

# City of Lawrence

## Affordable Housing Advisory Board

### December 12, 2016 minutes

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

MEMBERS ABSENT: Emmanuel Birdling

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; Jeff Crick, Planner II

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Chair Sturtevant called the meeting to order at 11:04 am.

#### **1. Approve minutes from November 14, 2016 meeting**

Karr indicated he would amend the Members Present section to add Erika Zimmerman and remove John Harvey. Stultz moved to approve the meeting minutes from November 14, 2016, as amended. Oury seconded the motion. The motion passed 7-0, with 1 abstention (Boley).

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

Steve Ozark, on behalf of Justice Matters, spoke to the board about recommendations on the SMART goals and action steps. Justice Matters felt the City needed a fully funded Housing Trust Fund in the amount of \$15 million, leveraged into \$90 million, over a ten year period to address the needs identified in the last CHAT report. They suggested the board prioritize goals #2, #5, and #7, but revise #4 to address creating a mechanism to receive regular input from community groups, rather than expanding the board to include new members.

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

Toomay presented the board with the October 2016 Financial Report for the AHAB.

#### **4. Consider adoption of goals and assign responsibilities.**

Sturtevant asked about the procedure for recommending the goals and action steps to the City Commission. Toomay said the board could vote to adopt the goals and action steps; the City Commission would then receive the goals, and a future study session could be scheduled to discuss any changes.

Goal #1 - discussed and revised to include the creation of a partner list of agencies by the January 2017 meeting. It was agreed Buford, Oury, and Ortiz would work on goal #1.

Goal #4 - discussed by the board whether to create a method to receive input from community groups, or continue with the goal of adding three additional seats to the board. Boley said the board had raised expectations in the community based on the goal, and it would be difficult to back off of the goal gracefully, and without damaging the credibility of the board. Oury agreed and said the board is skewed right now to the lower end of the housing spectrum, and needs more information on workforce housing. Thellman said the board needs to better understand on what area of the affordable housing spectrum the City Commission would like to focus. Toomay said the ordinance is vague, and would seem to indicate the entire affordable housing spectrum. Boley said his take is, to be effective long-term, they need to address the entire affordable housing spectrum. Toomay said conversation had already taken place with the Lawrence Board of Realtors, and to

withdrawal at this point would not be appropriate. Stultz said the Chamber had also indicated they would be interested in having a seat on the board if asked. Sturtevant asked if a list of possible new board members should be provided to the City Commission for their decision. Boley said the goal listed specific new members and should be kept. Buford said the Chamber, KU, and the Board of Realtors should be included in all affordable housing conversations, but some current members of the board do provide workforce housing, such as Tenants to Homeowners and Habitat for Humanity. Toomay asked if the goal should be changed to recommend expanding the AHAB within one year to allow for discussion on who should be on the board. Boley said he felt the goal is fine to take to the City Commission as is.

Goal #2 - Ortiz asked if research already existed on funding sources. Toomay said the key would be to focus on peer cities and be aware of state/local laws. McCullough said the policy idea in #2e would be an incentive based carrot, not a stick. Projects that would meet a certain predefined framework would automatically receive the incentive, rather than having to apply for it and the incentive being discretionarily granted. McCullough said any discussion of incentives or new funding sources always boils down to who pays for it; any incentive offered would have to be valuable to the development community. Oury said the board has no authority to establish a policy as listed in the goal; it should say identify and recommend a policy instead. Boley said the City has made a lot of changes to the budget process over the last two years, and said people need to realize it is not appropriate for the current City Commission to spend future City Commission's money; the Commission is elected by the people to make spending decisions through the budget process. Boley said it would be a job for the voters to decide on putting money in the affordable housing trust fund in perpetuity; advocates should realize the limitations of dedicated funding streams. Boley said the City budgeted money for affordable housing, to the extent they felt they could; if there is interest for a dedicated revenue stream like the City has for transit or infrastructure, a sales tax increment would have to be voted on by the public for a limited period of time. Boley said any funding source would have to be appropriate under our system of government. Ortiz asked what recommendations would be appropriate. Boley said the City Commission went through the budget and decided \$1.65 million over 5 years was appropriate. Toomay asked, if the AHAB thought a dedicated sales tax was appropriate, could they recommend it to the City Commission. Boley said the AHAB could make a recommendation, but it would not be appropriate for the City Commission to dedicate funds beyond the terms for which they were elected. Ortiz said the board needs to make recommendations for a dedicated funding stream for affordable housing. Boley said any recommendation needs to be appropriate for the decision makers. Sturtevant said there will be losers in the process; something will have to not be a priority to make affordable housing a priority. Boley said resources were shifted during the last budget process from other things to affordable housing, and the Commission heard about it; it must be decided if this is something the community wants to accomplish or not. Sturtevant said there are plenty of other trust funds across the country to examine and determine what was done and what could be done similar here. McCullough said staff and Tom Jackson of NDC would work on this goal and bring something back by the end of the first quarter for the board to consider. Thellman asked how often Tom Jackson was here. McCullough said Jackson is here two days a month. Thellman asked if the AHAB should meet with Jackson at this point. Toomay said it might be better to have him here at the point the AHAB is ready to present the final recommendations. Buford asked what kind of study or information does the City need to determine what type of incentive will aid the developers. McCullough said there has been some discussion on updating the CHAT report, including the involvement of other interested parties; there will be a future City Commission agenda item about identifying funding partners and the City managing the process to be perceived as a fair and impartial study. The board decided the language on goal #2e should be to identify and recommend a potential proactive policy. Toomay asked if goal #2 should clarify the funding sources are for the housing trust fund. McCullough said yes, it should specify the trust fund.

Goal #3 - was discussed by the board, including if there was a timeline on updating the CHAT report. Sturtevant said goal #7 also includes updating the CHAT report. McCullough said staff would work on bringing a recommendation to the City Commission on updating the CHAT report. Sturtevant said he would also continue to assist staff on the update. Toomay said goal #3 is almost the same as #5. Sturtevant asked if they needed goal #3 since #3a is included in #7, and #3b is included in #5. McCullough said #3 is long term over five years, while the others are specific to 2017. The board decided to change goal #3 to track and publicize the dollars leveraged by the expenditures from the affordable housing trust fund over the next five years.

Goal #5 - Sturtevant suggested adding to goal #5c a preference for leveraging funds. Stultz suggested having criteria to analyze the RFPs. Toomay said there were criteria created for the RFP for the demonstration project. Boley suggested the board not lose the idea of permanent dispersed housing; he felt those have to be at the top of the priorities. Boley said his concern was with opportunities that came up, but were not perceived to be affordable housing; the City has to be open to opportunities across the entire housing spectrum. Boley said the AHAB voted in favor of a recent project with an affordable unit that failed at the City Commission, in part because it was labeled as not affordable housing, which affects the credibility of the AHAB. Stultz said the AHAB voted in favor of a recommendation to the City Commission, but they can only do so much. Boley said nobody showed up at the meeting to say why they voted in favor of the project. Thellman said it seemed the City Commission was working with a different set of metrics, vocabulary, or perspective. Buford said #5b should define the spectrum of affordable housing. Toomay said Buford, Oury, and her had met with Tom Jackson to begin defining affordability. Thellman suggested a study session directly with the City Commissioners to talk out the issues and hopefully not relive really awkward decisions that seem to create friction between the AHAB and the governing body. Toomay said it would not be possible to schedule a study session with the City Commission before the end of the first quarter. Toomay said the adoption of the incentive policy on December 20<sup>th</sup> may help with this issue. The AHAB could send one more correspondence to the City Commission before December 20<sup>th</sup> suggesting changes to the definition of affordable. Boley said, as a commissioner, he wants to be able to take advantage of opportunities across the entire spectrum of affordable housing; he felt communicating that to the community is very important.

Toomay asked if defining affordability needs to be its own goal. Ortiz said why reinvent the wheel when there are already clear definitions. Boley asked what the ratio of housing burdened homeowners and renters is in Lawrence. Crick said 57% of renters and 28% of homeowners are burdened by spending more than 30% of their income on housing. Boley said that is the definition they should be working with. Toomay said while meeting with Tom Jackson, they came upon the idea of linking the incentive policy to the standard used by the LDCHA for rentals, and 80% of AMI for homeowner projects. Oury said the LDCHA uses 110% of HUD's Fair Market Rent (FMR) for the Lawrence MSA as the basis for establishing the maximum rent for their programs. Toomay said that would also require any project that receives an incentive to accept Section 8 vouchers, which would limit the occupants rent to 30% of their income, with the voucher paying the rest, up to the maximum 110% of FMR. The board agreed to add an additional goal (goal #8) to adopt a recommended definition of affordable by the end of January 2017.

Goal #6 – Stultz said he would work with City staff on this goal. Stultz mentioned that 25% of the cost of building a house is government regulation.

Oury moved to adopt the SMART goals and action steps as amended. Zimmerman seconded the motion. The motion passed 8-0.

Toomay said there will be a summary of the goals and action steps included in the annual report presented at the January 2017 meeting.

## **5. Consider adopting definition of affordability.**

Toomay provided the board with a revised memo providing additional recommendations from the AHAB for the City's economic development incentive policy.

Oury said requirement #3 could be confusing because LDCHA can only issue a voucher to someone at or below 50% of AMI, but they are allowed to keep their voucher for 6 months after they reach 80% of AMI.

McCullough asked Oury to explain item #1 again. Oury said the LDCHA uses 110% of HUD's Fair Market Rent (FMR) for the Lawrence MSA as the basis for establishing the maximum rent for their programs. This would allow very low income individuals with a voucher the opportunity to live in a project which received economic development, because they would still only pay 30% of their income and the LDCHA would pay the rest with the voucher; the LDCHA has more than 800 vouchers across all of their programs. McCullough asked if City

would easily be able to verify the maximum rent numbers each year. Oury said yes, they publish the list of maximum rents, by bedroom, each year and would be willing to send the list to the City.

Dresslar asked if the LDCHA established maximum rent included utilities. Oury said yes, utilities would be included in the maximum amount. Toomay said the rental project just reviewed by the AHAB would have exceeded the maximum amount allowed with a voucher by the LDCHA. Oury said that was correct. Oury said the chart used by the LDCHA indicates the number of people in the family and the number of bedrooms in the unit; the 110% of FMR uses the number of bedrooms in the unit to establish the maximum rent.

Sturtevant said he felt comfortable moving ahead with these recommendations. Ortiz said she was also comfortable with these recommendations, since this was how about 70% of the Family Promise clients get housed. Buford said it was essential for the applicants to accept vouchers, which allows those individuals or families below 30% of AMI with a voucher to live in these units; if the applicant wants an economic development incentive, they would have to accept a voucher. Buford said this would also address problems with slumlords, because the voucher program requires annual inspections of the units by the LDCHA.

Buford suggested editing #4 to include all housing costs, for example P&I, parking, utilities, HOA fees, etc., without spending more than 30% percent of their income. Oury said she agreed; the 30% of income addresses the housing burdened issue. Toomay asked if transportation should be included in the housing costs; Oury and Buford said no. The board agreed to those additions.

Oury wanted to make sure #2 is not interpreted to mean only those with a voucher can live in the unit. Toomay suggested changing #2 to "will not refuse Section 8 vouchers". Ortiz said sometimes there is a problem with a family having a voucher, but not being able to find a landlord to accept the voucher. Sturtevant and Stultz thought it was clear as written, and no changes were needed.

Toomay asked if recommendation #3 was being removed. Ortiz said no, she liked it. Oury said it was fine, and did not conflict with other requirements.

Toomay said the recommendations would be on the next City Commission meeting at 5:45 on Tuesday, December 20; AHAB board members would be welcome to attend. Oury said she would attend, and welcomed any other board member to attend as well, in case the City Commission had any questions.

Thellman moved to approve the memo as amended. Stultz seconded the motion. The motion passed 7-0 (Boley left meeting).

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

Sturtevant said the board will receive the partner list from goal #1 at the January 9, 2017 meeting.

## **7. Next Meeting.**

Toomay said the January 9, 2017 meeting will include a draft of the annual report and election of a new Chair and Vice Chair. Toomay said she would send out a calendar invite for all of the 2017 meetings.

## **8. Adjourn**

Oury moved to adjourn the meeting. Thellman seconded the motion. The motion passed 7-0 at 1:16 pm.

### Future Meeting Dates / Tentative Agenda items

January 9, 2017 – Elect Chair and Vice Chair, receive draft annual report, receive partner list from goal #1

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 January 9, 2017.