

City of Lawrence

Affordable Housing Advisory Board

February 13, 2017 minutes

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

MEMBERS ABSENT: Tim Stultz

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; Danielle Buschkoetter, Management Intern

Chair Sturtevant called the meeting to order at 11:02 am.

1. Approve minutes from January 9, 2017 meeting

Thellman moved to approve the meeting minutes from January 9, 2017. Oury seconded the motion. The motion passed 6-0.

2. Monthly Financial Report - December

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

3. Approve community partner list from SMART goal #1; Approve letter to community partners

Buford arrived at the meeting.

Toomay presented the board the community partner list and letter; she indicated she left off the three agencies to be invited as new board members. Ortiz asked if the agencies represented on the AHAB should also be listed. Sturtevant said maybe a secondary list of agency representatives on the board and the three new parties being invited to the board. Oury indicated the phone number listed in the letter for Toomay has an extra digit. Toomay felt the simplest solution would be to add all the board agencies to the list and send a separate letter to the three agencies to be invited as new board members.

Oury moved to approve the community partner list as amended. Buford seconded the motion. The motion passed 7-0.

Buford moved to approve the letter to community partners as amended. Zimmerman seconded the motion. The motion passed 7-0.

4. Approve RFP for CHAT report

Toomay said staff reached out to both the Lawrence Home Builders Association (LHBA) and the Lawrence Board of Realtors (LBOR) to receive feedback on the proposed RFP. The LBOR comments included making sure the report was a tool useful to everyone in the community and the suggestion that 90% of the final report is data and 10% is recommendations. Regardless of the funding partners, the report will be from the City of Lawrence to avoid any questions about the validity or neutrality of the data contained in the study.

Boley asked how the study was being funded. Toomay said the hope is, as the City continues to have conversations with community partners, a better picture will be provided of how the report will be funded. Sturtevant said when the proposals are returned, the board will be able to see the total cost, then discuss with community partners. Toomay said it is to be determined who the community partners will be; from the City standpoint, the balance in the Housing Trust Fund (HTF) would be a place to look at for funding.

McCullough provided background on the affordable housing priority pursued by the new City Commission. Staff provided a 14 page memo on past City activities on affordable housing, including identifying about \$100,000 remaining in the 2002 HTF. Staff felt a study using some of those funds would be beneficial to identify the need to assist specific categories of affordable housing; the City Commission did not agree with funding a market study. The AHAB was created to examine affordable housing issues, and has self-discovered the benefit of an updated CHAT report. Staff began discussing with other community partners the possibility of assisting with funding an updated report, in conjunction with some funds from the HTF; at this point the amount is not known. Boley asked if the partners would be contributing to the HTF to participate. McCullough said yes, that could be a mechanism used to incorporate the partners' assistance; the issue of not pursuing an updated report with HTF money will need to be revisited by the City Commission. What is important at this step is for the AHAB to approve the scope of work in the RFP.

Zimmerman asked if the definition of affordable should be included in the RFP. Sturtevant said the report should provide the need in blocks of information, as in the original CHAT report. McCullough said when working with consultants, it is often better to listen to what they say is needed instead of telling them what you think is needed. Buford said the gap analysis in #7 specifies using Median Family Income, which would allow the board to apply their definition of affordable. Toomay suggested using the proposal information section to provide a background on the AHAB, mission statement, adopted goals, and the definition of affordable it has adopted. Thellman said it would be a good practice to include the information with everything produced by the AHAB, so it is clear what the mission and goals are, and what is defined as affordable.

Thellman asked about including a section on supportive services in the RFP. Buford suggested adding supportive services to the parts describing accessible housing. Ortiz said it should be broad enough to cover all supportive housing and asked if it should have its own category in the RFP. Thellman asked if it was reasonable to ask the consultants to identify the existing stock of supportive housing and identify the gap. Oury said the existing stock would be easily identified by speaking with LDCHA, Family Promise and Bert Nash. Boley said the City should indicate what is known about the existing stock, and ask what else should be known. Oury said senior housing is also another piece to be examined. Ortiz asked if senior housing was supportive housing; Oury said some of it could be. Sturtevant suggested having Toomay and Buford collaborate on creating a new section for supportive services.

Boley asked about including the impact on single family neighborhoods like his when discussing student rental housing in item #4a. McCullough asked what impact he was describing. Boley said the impact of single family housing turning into rentals; he noted his interest in the Univercity program in Iowa City. Toomay asked if the board would like to add an additional item to #4 to describe this impact. Boley said yes, add as item #4c.

Boley wanted to make sure the report does not just list median income under #2c, but more detail on local wages. Buschkoetter said a more holistic approach would be used, with income being one piece and housing being another; it will depend on what information the consultants are able to find. McCullough said essentially the report will have to adjust for student incomes. Buschkoetter said for adjustments in the strategic plan, students artificially deflate the 18-25 income brackets; staff extracted the student numbers from the Census data to get a more accurate depiction of that age group. Boley said his point was the artificial deflation is compensated for by funds and resources available to

students from parents and student loans, which has an impact on our housing market. Toomay asked if the board wanted to include in #2c other resources available to a section of the population. Boley said yes, and they need to recognize the affect it has on housing. Oury mentioned the lack of stats on rent by the room units. Crick said those are called group quarters in the Census data and the rent is not tracked the same as on a regular unit. Boley said instead of just using the Census data, they need this information to be in the report.

Oury moved to approve the RFP as amended. Ortiz seconded the motion. The motion passed 7-0.

Toomay said she will prepare a cover memo to accompany the draft RFP which will explain the possible funding sources, including community partners and some use of HTF. Boley said the board makes recommendations to the City Commission about how to use the HTF allocated in the CIP, but he did not think they should say how much they wanted to spend of fund balance on the report, at this point. Boley said there was \$300,000 budgeted from the CIP for this year, and if the board does not want to spend some of the HTF on a study, they should not put out the RFP. Buford said she was willing to recommend spending HTF on the report, but she was not willing if other partners are determining what it accomplishes. Boley said the board can suggest to partners to donate to the HTF if they want to contribute to the funding of the study. McCullough said staff recommends the board support the idea of partnering with funding sources including the potential to use HTF. Sturtevant and Oury agreed.

5. Identify priorities and discuss RFP for allocation of Housing Trust Fund

Sturtevant presented the board with the idea of using an application process for allocating HTF instead of an RFP, similar to the outside agency funding application currently used by the City and reviewed by the Social Service Funding Advisory Board. A draft application was presented to the board for review, which combined the outside agency funding application with some of the criteria from the demonstration project RFP.

Boley suggested removing the last two questions under Section 3; those were outside agency questions not needed for this application. Thellman suggested adding the AHAB mission statement and definition of affordable to the application. Oury was concerned how a voucher program would score on the application, since there would be no monetary leveraging involved. Toomay suggested adding "(if appropriate)" to Section 2, item #4. Boley suggested changing item #4 to "how funds *might* be leveraged". Buford said the scoring issue could be discussed when the board creates a matrix to review applications.

Boley asked how the source of the money coming into the HTF would determine how the board recommends spending the money; the \$300,000 from the CIP is general obligation debt, which would have an implicit expectation on the part of the City to use those funds for assets not operating expenses for a program. Toomay said the board could use the \$80,000 fund balance for operating expenses for a program. Boley said the \$80,000 is not budgeted for this year. Toomay said the board has \$300,000 in expenditure authority, of which some could come from the debt and some from the fund balance. Buford asked if the board had a discussion on usage restrictions of the funds. Toomay said the HTF currently contains multiple sources of money, but the board should focus on the concept of the \$300,000 expenditure authority. Oury asked if a program would be partially funded if there is not enough of the type of funds requested; she felt the applicant would need to show the ability to complete the project/program with only partial funding. Sturtevant said the viability determination could be made comparing the application to the scoring matrix. Boley said the available money in each type could be disclosed on the application; \$300,000 in general obligation debt, \$80,000 in fund balance, but only the authority to expend a total of \$300,000.

Ortiz asked if an agency could apply for funds for supportive housing services. Sturtevant said under Section 7, case managers are cited in the example. Buford thought an agency could apply as a program to offer supportive housing services. Toomay suggested changing the program objectives in the application to differentiate between a capital program, a supportive program, or other. Oury said

the board needs to be careful to always connect the funding to housing, not operational expenses for an agency. Ortiz agreed. Toomay said she would rearrange the items in Section 7 to group them by capital, other, or both. Thellman warned against awarding the funds for staffing or operating since these are one time awards, not continuous. Sturtevant agreed there is not enough money in the HTF at this point to fund a continuous salary for a person offering supportive services. Toomay suggested adding a question about how partial funding would impact the program under Section 3. Boley agreed. Buford said other grant applications ask what other funds have been applied for and what has been allocated already. Thellman asked about using the term agency or developer. Toomay agree to change to applicant. Sturtevant asked for page numbers to be added to the application also.

Sturtevant discussed alternatives for a timeline and grant allocation schedule. Oury asked how the timeline would align with the City budget process. Toomay said the City budget for 2017 is already set; the CIP adopted by the City Commission has identified a similar amount going into the HTF for 2018, but it still has to be adopted as part of the 2018 budget process in August. Toomay said in theory, the AHAB could put out the application September 1st for the 2018 allocation. Boley asked when was the earliest date the application could go out for the 2017 allocation. Toomay said it would depend on how the board wanted to evaluate the applications, either on the phone with the applicant or in person with a presentation. Boley said the board would phone the applicant if they had questions; he felt there was urgency in the matter because the board is doing now what should have been done in September of last year. Toomay said the application could be finalized and approved by the AHAB at the March 6, 2017 meeting; the City Commission could approve the application at their March 14, 2017 meeting; the applications would be due by May 1, 2017; the AHAB would began review on May 1, 2017 and have deliberations at the May 8, 2017 AHAB meeting. Sturtevant said the matrix to review the applications would have to be finalized at the April 10, 2017 AHAB meeting to allow the deliberations at the May meeting. Thellman asked if the applicants should know the contents of the review matrix. Boley said other boards that allocate funds have had to work through mistakes to get the process to go smoothly. Toomay said the application criteria would inform the applicant of what the board is looking for.

Zimmerman asked if certain board members would have to recuse themselves from the deliberations. Oury said if a board member's agency has submitted an application, they would not take part in the deliberations. Boley asked if a quorum would be met to conduct a vote. Sturtevant said the board needs to fill the currently empty seat and get the three new partners appointed. Toomay said those appointments would probably not happen by May. Boley said if there is not a quorum, the board would have to forward the applications to the City Commission without a recommendation.

6. Adopt definition of affordability to be used by the Affordable Housing Advisory Board

Toomay said staff edited the definition of affordability for clarity; the new description is listed on page one of the draft 2016 Annual Report. Oury asked if this is the definition the board sent to the City Commission as a recommendation to use for projects receiving incentives. Toomay said yes, and this will also now be used by the board for any other discussions involving affordability.

Oury moved to approve the definition of affordability as listed in the 2016 Annual Report. Boley seconded the motion. The motion passed 7-0.

7. Approve 2016 Annual Report (due March 1, 2017)

Oury said she would provide Toomay with an update on the number of people and children in the families assisted with the voucher program. Toomay asked if the City had permission to use the pictures of the children featured in the photo. Zimmerman said yes. Ortiz and Oury said the 8 families housed by the \$150,000 voucher program created additional space to house others on the regular waiting list at the Lawrence Community Shelter. Boley asked if Toomay could include that information in the report. Oury said she would send the details to Toomay.

Thellman moved to approve the 2016 Annual Report as amended. Boley seconded the motion. The motion passed 7-0.

8. Other New Business / Future Business

The March 6, 2017 meeting will include approving the application for 2017 HTF allocations and begin discussion on the application review matrix. The April 10, 2017 meeting will include finalizing the application review matrix. The May 8, 2016 meeting will include the deliberations of the applications for 2017 HTF allocations.

Sturtevant asked Boley about a recent City Commission meeting discussion on the role of the AHAB in relation to applications for Low Income Housing Tax Credits. Boley suggested the board members watch the video of the meeting to understand the issues discussed. Toomay said she would send out a link to the video.

McCullough asked about including the memo for goal #2 on the March 6, 2017 agenda. Dresslar said the request to the City Commission to add additional board members was also scheduled to be on the March agenda. Toomay said she would prepare a memo concerning the additional of new board members.

Zimmerman informed the board of the Habitat for Humanity house dedication on February 25, 2017 at 9:00 am. There will also be an open house of one of the Tenants to Homeowners rental units.

Toomay reviewed the 2017 budget expenditure authority of \$300,000; if the board wanted to spend more than that, it would require a budget amendment from the City Commission.

9. Public Comment

Steve Ozark spoke to the board about his concern for uses of the HTF; he felt the board would lose public will and support if the HTF becomes ambiguous in terms of its goals. Ozark said he felt the market study is important, but may not be practical until the City is ready to invest the amount of money needed to address the systemic issue and increase the amount of permanent affordable housing stock.

10. Next Meeting

The next meeting will be on March 6, 2017.

11. Adjourn

Oury moved to adjourn the meeting. Ortiz seconded the motion. The motion passed 6-0 at 1:06 pm.

Future Meeting Dates / Tentative Agenda items

March 6, 2017 – Approve application for 2017 HTF allocation, Approve request to City Commission to add additional members to the AHAB, Receive memo on Goal #2, Begin discussion of application review matrix

April 10, 2017 - Finalize review matrix for the 2017 HTF allocation; Discussion of Goal #6

May 8, 2017 – 2017 HTF application deliberations

June 12, 2017

July 10, 2017

August 14, 2017

September 11, 2017

October 9, 2017

November 13, 2017

December 11, 2017

These minutes were approved by the Board March 6, 2017.