best case scenario is permanent affordability, but it is not always financially best for some projects. Stultz said he felt the applicant is providing a greater public benefit by extending the affordability period past the economic development incentive period. Ortiz pointed out both projects are one bedroom units and do not address the issue of affordable units for families. Buford said she appreciated the 30 year period of affordability, but cautioned the applicant on the difficulty in qualifying individuals at 60% of MFI. Cano-Crum asked the board to assist City staff in developing a plan to monitor affordable units during the period of affordability. Oury agreed to assist staff in determining the information required to certify and monitor the affordable units.

Thellman moved to recommend the project to the City Commission. Stultz seconded the motion. The motion passed 7-0.

6. Review Economic Development policy recommendation memo

Diane Stoddard presented the board with a memo detailing the AHAB's recommendations to the City Commission on the subject of the affordable housing provisions in the City's economic development policies. Sturtevant asked if the income guidelines should be split to include both rental and homeownership. Buford agreed and indicated most of their homeowners fall in the 60% to 80% of MFI. Oury indicated their down payment match program usually is homeowners in the 80% to 100% of MFI. Stoddard reminded the board some projects might provide other public benefits desirable by the community. Harvey said the memo should state these recommendations are for private developers requesting economic development incentives; the recommendations might be different for projects funded with the Housing Trust Fund. Stultz asked about the option for a developer to provide a payment in lieu of building units; he felt those generated funds could be used to provide the more difficult to build units in the under 30% of MFI category. Buford agreed, as long as the payment in lieu is an appropriate amount, such as based on the current cost of an affordable housing unit. Oury said the cost for a unit in Mr. Schumm's project, for example, the payment in lieu would be \$150,000. Harvey suggested a higher factor to provide for scattered site units, for example a 1.25 factor, to motivate the developer to build the units instead of just always using the buyout. Toomay indicated the AHAB can always recommend it to the City Commission to consider. Stoddard said the wording could indicate the amount of the payment in lieu would require additional discussion. Stoddard said she would include the suggested changes in the [memo](#) to the City Commission.

Schumm suggested the AHAB recommend the ratio of affordable units be based on bedrooms rather than units; otherwise the developers are always going to just build one bedroom units to meet the requirements. Schumm also indicated the City needs a source of funds to address the need for affordable housing and he felt it should be a one mill increase by the City or the County, or the need will never be met. Thellman indicated a mill levy increase would require a public referendum because of the tax lid. Ortiz agreed with the idea of a ratio of bedrooms instead of units. Stoddard said she would include wording in the [memo](#) indicating a preference for larger than one bedroom units.

Harvey asked if a developer would be allowed to build two one-bedroom units or one two-bedroom unit to satisfy the affordable unit ratio. Oury indicated the vast majority of the waiting list for housing for LDCHA is for one-bedroom units, so she would hate to see developers cut out all one bedroom units just because it is cheaper per bedroom to build larger units.

Oury made a motion to approve the Economic Development policy recommendation memo as amended. Ortiz seconded the motion. The motion passed 7-0.

7. Receive AHAB Planning Retreat Summary

The board was given a [summary](#) of the planning retreat held on September 1, 2016. Discussion of the summary will be held at the next meeting.

8. Other New Business/ Future Business

The City Commission will hold a work session on Tuesday October 12, 2016 at 5:45 and will discuss the recommendations to the economic development policy.

9. Next Meeting.

Toomay said the November 14, 2016 meeting will include a discussion of the SMART Goals and Action Steps identified at the planning retreat, and possibly Ellen Willets from USD 497.

10. Adjourn

Stultz moved to adjourn the meeting. Thellman seconded the motion. The motion passed 7-0 at 1:06 pm.

Future Meeting Dates / Tentative Agenda items

November 14 – Ellen Willets USD 497 (possible), discuss SMART Goals and Action Steps from planning retreat, administrative policy to recommend letter of support for LIHTC applications

December 12 - discuss Housing Trust fund year-end balance, dedicated funding stream options

These minutes were approved by the Board _____.