

# City of Lawrence

## Affordable Housing Advisory Board

### September 12, 2016 minutes

MEMBERS PRESENT: Stuart Boley, Rebecca Buford, John Harvey, Dana Ortiz, Tim Stultz, Nancy Thellman

MEMBERS ABSENT: Emmanuel Birdling, Shannon Oury, Matt Sturtevant

STAFF PRESENT: Casey Toomay, Assistant City Manager; Diane Stoddard, 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

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No Chair or Vice Chair present. Stuart Boley called the meeting to order at 11:03 am.

#### **1. Approve minutes from August 8, 2016 meeting**

Tim Stultz moved to approve the meeting minutes from August 8, 2016. John Harvey seconded the motion. The motion passed 6-0.

#### **2. Public Comment**

Pastor Randy Weinkauff spoke to the board about effort by Justice Matters to address the issue of affordable housing in Lawrence, and the goals identified by the AHAB in the recent retreat. Pastor Weinkauff thanked the AHAB for establishing a ten year goal of solving the affordable housing problem in Lawrence.

Robert Baker, Chair of the Lawrence Affordable Housing Coalition, thanked the City and the board for the recent retreat and for including public participation in the exercises. Some items discussed at the retreat mirror the [recommendations previously provided](#) by the Lawrence Affordable Housing Coalition to the board.

Paula Monroe, Social Action Justice Team for the Unitarian Universalist Congregation of Lawrence, spoke to the board about her difficulties finding a three bedroom rental in Lawrence with a roll-in shower for her daughter who was in a car accident. She indicated there was only one such unit in Lawrence, with a ten year waiting list. She asked the board to keep this shortage of accessible units for those under fifty five in mind when discussing affordable housing.

#### **3. Monthly Financial Report - July**

Toomay presented the board with the July Financial Report for the AHAB.

#### **4. Consider criteria to be used to review affordable housing components of pending tax incentive projects**

Toomay reminded the board about a previous discussion of changes to the City's economic development policies and the inclusion of an affordable housing component. The AHAB had previously provided three recommendations regarding affordable housing:

- Partnership provision: Provide additional incentives for private projects that will partner with non-profit housing agencies to manage, monitor, and maintain affordable housing units.
- Redirection of Proceeds after Expiration: After the incentives period has expired on TIF or NRA projects, redirect a portion of project-generated incremental tax revenues to the affordable housing trust fund.

- Affordable Housing Duration: Reduce the affordable housing set-aside percentage in exchange for a longer affordable housing maintenance period (e.g. 15% set aside for 30 years vs. 35% set aside for 15 years).

Diane Stoddard gave the board a [memo](#) on the status of recommendations various boards have made related to the affordable housing provisions in the economic development policies.

The City Commission has referred two requests for economic development assistance to the AHAB for review and recommendation:

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.
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.

These applicants will be at the October 10, 2016 AHAB meeting to discuss their projects. Toomay explained without a formal policy adopted, there will not be any established criteria to compare on these two projects. Thellman asked if the AHAB should have a matrix to weigh future proposals. Stoddard said the role of the AHAB will be to pass on recommendations to the City Commission regarding the affordable housing component; the criteria used to do that should be incorporated into a policy so the applicant will know in advance, not at the time they come to the AHAB for review. Thellman asked about the process of developing criteria, and expressed a need for staff help in using the correct language, numbers, and narrative in making policy recommendations. Stoddard suggested the AHAB brainstorm as a group what type of questions they might ask an applicant and create a list to add to the policy; the list of questions might even evolve, especially after reviewing the two applications at the October meeting, for example is there an expectation of management of the units by an outside agency to handle the affordable unit requirements. Boley asked if essentially the AHAB is trying to define the public benefit component of the project in terms of affordable housing. Toomay said yes, it is an accurate assessment.

Toomay said one outcome of the retreat was a better definition of what is affordable, with the AHAB specifying those below 60% of MFI and a strong preference for those in the 30% to 60% of MFI range; Toomay asked if that is the kind of language the AHAB would like to see in the policy. Boley said it would be a different range depending on rental or ownership, with ownership being more in the range of 80% of MFI. Buford said more in the 60% to 80% range for ownership; she said the average for Tenants to Homeowners is 62% of MFI in their homeowner program. Toomay asked if the board should define where they are getting the income data from. Crick said the source would be the HUD Median Family Income for the most recent fiscal year.

Boley said the board needs to discuss permanent affordable housing for a real public benefit; a benefit period based on the incentive period essentially is creating a problem for those down the road. Boley said he would go for a lower number of affordable units to gain the permanent component. Buford agreed and said the

deferred maintenance issues at the end of the period of affordability leads to properties needing a lot of money invested to make them affordable again. Stultz said he felt the policy should not require permanent affordability; the city needs economic development and better paying jobs, not a policy so specific it drives developers away. Stultz also said there should be a provision in the policy to provide a donation to the Housing Trust Fund instead of providing actual units in the project.

Thellman suggested giving more weight to projects built to Universal Design standards and rewarding projects with a scattered location of affordable units. Thellman also suggested taking into consideration developers who are willing to renovate existing housing stock.

Harvey asked how the developer is held accountable for the affordable unit and what the reporting requirements would be, especially in a rental unit. Toomay asked how Low Income Housing Tax Credit (LIHTC) projects report on their units. Buford said they have to report to the Kansas Housing Resource Corporation (KHRC) and it would be a good example of developer partnerships with a non-profit agency to manage the units and perform the annual income certifications.

Thellman asked if the board should favor projects near schools or public transportation. Harvey said there are so many variables, but maybe those items would be more important in rentals units developed for the 30% of MFI income range.

Toomay asked the board what they are going to want to know from the two applicants at the next meeting. Stultz said he would want to know how much is the incentive, how long is the incentive period, and what the structure of the incentive is. Harvey said since there is no policy now to compare these two projects, this is an opportunity to hear what the applicant brings to the table; what does the developer need to fill the gap and what are they offering in the project. Thellman said she is interested in if the developer is working with an agency such as a non-profit partnership. Harvey asked if the policy will be set in stone, or will the AHAB be able to make recommendations to the City Commission on certain aspects of a project. Stoddard said other advisory boards make whatever recommendation they believe appropriate to the City Commission, even if a project does not quite meet the thresholds in the policy.

Stoddard asked the board if their expectation was the affordable units would be located in the project itself, or could developers make a donation in lieu of actual units. Boley indicated one applicant had a plan to build an affordable unit outside of the site, but the City Commission did not receive it favorably; the direction of the City Commission seems to be the units would be on the same site. Stoddard said for economic development purposes, the affordable housing criteria would only come into play in projects containing a mixed use with residential units. Thellman said she didn't think they should shut the door on the possibility of a donation in lieu of affordable units, because local agencies can leverage those donated dollars. Boley said the dispersal of affordable units is the goal; if you concentrate the affordable units with the donation process, you are negatively impacting the dispersal. Buford said if you look at zoning and incentive policies across the country where there is an in lieu donation option, the donation is almost always chosen by the developer because it is a cheaper option; a better written policy would equate the donation to the cost of a market unit. Toomay said the policy should not list a specific dollar amount, but instead equate it to the cost of a specific number of market rate units. Buford said the donation amount could also be the cost of a unit targeted toward those under 30% MFI, since those units are harder to include in a project and may require case management.

Toomay asked if there were other items about the units besides universal design the board would like to see. Harvey said possibly Energy Star rating. Stultz and McCullough said the energy code in Lawrence is already tight right now. Buford said it is more challenging in the rehab of an older unit. McCullough asked if there were any equity issues the board would like to examine in the building itself, for example if people are being treated fairly in the project overall. Harvey said it would be good to hear a general statement from a developer what their approach is on equity issues.

Buford asked if the percentage of MFI would include expenses such as utilities or parking and HOA fees. Stultz said maybe bump the percentage of income spent on housing to 35% to allow for those expenses. Buford said

the board could ask the developer up front to describe any fees associated with the project. Boley said it could be described as the cost of occupancy.

Toomay asked the board what the two applicants next month will walk away with from the AHAB; is it a yes/no vote on each project, or recommendations to consider in future projects. Boley said these two developers already have their packages established. Harvey agreed the AHAB does not have an official role in these two projects; recommendations would be to the City Commission on policy for future projects. Thellman said the board could talk to these two applicants about what they needed in developing the project but did not have. Buford said the City Commission would have the ability to add requirements to the project, so the AHAB could give thumbs up but list additional items to make the project ideal.

McCullough asked the board for future projects how important will it be the developer hit the range of 60% of MFI or below; the developers might just see the 60% number and only plan for it, while not addressing the needs of the lower income ranges. Harvey said the policy could weigh the incentive to address multiple income ranges. Buford said LIHTC projects have a minimum targeting of two MFI levels. McCullough said the policy could detail the board's expectation, to then allow the developers to determine the gap needed to make the project work. Boley said this is just one tool, and he is not sure this tool would address all concerns the board has about affordable housing; the trust fund would be another tool. Boley said it is possible even with incentivizing, they might not be able to do the below 30% of MFI range because of the extra expenses involved; does the board want to use this economic policy tool to address that income segment, which might make the project so difficult they might not get anything. Stoddard said the policy language could address the 60% minimum and also say units for lower income ranges are highly encouraged; the lower income range units would also affect the gap analysis, which provides a weighting of some degree. Toomay said the donation rate could be set at addressing units for the below 30% of MFI income range. McCullough said the board needs to make clear their expectation. Buford said there might need to be education along with the policy to explain the income range, instead of the developer just aiming for exactly 60% of MFI.

## **5. Other New Business/ Future Business**

Boley mentioned two dates of upcoming programs concerning fair housing. On September 30, 2016 there will be a program at the Watkins Museum of History called *The Art of Conversation: Segregation and Civil Rights*; on October 3, 2016 there will be a program at the Library called *Diverse Dialogues on Race and Culture: Fair Housing at 50: Then and Now*.

Harvey said postcard invitations will be going out for the September 24, 2016 groundbreaking of the Lawrence Habitat for Humanity house being built as part of the demonstration project on La Salle.

## **6. Next Meeting.**

Toomay said the October 10, 2016 meeting will include the presentation from the two applicants who have requested economic development incentives, a draft report from the retreat, and the review of a letter of support for the Kansas Health Foundation grant from the United Way.

## **7. Adjourn**

Thellman moved to adjourn the meeting. Stultz seconded the motion. The motion passed 6-0 at 12:20 pm.

### Future Meeting Dates / Tentative Agenda items

October 10 - review two development proposals; letter of support for Kansas Health Foundation grant; draft report from the retreat

November 14 - Ellen Willets (USD 497), discuss Housing Trust fund year-end balance

December 12 - dedicated funding stream options

These minutes were approved by the Board on October 10, 2016.