

# City of Lawrence

## Affordable Housing Advisory Board

### March 6, 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; 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 February 13, 2017 meeting**

Buford moved to approve the meeting minutes from February 13, 2017. Oury seconded the motion. The motion passed 5-0.

#### **2. Monthly Financial Report - January**

Toomay presented the board with the January 2017 Financial Report for the AHAB.

Thellman arrived at the meeting.

Sturtevant asked when the CIP dollars would be deposited into the Housing Trust Fund (HTF). Toomay said she would check with the finance director to determine when the debt sale was programmed; if the AHAB wanted to allocate the funds, the City Commission could pass a resolution authorizing the expenditure of those dollars from another city fund, to be reimbursed by the debt proceeds.

Buford indicated she had the donation for the ticket sales to give to the HTF. Toomay said she would take the donation and schedule a presentation for the funds before the City Commission.

Toomay suggested a reordering of the agenda items to group the approval of the application and the discussion of the review matrix together; after consulting with the City Attorney, any agency represented on the board who will submit an application for funding will need to recuse themselves from both of those discussions.

Buford indicated she did not know at this point if Tenants to Homeowners will submit an application or not, but felt she should recuse herself just in case. Sturtevant asked which board members would recuse themselves from the discussions; Oury, Ortiz, Zimmerman, and Buford all indicated they would recuse themselves.

#### **3. Receive memo and approve request to City Commission to add additional board members**

Toomay presented the board with a draft memo of a request to the City Commission to add additional board members to the AHAB, representing the Chamber of Commerce, the Lawrence Board of Realtors, and the University of Kansas. Ortiz asked the memo be amended to state Family Promise of Lawrence. Sturtevant asked about the efforts to fill the currently vacant board seat. Toomay said feedback was

received about the need to include the requirement for the open board seat to be filled by an individual currently or previously living in subsidized housing; applicants were responding to the notice of an open seat without realizing the requirement. Toomay asked staff about recent applicants for the open seat. Karr indicated a database is kept containing the applications as they are submitted and he has contacted eight individuals; five did not meet the housing requirement and three did not respond to inquiries. Ortiz asked where the application could be found. Toomay said the application is on the City's Advisory Board website, but if being online presented a challenge for anyone a printed application could be submitted.

Oury moved to approve the draft memo as amended. Ortiz seconded the motion. The motion passed 6-0.

#### **4. Receive memo on SMART Goal #2, Identify Five Funding Sources by First Quarter 2017**

McCullough presented the board with a memo concerning SMART goal #2, [Identify Five Funding Sources by First Quarter 2017](#). McCullough felt the need for affordable housing was a community wide issue and should rest on the shoulders as broadly as possible on the entire community. Each funding source listed anticipates the amount of revenue generated and also includes "Who Pays?" to better describe where the funding ultimately would come from. Nine new funding sources are identified, along with three legally challenging sources are described in the memo. Also included in the memo is a staff offering to establish a proactive incentive policy that automatically applies if certain triggers are met, to address part (e) of SMART goal #2.

Boley arrived at the meeting.

Ortiz asked how the amount of \$26,400 was determined in source #4. McCullough said the number was provided as an estimate from the city finance director based on information from the state regarding Airbnb only, not other online sharing platforms. McCullough reminded the board transient accommodations such as Airbnb are currently not permitted by the zoning code and are not regulated in terms of business licensing. Toomay indicated staff has completed initial research and provided an initial report to the City Commission on the issue of transient accommodations. Buford asked if other uses are being considered for these funds. McCullough said as of now, they go into the Transient Guest Tax fund. Toomay said past items paid out of the Transient Guest Tax fund included eXplore Lawrence, downtown beautification, Destination Management Inc, miscellaneous exhibits at the Watkins Museum, and contributions to Theatre Lawrence; Boley added some bond payments are also made from the fund.

Oury asked about source #6 and what the current process was to increase density. McCullough said currently density is a zoning issue; if a project meets the comprehensive plan, it is relatively easy to rezone for a higher density.

Sturtevant asked if there was any estimate on the revenue generated by source #9. McCullough said it would be a challenge to estimate the sporadic amount of projects asking for incentives for affordable housing projects, but it would not be a large volume. Toomay said those incentives may be critical to the success of small projects, even if they do not involve large amounts of money.

Ortiz asked what agencies currently are funded by source #7. Toomay said past agencies would include the Boys and Girls Club, Success by Six Coalition, Douglas County Dental Clinic, Ballard Center, Willow Domestic Violence Center, Warm Hearts, and HCCI.

Oury asked if the .55% sales tax described in source #3 would be renewed after its expiration in March of 2019. McCullough said it would be a City Commission discussion; Toomay said without the .55% sales tax, the public transit system would not be adequately funded to operate. Thellman indicated the .55% sales tax goes to more than just transit; McCullough agreed it is also used to fund infrastructure. Ortiz said public transit is directly related to affordable housing in nature because of its use by

individuals needing affordable housing. McCullough said the funding of the HTF does not have to take the place of funding public transportation; the current 9.05% sales tax could be increased. Boley reminded the board the City receives 65% of the county 1% sales tax. Toomay said the county 1% is a general government sales tax which could be reallocated and does not sunset. Toomay asked Thellman if a sales tax increase was on the table to fund an addition to the county jail. Thellman said she did not know right now.

Thellman asked if the general obligation bonds described in source #1 always required an election. McCullough said he had a sense the creation of new general obligation bonds would be a voter issue to decide the funding level, much like what was used to fund transit. Thellman asked if the City could issue the bonds without an election. McCullough said the City could issue bonds up to the debt limit. Toomay said she thought the City Commission could decide to issue the bonds, which would require additional mill levies and would be exempt from the tax lid.

McCullough discussed the proactive incentive policy; the matrix provided used example numbers to describe the possible automatic incentives if certain triggers are met; the program would be administrative in nature to remove the politics from the decision. Buford asked how the density bonus would be applied since it is now a part of zoning. McCullough said it would be a special standard, where if you are providing affordable housing it would be built into every zone that allows housing.

Sturtevant thanked McCullough and staff for providing more than the requested five new funding sources for the AHAB to consider; he asked the board if they would like to just receive the memo or forward some recommendations to the City Commission now. Buford said she would like to move forward on receiving some real numbers for the proactive incentive policy to see the benefits provided. McCullough said it would take some real work to provide those numbers, and he would really like to know first if the City Commission would even have an interest in a policy of this type. Thellman asked if this would be an opportunity to meet with the City Commission at a work study session to discuss concerns and desires. Sturtevant asked what the timeline would be to schedule a study session. Toomay said there is a long list of topics to be scheduled for study sessions; her best guess would be after budget season, sometime in August. Thellman felt any recommendation of an election to raise taxes would involve a multi-year discussion and campaign. Toomay indicated the AHAB is currently on the TBD list for a study session with the City Commission. Sturtevant asked if the AHAB could request a date in September for the study session. Boley asked about the timeline of the RFP for the housing study and hoped the report would be completed by the time the AHAB has a study session. Toomay said the preliminary timeline would have the City Commission sign a contract with the selected consultant sometime in June.

Ortiz moved to receive the memo on SMART Goal #2, Identify Five Funding Sources by First Quarter 2017. Buford seconded the motion. The motion passed 7-0.

Sturtevant asked the board if they were ready to move forward with recommending any of the suggested funding sources to the City Commission. Thellman said she would defer to Commissioner Boley and asked if he had any hesitation about recommending any of the funding sources. Boley said he would abstain from the vote. Thellman asked if Boley had any sense of how the City Commission would accept these recommendations. Boley said his concern is the City does not have a position on Airbnb and it is not appropriate under the zoning. Thellman asked Boley if it was premature for the AHAB to recommend a use for Airbnb taxes. Ortiz said the tax is already being collected and all the AHAB would be doing is recommending a use of the funds. Boley said the state is collecting the Airbnb tax and remitting it to the city. Thellman felt the recommendation should be nuanced enough to signal to the City Commission the AHAB's understanding of the current zoning issues involved with the taxes received from Airbnb. McCullough said the City Commission has received the staff report on transient rentals, and staff is waiting on direction from the commission on how to proceed.

Oury felt the City is already doing source #9, so no real recommendation is needed. Toomay said she would add recognition of the City's effort on #9 to the memo.

Ortiz asked if source #6 is counter to the proactive incentive policy. McCullough said #6 would be counter only if it does not include affordable units. Buford said she was comfortable with #6 because she felt there are certain projects where adding affordable units will not work, but the payment for extra density could be used to subsidize other affordable projects. Sturtevant suggested adding source #6 to the recommendations, along with #4 and #9.

Ortiz asked if the 10% used in source #5 was realistic. McCullough said the 10% given was just as an example to show the amount of revenue which could be generated. Toomay said the current software system would not allow this type of donation system; if the AHAB recommends it and the City Commission adopts it as a source for funds, the collection method will have to be figured out. Sturtevant asked if the AHAB should wait on recommending source #5 until after the decision is made on an increase in taxes. Ortiz said she likes source #5 because it is voluntary, not a tax. Oury asked if the donations would be tracked by the City and tax receipts provided. Toomay said the donations would be tracked, but did not know if any tax receipts would be offered. The board agreed to add #5 to the recommendations.

Thellman asked if source #1 should be recommended. Toomay said it is based on the City of Austin model. Buford asked if the recommendation would be for general obligation debt without voter approval. McCullough said the \$300,000 now from the CIP is general debt without voter approval. Thellman said it is more political, but if the City Commission has identified affordable housing as a priority, then in a sense the election of the commissioners has determined the voter's desirable outcome. Thellman said there will be a lot of special elections because of the tax lid and an increase in the mill levy is understood to be a less regressive tax. Ortiz asked if all of the sources should be included in the recommendation. Buford said she was not in agreement with recommending #3. Sturtevant asked if recommending #1, #4, #6 and #9 would be too much. Ortiz felt it would present better if the City Commission saw the memo of all the sources and then received certain recommendations from the AHAB. Zimmerman asked if it would mean the other sources were off the table. Ortiz said the recommendations would be for the initial discussion of new funding sources, but the others would not be off the table.

Thellman asked if recommending dedicated funding sources for affordable housing, without knowing the amount of money needed, is setting the AHAB up for an embarrassing situation. McCullough said the AHAB could assume from the CHAT report the need exceeds the current revenue, but the value of the housing study would be to help target priorities.

Buford moved to have staff prepare a memo to recommend sources #1, #4, #5, #6, #9 and the proactive automatic incentive policy. Ortiz seconded the motion. The motion passed 6-0 with Boley abstaining.

##### **5. Approve amended application for the 2017 Housing Trust Fund Allocation**

Sturtevant suggested the application be reviewed and approved by the three board members not recusing themselves. Toomay described the amendments made to the application, which were requested at the last meeting. Sturtevant asked Toomay to add page numbers to the application; Toomay agreed. Thellman asked if the AHAB definition of affordable housing was going to be included on the application; Toomay said she would add the definition. Boley asked if a distinction on restricted use should be made between the \$300,000 from general obligation debt and the \$75,000 in the fund from other sources. Toomay indicated she thought the AHAB would establish the use and source of funds while examining the proposals. Boley felt the application should include a description of both sources of funding and the maximum use for each; Toomay agreed to make the changes and to include her phone number on the application to answer questions.

Boley moved to approve the application as amended. Thellman seconded the motion. The motion passed 3-0 with 4 abstentions.

**6. Begin Discussion of application review matrix**

This item was deferred to the next meeting. Toomay said staff would try to create a draft tool to help create the review matrix.

**7. Other New Business / Future Business**

Toomay reminded the board the request for an RFP for the housing study will be on the consent agenda for the March 7, 2017 City Commission meeting. If the request for an RFP is approved, the review committee would meet on April 12 and April 13 for potential interviews; the review committee members are Buford, Stultz and Boley.

Toomay said Bobbie Flory from the Lawrence Home Builders Association would be at the April meeting to discuss SMART goal #6 on reducing the cost of housing.

**8. Public Comment**

A member of the public thanked the board for their hard work.

**9. Next Meeting**

The next meeting will be on April 17, 2017.

**10. Adjourn**

Oury moved to adjourn the meeting. Ortiz seconded the motion. The motion passed 7-0 at 12:47 pm.

Future Meeting Dates / Tentative Agenda items

April 17, 2017 – Receive and approve memo on funding source recommendations; Discuss and approve application review matrix for the 2017 HTF allocation; Discussion of Goal #6 from the LHBA

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 April 17, 2017.