

City of Lawrence

Affordable Housing Advisory Board

July 11, 2016 minutes

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

MEMBERS ABSENT: Emmanuel Birdling, Rebecca Buford

STAFF PRESENT: Casey Toomay, Assistant City Manager; 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 11:03 am.

1. Approve minutes from June 6, 2016 meeting

Shannon Oury moved to approve the meeting minutes from June 6, 2016. Nancy Thellman seconded the motion. The motion passed 7-0.

2. Public Comment

There was no Public Comment.

3. Monthly Financial Report - May

Casey Toomay presented the board with the May Financial Report for the AHAB, which includes Projected 2016 and Projected 2017 information.

4. Continue discussion on Board wish lists

Scott McCullough reviewed the top five Board wish list items as voted on at the last meeting:

- Additional resources (money/land) to increase current efforts of local agencies (9 votes)
- Mixed use developments that include affordable housing (8 votes)
- Purchase of current affordable housing developments to prevent losing to open market (7 votes)
- Additional transitional/permanent supportive housing (6 votes)
- UniverCity program (5 votes)

A [brochure describing the UniverCity program](#) was provided to the Board members, along with copies of the previously provided documents describing sample affordable housing programs and sample methods of funding affordable housing.

John Harvey indicated he voted for the top two items with the understanding the resources would be used for the production of additional housing units. Sturtevant and Oury also indicated their votes for additional resources were for the development of additional units. Oury indicated it is very difficult for the Housing Authority to have enough resources to both purchase land and develop units; she asked if the additional resources would be used to purchase a large enough piece of land to allow local agencies to all develop new units, both rental and home ownership.

Stuart Boley felt the City has a goal of dispersing affordable housing throughout the community, but buying a large piece of land for local agencies to all develop would instead lead to a concentration of affordable housing. Boley felt the mixed use development item would be more where the City would like to go with the development of affordable housing. Thellman asked if the biggest gain would be to work with new

developments so resources would not have to be spent on buying land. Oury indicated that could lead to the best dispersal of the units. Boley said that is where the City is trying to go with the consideration of the new incentive policy, including addressing the public benefit of infill development.

Sturtevant suggested any recommendation to the City Commission about land acquisition should indicate the need for scattered site development, and perhaps the second wish list item should be moved up to be the most important priority. Tim Stultz said he thinks back to the HAND addition where the City provided the land and the Lawrence Home Builders Association built the houses to be sold under market value, but that model does not address the desire for scattered site affordable units. Stultz felt the scattered site approach of loading up new developments with the burden of affordable housing will still cause the new tenants and new homeowners in the subdivision to pay for cost of the affordable housing units; the burden is being shifted to a small segment of individuals. Boley said the Housing Trust Fund dollars could be used to help with sharing the burden. Thellman suggested the incentives not just be monetary, but include the incentive of a denser development. Oury felt the issue contains two tracks, home ownership and rental, which need different levels of additional units and could require different tools to ensure the dispersal of the units across the community.

Sturtevant said he is hearing two separate issues being discussed; additional resources for development and suggesting policy changes to include affordable housing in new developments. Dana Ortiz agreed with Oury concerning the difference between affordable units for rental and affordable units for home ownership. Ortiz indicated Family Promise in the last week received calls from 32 new families looking for assistance because they cannot afford to rent here in Lawrence. Oury said the Board should consider the entire spectrum of housing, including transitional and workforce housing. Sturtevant suggested rewording of the number four item to include both transitional and workforce units and also asked if the mixed use development item is more for workforce or transitional units. Oury said the policy could be crafted in any way, such as a development with 20% of the units for those below 40% of AMI, another 20% for those below 60% of AMI and also retail, to spread out the cost of the development. Sturtevant asked if it is reasonable to be able to create a policy to include transitional housing or would most developments be aimed at workforce units, because of the increased cost of subsidizing the transitional units. Boley said he saw the mixed use development item more as including workforce housing. Oury agreed and said it would be really tough to make the project work financially if including the transitional housing model. Ortiz said almost all of the transitional housing people are working. Sturtevant suggested the Board make clear in their language either a dollar amount of income or a percentage of the AMI, instead of using the term workforce.

Boley asked if providing additional units in the owner-occupied end of the housing spectrum opens up units for those in the lower end of the spectrum. Harvey said yes, often that happens. Oury said while every new homeowner unit helps, the 3 or 4 new units per year being added by Habitat for Humanity and Tenants to Homeowners won't solve the need for additional transitional housing.

Casey Toomay asked if the Board wanted to address all of the columns in the Housing Vision, or if the resources would be diluted by spreading across the entire spectrum. Ortiz mentioned the research completed earlier by Justice Matters identifying additional transitional housing as a goal. Toomay asked if the Board was in agreement with that suggestion. Oury mentioned other types of housing discussed by the board including permanent supportive housing and the need for pairing that type of housing with on-site case management. Thellman said the County is also discussing the mental health issue and providing additional transitional housing for those getting out of jail or receiving a diversion instead of jail, would be a high priority. Ortiz said all columns in the Housing Vision chart need case management to be successful; she said that is why she does not like the Housing First model because it only addresses the physical unit and not case management to help keep people housed. Toomay asked if the Board is considering applying resources to the emergency shelter column or the temporary housing column of the Housing Vision chart. Ortiz said this Board examines issues around affordable housing, which seems different than emergency shelters. Oury indicated how difficult it would be to create new permanent supportive housing because of the required level of care for each individual; she felt the Board was more often discussing the transitional and first-time homebuyer programs. Sturtevant referred to the 2005 [CHAT report](#)'s executive summary, which gives a ten year projection of the need for both rental and home-owner units at different rent and purchase price points; maybe the board

needs to define what category is affordable housing. Oury said most individuals in permanent supportive housing pay nothing in rent. Dresslar explained the dual diagnosis requirement of the permanent supportive housing program, both substance abuse and mental health issues.

Sturtevant asked if the board should use income levels to determine affordability in the different housing programs. Oury suggested using an eligibility band for each type of housing. Sturtevant asked what would be the eligibility band for transitional housing. Oury said the vast majority of individuals in the transitional housing program earn 30% or below of AMI, most were working jobs in the lower end of the income spectrum. Toomay asked if it would be helpful to the Board to know where the majority of the Lawrence population falls in the eligibility band. Ortiz said the information would be useful to see the proportions and where the Board should focus their efforts. Oury indicated more than 70% of the people assisted at LDCHA are in the 30% or below of AMI band. Harvey said they have no idea how many individual in the above 50% of AMI Lawrence is losing to other communities because there are no affordable units for them here. Oury indicated some of those numbers are in the census data, but the data can be outdated. Jeff Crick said there is some data available on commuting patterns in Lawrence; some of the data will be income correlated and will show people from Jefferson and Leavenworth coming in to Lawrence to work, while people in Lawrence will be going to Kansas City and Topeka to work. Crick explained 1/3 of the population comes in to work, 1/3 of the population leaves to work and 1/3 of the population both live and work in Lawrence; the estimated income bands from 2010 data would usually be \$50,000-\$80,000 for those who work and live in Lawrence, those coming in to work in Lawrence would be in the \$30,000-\$50,000 range and those leaving Lawrence to work would make \$80,000-\$100,000. Boley asked if those numbers were household or individual income levels. Crick stated those would be individual earner income figures, so assuming a household is 2.23 people in Douglas County, those numbers would be higher for total household income.

Sturtevant suggested the Board rewrite the top wish list items to include clearer program descriptions:

- Additional resources (money/land) to build housing for the 0% to 30% of AMI eligibility band
- Additional resources (money/land) to build housing for the 30% to 50% of AMI eligibility band
- Advocate for policy of mixed use developments that include housing for the 30% to 50% of AMI eligibility band;

And still need a rewording to describe the eligibility band of the UniverCity redevelopment program.

Boley indicated he thought the UniverCity program would be aimed at the 30% to 50% of AMI eligibility band. Oury pointed out on the UniverCity brochure the program describes qualifying individuals in the 140% to 160% of AMI band, which is a whole different ballgame for affordable housing in Lawrence. Boley said KU is spending around \$350 million redeveloping around the 19th Street area across from his house, and his single family zoned neighborhood is under pressure and probably already over 50% rentals; this program could be aimed at the workforce or 30% to 50% of AMI eligibility band to shore up the neighborhood which is under pressure, but also other neighborhoods in the City. Oury said it is probably cheaper for 3 KU students to rent a house in Boley's neighborhood than live on campus; Boley said more like 4 or 5 students, not 3. Sturtevant said the number three item on the wish list would be similar to this program, Purchase of current affordable housing developments to prevent losing to open market. Boley said it would be the purchase of current rental houses to preserve the owner-occupied character of the neighborhood. Harvey said such a home-owner program or a mixed use development would more likely be in the 50% to 80% of AMI; the numbers don't work at the 30% to 50% level. Boley suggested the program could be aimed at the 65% of AMI band.

Harvey said he sees two challenging priorities for the board to embrace:

- Create affordable ownership and affordable rentals aimed at a workforce income category of 50% to 80% of AMI; with policies, incentives and modest amounts of money things could be done to move the needle of affordable housing
- Housing programs aimed at the under 40% or 50% of AMI band are a priority but more difficult to move the needle if trying to create permanent supportive housing

Oury said the Board does not need to have a solution to both of those challenges before starting.

Sturtevant asked how the Board should prioritize between the different wish list items of:

- Buy/Build aimed at the 50% to 80% of AMI band

- Buy/Build aimed at the under 50% AMI band
- Create policy aimed at the 50% to 80% of AMI band
- Create policy aimed at the under 50% AMI band

Oury suggested creating a matrix of all of the income eligibility bands and rental or home ownership strategies under each one. Oury also said she is struggling with just the Buy/Build strategy, when there are other possibilities such as participating with a private developer.

Toomay sketched a rough draft of a matrix containing the income eligibility bands in relation to creating policy and projects that require direct investment. Thellman cautioned against arbitrarily making a recommendation just to get something down on paper and show progress; she mentioned the earlier discussion of having a retreat including the new City Manager to deeper discuss the issues before creating new policy. Oury agreed the outline of the matrix is great, but more information would be needed to fill in the boxes to reflect the needed demand. Thellman asked if the demand for each income band is information that is available, or would that require a contemporary study. Toomay said from staff's perspective, a study would provide information and data we don't currently have; staff has some data and has tried to provide it to the Board. McCullough said yes a study would be helpful, but may be unrealistic at this point; he suggested the Board continue to have these discussions in future meetings and staff will try to listen and provide a concise list of issues it seems the Board would like to focus on. McCullough pointed out the CHAT report concluded resources should be focused on the needs of those in the 80% to 100% of AMI income band, but the Board might come to a different conclusion. McCullough said he is hearing the Board discuss projects to invest money in, but also create policy to help developers in the community assist with creating affordable housing because the problem cannot be solved with \$300,000 per year in the Housing Trust Fund; any funding source would have to be multi-faceted. Boley agreed with needing more information and having a retreat to create reasonable goals that are worth obtaining.

Toomay asked who the Board would like to invite to the retreat to provide additional information and what other data points do they feel are lacking. Oury suggested a Realtor could provide information on the demand for homes at the different price points. Sturtevant suggested a representative from the Salvation Army since they provide some permanent supportive housing in Lawrence. Thellman suggested someone from Bert Nash. Boley suggested Larry McElwain. Thellman suggested having a professional facilitator who understands what the Board is trying to get at, and could provide expertise in the area. Oury said each of the local practitioners could bring data and demographics on current waiting lists for services.

Sturtevant said the Board is closer to having a common vocabulary of the issues, but now needs to set the theory aside and discuss how the board responds to actual proposals from developers. Ortiz said she felt a little depressed from the heaviness of the conversation and the daunting task before them, but wanted to encourage the Board to realize the opportunity allowed by the recommended demonstration project; many Family Promise program graduates will have the opportunity to apply for housing thru Habitat for Humanity and 7 once homeless families have now qualified for housing with Habitat. Thellman said the \$300,000 budgeted every year for the next five years by the City of Lawrence is a big deal, even if some consider it peanuts in terms of the vast problem. Thellman said the County is also putting forth an initiative they think will provide more case management, so the needle is starting to move some in ways that have not been considered before.

5. Review [Ordinance No. 9129](#) establishing the Affordable Housing Advisory Board and discuss the role of the Board in hearing specific development proposals

McCullough said this agenda item was established before a recent City Commission item last week probably answered the question of the Board's role in hearing specific development proposals. The City Commission had received several requests for incentives from developers who are interested in having an affordable housing component in their project. The City Commission thought the experts on the AHAB would have a better insight on the affordable units in these projects and be able to help the City Commission understand whether these are the right kind of projects to receive incentives. The original agenda item was to study the ordinance to see if the AHAB had the authority to speak to individual developers, but the City Commission has now directed the Board to review the two projects.

McCullough said Dan Watkins is an attorney representing a project at the southwest corner of Bob Billings Parkway and the K-10 highway interchange. An application has been submitted to the Planning Department to annex and rezone approximately 120 acres, and the land owner is interested in what an affordable housing component in the project would entail. One concept discussed during Horizon 2020 meetings is the idea as developments ask for City services during annexation, which they will profit from, social justice issues should also be discussed; it could be in the form of contributions to affordable housing, the arts, schools or another area. There is no policy currently that says developers have to include an affordable housing component in an annexation request, but Dan Watkins would like to hear from the Board what they think affordable housing in a new development would look like.

Sturtevant referred the Board to section 1-1808 of Ordinance No. 9129 which lists the Board duties. Boley indicated the City Commission referred two projects to the AHAB to review, so the role of the Board seems clear on those projects but what would be reviewed in Mr. Watkins project. McCullough said there are a number of options to frame up a potential program for a project the size Mr. Watkins is representing. The owner is interested in what the desire of the AHAB would be, if they had the opportunity to frame a part of the project. Toomay said other developers have contacted her about projects, but she advised them until the City Commission directs the AHAB to review an item it would fall out of the scope of the Board. Boley said 1-1808 (a) says "To Advise the Governing Body regarding issues affecting affordable housing and supportive services in the community." Boley felt a proposal from a developer is an issue affecting affordable housing. Toomay asked if the Board would decide yes or no on a project or what would be the desired recommendation from the AHAB to the City Commission. Boley said the City Commission is looking to the AHAB to offer advice on a proposal, which is very open-ended; it might be the AHAB has no advice on some projects. Oury offered an example of a project in New York City where the developer proposed a separate entrance to the building for the low income residents; the AHAB would not recommend a project containing such a proposal to the City Commission. Thellman felt the Board does need a definition of what is their authority. Boley said the authority is to advise the City Commission and he is interested in hearing Mr. Watkins' comment on the process. Toomay did not feel the public was adequately notified the project and process would be discussed at this meeting. Oury indicated the Board members are not all elected officials and there would be no binding decision made during the meeting. Thellman said it would be interesting to hear what the land owner needs from the Board and what questions they have on the process.

Dan Watkins spoke to the Board about his representation of Don Hazlett and the application for annexation and rezoning of the property. The owner, Don Hazlett, would not be platting the property right now, but is interested in community benefit; at this time he is not asking for incentives. Boley asked if the owner is interesting in bringing a proposal to the AHAB before going to the City Commission, or having a discussion with the AHAB about aspects of the proposal. Watkins said they are interested in understanding what the AHAB is doing and how a community benefit could be developed, keeping in mind the property would not immediately be platted and a developer would be involved in the future. McCullough said it is sometimes helpful to have real live examples of projects as policies are being discussed; this could be an interesting sample case to examine possibilities while framing an incentive policy that benefits the owner, developer and the City.

Sturtevant said this discussion highlights the need for a retreat to further discuss programs and policies, and quickly based on comments and actions from developers. Stultz agreed, and said at this point even he could not design a project to be recommended by this Board. McCullough said current incentive packages react to development projects, but if the City had a package of incentives that was proactive, developers would have guaranteed incentives instead of discretionary incentives.

6. Discuss Housing Trust Fund year-end balance

Due to time constraints, this item was deferred to a future meeting.

7. Other New Business/ Future Business

There was no new business/future business to discuss.

8. Next Meeting.

The next meeting will be August 8, 2016. Toomay said she has not heard back from Ron May about speaking at the next meeting. Oury offered to attempt to contact Ron May.

The Board tentatively agreed on September 26th, 2016 to hold a retreat; staff will send out a poll to confirm with Board members not in attendance.

Ortiz asked if the two development proposals to be reviewed could be made available to the Board members before the next meeting; Toomay said yes.

Thellman asked about having a facilitator or someone with experience in creating affordable housing policies at the retreat. Toomay said staff would discuss who that might be and how much it would cost. McCullough said the Board should develop a list of questions and topics to be covered at the retreat, and possibly have someone from Boulder, CO on Skype to discuss their programs. Oury offered to talk to the ED in Boulder about the possibility of speaking by Skype at the retreat.

9. Adjourn

Oury moved to adjourn the meeting. Thellman seconded the motion. The motion passed 7-0 at 1:05 pm.

Future Meeting Dates / Tentative Agenda items

August 8 – 2017 budget allocation, Ron May (if possible), review two development proposals, questions and topics for retreat

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

October 10 - tax credit project policy

November 14

December 12

These minutes were approved by the Board August 8, 2016.