

City of Lawrence

Affordable Housing Advisory Board

November 14, 2016 minutes

MEMBERS PRESENT: Rebecca Buford, Shannon Oury, Tim Stultz, Matt Sturtevant, Nancy Thellman, Erika Zimmerman

MEMBERS ABSENT: Emmanuel Birdling, Stuart Boley, Dana Ortiz

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

Chair Sturtevant called the meeting to order at 11:03 am.

1. Approve minutes from October 10, 2016 meeting

Stultz moved to approve the meeting minutes from October 10, 2016. Oury seconded the motion. The motion passed 6-0.

Erika Zimmerman, Executive Director of Lawrence Habitat for Humanity, was introduced as a new board member replacing John Harvey, Director of Resource Development for Lawrence Habitat for Humanity. Sturtevant thanked Harvey for his service on the AHAB.

2. Public Comment

There was no public comment.

3. Monthly Financial Report - September

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

4. Consider approval of AHAB mission statement and vision created at retreat.

The board reviewed the mission statement created at the September 1, 2016 retreat. The board agreed on "The mission of the Affordable Housing Advisory Board is to recommend to the City Commission on ways everyone in Lawrence has access to safe, quality affordable housing and supportive services necessary to maintain independent living with dignity." Oury moved to approve the mission statement. Stultz seconded the motion. The motion passed 6-0.

The board also discussed approval of the vision statement of the AHAB. The board agreed on "Opportunity for affordable housing and supportive services for everyone in Lawrence." Buford moved to approve the vision statement of the board. Zimmerman seconded the motion. The motion passed 6-0.

5. Discuss SMART Goals and Action Steps identified at retreat.

Toomay reminded the board of the past discussions on defining what is affordable. The board had previously identified affordable as below 60% of MFI, with a preference for 30% to 60% for rental housing and up to 80% of MFI for homeowner housing. Toomay asked if the board would like to adopt a definition of affordable at a future meeting. Oury said the definition would depend on whether the board is recommending affordable housing trust fund dollars, or part of another project not requesting trust fund support. Buford agreed the board should have a broad definition of affordability, but could also target different income levels for different allocations, such as prioritizing trust fund dollars for the lower income levels. Buford said there is no reason to reinvent the wheel when HUD provides a definition of affordable and supplies the data for our area. Buford

said she wanted to apologize for not paying closer attention to the Low Income Housing Tax Credit rents proposed for the Williams project at the last meeting. All projects receiving LIHTC funds are required to provide units targeted at multiple low income levels, not just serving the 60% of MFI as the project proposed, and the LIHTC income requirements are based on 1.5 persons per unit. Oury asked if the board would ever recommend against a project offering affordable units, regardless of the income level targeted. Toomay indicated part of the board's recommendation for the tax incentive policy set a recommended income level, but a different standard would apply if the project was not asking for tax incentives. Oury said it was difficult because there was no policy to guide the board when asked to review the two recent projects; other projects approved in the area use the LIHTC standards. McCullough asked if a detailed table for different project incentive types would help establish a definition of affordable. Oury indicated HUD has different income charts for different programs, so the board would need to be specific on which standard it is using for the definition. Buford suggested using HUD Fair Market Rents (FMR) as a guide for determining affordability. Oury said HUD sets the FMR at the 40th percentile rent for the area, while the LDCHA uses 110% of HUD FMR to determine maximum rents because of the difficulty in finding available units at HUD FMR. Oury said the maximum the LDCHA will pay for a one bedroom unit with utilities is \$704, which is 110% of HUD FMR of \$640.

Thellman suggested the topic of what is affordable should be on a City Commission study session to talk through the matrix possibilities and give an explanation of what and why the AHAB chose the recommended income levels. Buford agreed and said it would provide an opportunity to address the recent criticism of the AHAB's recommendations. Oury said it would be good to get direction from the City Commission on whether to focus on the entire affordable housing spectrum, or just the lowest income levels. Toomay said she anticipated affordable housing being one of the topics in the upcoming strategic planning process, and a study session could coincide with the process. Oury cautioned against setting the affordability limits at a level which would rule out LIHTC applications. Thellman said the board should be careful not to panic or react to public disapproval and thereby cut out other available opportunities. Toomay asked if the recommended policy should contain language specific to LIHTC projects. Oury said the KHRC sets the LIHTC standards, and selects applications which best serve the lowest income levels. Thellman asked if defining affordable is a complicated enough question to deserve a separate meeting. Toomay said some members of the AHAB could meet with Tom Jackson of NDC and other city staff to work on defining some level of affordability and bring it back on a future AHAB agenda. Sturtevant agreed a sub-committee of the AHAB should meet with Tom Jackson.

Stultz asked what 60% of MFI is in Lawrence for a family of one. Karr said it is \$31,380, using the 2016 HOME Income limits published by HUD. Stultz said spending 30% monthly of \$31,380 on housing results in \$784.50 a month for rent and utilities. Stultz said that is the number he would like the AHAB to use for the base of defining affordable housing. Buford said the recent Williams project would not be able to qualify a family of one under 60% of MFI while only spending 30% on monthly income on housing, since they are setting the rent at \$840 per month. Toomay asked what 60% of MFI for a family of two is in Lawrence. Karr said \$35,880. Toomay calculated 30% monthly of \$35,880 results in \$897 per month for rent and utilities. Toomay suggested discussing using 60% of MFI with Tom Jackson. McCullough showed the board the definition of affordable used by Iowa City, which is 80% of MFI. Thellman said the board needs direction from the City Commission on their income level priorities. Toomay said she would discuss getting this on a future City Commission study session.

Sturtevant said several of the SMART goals and Action steps identified at the retreat are fast approaching the deadlines set by the board. Item #2 identifies first quarter 2017 as a goal, items #3 and #7 list updating the CHAT report as a goal, and item #5 lists first quarter 2017. Oury asked if NDC would be providing any analysis on local market data. Toomay said no, but the Board of Realtors has expressed an interest in helping with market data. McCullough said both the Board of Realtors and the LHBA said they would be interested in partnering to do an objective comprehensive housing study. Toomay suggested moving up item #4 on the timeline to engage the new partners. Sturtevant asked if the new partners needed to be on the board to begin the housing study. Toomay asked if partnering on the study meant the city would share in the cost. McCullough said the governing body had previously indicated they would not fund a market study, but that could change with the AHAB now having a year of work that has exposed the need for a study. Toomay suggested she and Sturtevant reach out to the Board of Realtors and the LHBA to discuss the possibility of

partnering on a new comprehensive housing study. Buford asked if the AHAB needed to state their agreement with the need for a study. Toomay said the AHAB could make a recommendation for funding a new study. Larsen asked if a study would define affordable housing. Sturtevant said the last CHAT report identified the number of units needed for different income levels and also identified some potential funding sources. Larsen asked if it would slow down current efforts on incentives. McCullough said no, it would provide a more refined target. Oury said she thought the initial hesitation on funding a study was spending every dollar in the housing trust fund, but now there is an opportunity to partner on the cost with other interested parties.

Sturtevant asked if an invitation to join the AHAB needs to be sent to the identified new partners, including the Chamber of Commerce and KU. Toomay said she would work on a draft memo asking the City Commission to amend the ordinance to add additional members to the AHAB. Oury said the AHAB might need to meet with representatives of the Chamber and KU to identify their priorities. Sturtevant suggested waiting on item #4 until Commissioner Boley is in attendance. Stultz offered that he is on the Chamber board.

Toomay asked if the board wanted to formally adopt the SMART goals and Action Steps today, or continue the discussing at the December meeting. Oury said she would like to continue reviewing the goals and steps before adopting. Sturtevant suggested each board member review and be ready to amend or adopt the goals and steps at the December meeting. Buford asked if the December meeting would have an update on the CHAT report partnership. Toomay said yes, there would be an update provided at the December meeting.

6. Receive Low Income Housing Tax Credit letter of support memo.

Toomay explained the memo on requests for resolutions of support for LIHTC applications. The memo recommends staff administratively review all requests for resolutions of support, with only those projects asking for tax incentives or housing trust fund support be reviewed by the AHAB. Buford moved to approve the memo on requests for resolutions of support. Oury seconded the motion. The motion passed 6-0.

7. Other New Business/ Future Business

There was no new business.

8. Next Meeting.

Toomay said the December 12, 2016 meeting will include a discussion of adopting the SMART Goals and Action Steps identified at the planning retreat.

9. Adjourn

Stultz moved to adjourn the meeting. Oury seconded the motion. The motion passed 6-0 at 1:03 pm.

Future Meeting Dates / Tentative Agenda items

December 12, 2016 - discuss adopting SMART Goals and Action Steps from planning retreat

January 9, 2017

February 13, 2017

March 13, 2017

April 10, 2017

May 8, 2017

June 12, 2017

July 10, 2017

August 14, 2017

September 11, 2017

These minutes were approved by the Board December 12, 2016.