

City of Lawrence

Affordable Housing Advisory Board

May 9, 2016 minutes

MEMBERS PRESENT: Emmanuel Birdling, Stuart Boley, John Harvey, Dana Ortiz, Shannon Oury, Tim Stultz, Matt Sturtevant, Nancy Thellman

MEMBERS ABSENT: Rebecca Buford

STAFF PRESENT: Casey Toomay, Assistant City Manager; Scott McCullough, Director of Planning and Development Services; Danelle Dresslar, Community Development Manager; Brad Karr, Community Development Programs Analyst

Vice Chair Shannon Oury called the meeting to order at 11:03 am.

1. Approve minutes from April 11, 2016 meeting

Chair Matt Sturtevant arrived. Two corrections were made to the April 11, 2016 meeting minutes, related to the correct spelling of Nancy Thellman's name and the listed next meeting discussion. Tim Stultz moved to approve the meeting minutes as amended from April 11, 2016. Nancy Thellman seconded the motion. The motion passed 8-0.

2. Public Comment

Robert Baker spoke about an affordable housing toolkit created by the [Center for Urban Pedagogy](#).

3. Monthly Financial Report - March

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

4. Consider Forwarding Recommendation for the Role of the AHAB in the 2017 Budget.

Toomay presented the board with a draft memo for the board to consider forwarding to the City Commission with a recommendation for the role of the AHAB in the 2017 budget. Stuart Boley suggested changing the first sentence of the memo to say "unless otherwise directed, the AHAB will not be making recommendations in the 2017 budget cycle" instead of "not ready". Boley also suggested adding a sentence under the first bullet point, about the housing demonstration project, stating the project was approved by the City Commission since it states it under the second bullet point about the transitional housing voucher program. Boley asked the word "source" be changed to "sources" everywhere it is used in the memo. Thellman suggested the leveraged amount be added to the first bullet point about the housing demonstration project.

John Harvey asked if the board would be comfortable if the City Commission recommended zero funding for the affordable housing trust fund in the 2017 budget. Boley indicated there will be plenty of chances for public comment, and it is possible the AHAB should weigh in if the recommendation is zero. Dana Ortiz asked if there should be something in the memo addressing that action. Boley said he thought they should just wait and see. Harvey was concerned with how the second sentence reads it could be zero funding. Oury indicated it could be zero whatever they recommend. Harvey agreed with not recommending a dollar figure, but his assumption was there would be something recommended for the trust fund. Boley said he does not anticipate the amount being zero. Stultz agreed there should be something in the memo addressing the board's assumption that at least some amount other than zero will be recommended. Thellman asked if a board representative should be sent to the public comment meetings. Boley indicated there are listening sessions scheduled on Thursday, May 12 and again on Monday, May 16. Harvey said he has to think about the constituency he represents for Lawrence Habitat for Humanity, and how he would respond to them if the City Commission recommends zero

funding for affordable housing. Boley indicated his constituents would also be asking him if zero funding were to occur. Oury suggested changing the second sentence to include "a significant level of funding". Boley suggested it state "Therefore the board recommends for 2017 the City Commission determine a significant amount of funding to be placed in the affordable housing trust fund and the sources of that funding."

Oury moved to approve the memo as amended and forward to the City Commission. Harvey seconded the motion. The motion passed 8-0.

5. Discuss Tax Credit Application Process and Role of the AHAB.

Dani Dresslar spoke to the board about the Low Income Housing Tax Credit (LIHTC) program administered by the Kansas Housing Resources Corporation (KHRC). The LIHTC program was created by Congress as part of the Tax Reform Act of 1986 to promote the development of affordable rental housing for income eligible individuals and families. It encourages investment of private capital in the development of rental housing by providing credits to offset an investor's Federal tax income liability. KHRC is authorized to issue \$60 million of 10 year credits each year. Typically the owner of the development sells the tax credits to a corporation or group of investors at the current average rate of 77 cents on the dollar. The proceeds provide equity in the development which reduces the amount of debt and allows the units to be rented at an affordable rate.

KHRC evaluates the applications for several criteria including the site and location of the project, the design, the development team, the targeting and extended use of the building and the financial characteristics of the project. The statewide competition LIHTC applications are due each year in February and are awarded in May. Projects have to be available to the general public, may offer accommodations for a specific type of occupant including seniors or persons with disabilities, must be permanent housing not transient accommodations (leases longer than 6 months), suitable for occupancy under the health, safety and building codes, and meet the requirements for income restrictions. The application also requires a resolution of support from the local governing body. The Community Development Advisory Committee (CDAC) has been the recommending body to the City Commission for this resolution, but it might be the AHAB is a better body to recommend these projects to the City Commission.

Scott McCullough stated there are instances when the local governing body does not support a development applying for LIHTC, such as if the project does not comply with the land use plans. Oury indicated the LDCHA is also asked to provide a letter of support for LIHTC applications, and this year there are three projects in Douglas County applying for the tax credits. The project in Lawrence might not be a project to receive support based on the location and the possibility of creating a concentration of poverty.

McCullough recommended the board establish some criteria to provide to staff, enabling staff to make an administrative recommendation to the City Commission. Staff would then report to the AHAB the projects recommended. Toomay indicated the City Manager also recommended staff administratively approve the recommendation for the letter of support instead of sending it to an advisory board for review. Boley said he would like to consider whether the City should have a policy on recommending projects for LIHTC which would provide guidance to the applicants on the criteria important to the City of Lawrence. Toomay asked if the criteria should be the same as the criteria used for the demonstration project. Oury indicated the criteria for permanent affordability would not apply. Sturtevant suggested Toomay write a memo outlining the criteria, using the demonstration project criteria as a starting point and decide if the AHAB should be the recommending body for these resolutions of support. Boley agreed with the City Manager, staff should administratively recommend the projects, and then provide a report at the next AHAB meeting. McCullough cautioned the board on making the criteria too strict; as a true public/private partnership these projects get affordable units on the ground and if the developers feel Lawrence is too restrictive, they will just build somewhere else. Boley said the requirement for not concentrating poverty is too important in the community and should be in the criteria. Toomay asked if land use requirements needed to be included in the criteria. McCullough said yes, infrastructure capacity and land use compliance do need to be addressed.

6. Continued Discussion of Staff Information on Affordable Housing Programs and Funding Sources.

Toomay indicated this item is just for the board to continue reviewing previously provided information on different affordable housing programs and possible funding sources. Oury provided the [LDCHA 2015 Annual Report](#) to the board and indicated the last page shows all of the programs they administer and the associated number of units. Oury also indicated her staff is working on a map showing where all of the units are located across the city. Toomay said a City intern will soon be working on a similar project. Ortiz asked Oury if the dollar amounts listed on the LDCHA Annual Report included the amount spent on case management. Oury said the amounts do not include case management; the agencies fund for case management out of their budgets. Ortiz said the amount spent on case management in relation to housing should be remembered during the funding discussions. Oury said the Lawrence Community Shelter (LCS) does not provide case management, so the agencies the LDCHA works with are often asked to take on new clients and fund the case management.

7. Other New Business / Future Business

Thellman asked if the board could receive some education on the inclusionary zoning language passed by the Kansas legislature. Sturtevant asked if the board wanted any other speakers to attend future meetings. Toomay said she will contact Ron May from USD 497 about attending a meeting after the school year has ended.

Ortiz discussed how the question “what is affordable housing” is seen differently by different people and organizations in the community. McCullough asked if the board knew how they would spend any 2017 budget money, if allocated; he suggested the board review the bigger picture questions previously provided to the board. Sturtevant suggested the board develop a wish list, listing some concrete ideas they would like to fund. Oury asked if the board wanted to continue the transitional housing voucher program for LCS guests, and if so where and how does LDCHA apply for the funding; she has been reluctant in the past to apply for outside agency funds because of the direct effect it would have on the agencies they partner with for case management. Ortiz agreed, and reminded the board any additional money provided to the LDCHA for vouchers increases the case management load on the partner agencies. Boley said the board should respond to the question of if the local non-profit agencies have the capacity to use any additional funding. Sturtevant suggested adding an agenda item to the next AHAB meeting for a discussion on what the board would like to see funded in the future. Ortiz said the wish list should include funding for agencies to provide case management. Toomay asked if case management funding should be the priority or building new units. Oury said for 2017, the priority should be transitional housing and case management because of the timeline and planning needed in building new units. Boley reminded the board this is for a five year budget, not just for the 2017 budget and the bigger picture should also include building units in 2018 and 2019. Oury indicated case management could be included in the voucher for each client, with LDCHA administering the billing hours and reimbursement to the agency for the case management. Ortiz said they have now seen individuals with a voucher in hand, but no unit to rent. Toomay asked if the shortage was because the units are not built, or the landlords will not accept the voucher. Thellman said she assumed there were ample units, just a shortage of vouchers. Oury said the transitional and VASH vouchers have the most trouble finding units because of the applicants past rental history. Ortiz agreed there is some risk for the landlord in accepting the transitional vouchers, but most of the risk is taken on by the LDCHA; some type of educational outreach to the landlords might be necessary.

Sturtevant suggested the board members prepare their five year wish list for the next AHAB meeting. Toomay said it might be necessary to push the wish list discussion to the July meeting; the June agenda contains the economic development incentive policy and reviewing the draft policy just discussed concerning the criteria for LIHTC recommendations. Sturtevant asked if waiting until the July meeting for the item would affect the 2017 budget review. McCullough indicated the board could report they are in the process of vetting the issues and narrowing down the vision for the next few years. Toomay said the draft policy for LIHTC criteria could be pushed back to later in the fall, since the next application period is not until early 2017. Sturtevant asked the board to have their wish lists sent to Toomay by May 23, 2016. Boley asked if the request for a wish list could also be sent to a wider group in general public. McCullough suggested, as part of the greater disbursement suggestion, the board could begin discussing the use of incentives to encourage building by developers. Sturtevant asked if the board should reserve more time for a longer discussion of these issues. Oury said she would like to schedule any longer discussion at a time the City Manager could attend to offer his expertise.

Boley said the City Manager would probably not be available until after his first one hundred days and he has come forward with his analysis of his time on the job.

Toomay asked if there was anything else the board wanted on the June agenda besides the wish list. Boley suggested the board discuss the appropriate year-end balance of the affordable housing trust fund; should money be left in there to accumulate or all be spent each year. Harvey asked why let money sit unspent. Boley agreed and said some City funds do need to have a balance kept in them, but he would be hesitant to leave money unspent in this fund. Toomay said she felt it should be a five year budget vision, with an accumulation of funds to be used on bigger projects in the future. Sturtevant said the wish list could include the last six months of 2016, to spend the remaining balance on something like an update to the CHAT report. Thellman asked if the City Commission would be less inclined to budget a significant amount to this fund if there is a remaining balance at year end. Boley said he does not understand the desire to accumulate a larger balance in the fund; he felt they should utilize the resources provided to meet some of the needs in the community right now. Toomay asked if the board was interested in updating the CHAT report housing study as a wish list item now, or possibly waiting until money is allocated to the fund by the City Commission. Sturtevant felt it should be included on the wish list with the other items for discussion. Oury asked Boley if he felt the board should not build a reserve to use on a bigger project. Boley indicated he felt if a balance is left in the fund, there should be a plan in place for using the balance; right now there is no plan for using the approximately \$78,000 balance in the fund. Harvey suggested the balance could be used for the case management previously discussed. Sturtevant suggested using some of the balance for a landlord education program to increase the acceptance of vouchers. Toomay suggested the use of the balance could be added to the wish lists the board will turn in by May 23, 2016.

8. Next Meeting

Because of scheduling conflicts, the board agreed to move the next meeting to 11 a.m. on June 6, 2016. Toomay indicated she will also send out a press release asking the public what future affordable housing activities should be considered.

9. Adjourn

Oury moved to adjourn the meeting. Ortiz seconded the motion. The motion passed 8-0 at 12:39 p.m.

Future Meeting Dates / Tentative Agenda items

June 6 – Discuss five year wish lists; Economic development incentive policy

July 11 – Ron May, USD 497 (if possible)

August 8

September 12

October 10

November 14

December 12

These minutes were approved by the Board June 6, 2016.