

# City of Lawrence

## Affordable Housing Advisory Board

### April 17, 2017 minutes

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

MEMBERS ABSENT:

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; Lisa Larsen, City Commissioner

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Chair Sturtevant called the meeting to order at 11:01 am.

#### **1. Public Comment**

Sara Taliaferro with Justice Matters presented the board with a [letter](#) requesting the board support a .1% sales tax to fund a dedicated revenue stream into the Affordable Housing Trust Fund for the next ten years. These funds would be a redirection of a portion of the .3% increment sales tax scheduled to sunset in 2019. Justice Matters chose to recommend a portion of the .3% increment sales tax specifically because it would not be a new tax and would not affect public transportation or the transportation hub.

#### **2. Approve minutes from March 6, 2017 meeting**

Oury moved to approve the meeting minutes from March 6, 2017. Buford seconded the motion. The motion passed 8-0.

#### **3. Monthly Financial Report – February/March**

Toomay presented the board with the February/March 2017 Financial Report for the AHAB.

Buford indicated she has another donation for \$500 to deposit in the HTF.

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

Toomay provided a memo to the City Commission on recommendations approved at the last AHAB meeting. The board had voted to recommend sources #1, #4, #5, #6, #9, and the proactive automatic incentive policy as listed in [Identify Five Funding Sources by First Quarter 2017](#).

Stultz said in regards Pay for Density, it seemed to him the City already has base densities established and anything a developer wanted to do to increase the density could be paid for. Stultz said any charge to increase density, for example from an RS7 to an RM15, is going to increase the cost of housing; he felt he could not stand behind recommending Pay for Density as a funding source.

Boley said the board should think about what Lawrence would look like if the goals of affordable housing were to be accomplished; he felt Lawrence would be much more densely populated than it is now. Stultz said he did not think the developers should have to pay more to create a more efficient, higher density neighborhood. Boley said he saw density as a way to solve the problem. Stultz said he would be okay with paying for increased density within the same zoning classification, such as going

from RM15 to RM24, but not okay with setting the entire city to a base of RS7 and then developers having to pay extra to go to RM15 for example.

McCullough explained the idea behind the Pay for Density as changing the thinking of what is equitable in terms of density; everything would get a set base density, such as six units per acre, and market rate developments would have to buy additional density up to the maximum set by the assigned zoning.

Oury suggested the board step back and examine the practical approach. She felt people have purchased property based on the current zoning and certain expectations, and it would be a very radical change if the AHAB proposes a program to reduce the base number of units per acre. Oury said it would paint the City Commission into a corner by taking away people's expectations of property they own. Boley said it would be painting the AHAB into a corner, not the Commissioners, and he felt it again goes to the credibility of the board.

Sturtevant asked the board if they would like to remove the recommendation for Pay for Density, or adjust the language of what is recommended. Boley and Buford agreed with Stultz on changing the language to paying for density increase with the same zoning classification.

Thellman asked what happens if a neighborhood feels it doesn't need any increased density. McCullough said it should not be linked to the zoning process. Buford said it is conflicting when a neighborhood wants affordable housing and mixed income, but fights increasing density.

Toomay listed the changes to the recommendation of Pay for Density to be "any proposed up zoning would require a fee, on a cost per unit basis, into the Affordable Housing Trust Fund. The project would still go through a public process." McCullough said there will be some massive market rate projects with no contribution at all, because they already have the maximum density and will not be requesting any up zoning, unless the AHAB does create some type of incentive to include affordable units in the project.

Sturtevant asked if the board wanted to include a recommendation for a dedicated sales tax for affordable housing, as suggested in the Public Comment period by Sara Taliaferro. Thellman said if the .1% sales tax goes towards affordable housing, what is replaced. Toomay said the .3% sales tax is currently for infrastructure; if .1% is diverted to affordable housing, then roughly one third of the infrastructure projects could not be funded, such as streets, trails, fire equipment and apparatus. Toomay said the current draft CIP assumed the .3% sales tax would stay the same, but would add sidewalks and bicycle improvements as infrastructure; the .2% sales tax, which funds transit operations, is also assumed to continue in the draft CIP. Toomay said there is also a .05% sales tax for transit expansion, which the transit administrator is confident will not be needed going forward. Boley said there is an opportunity for the Affordable Housing Trust Fund to receive the .05% sales tax, if the voters approve it. Toomay said there is a line of people asking for those funds. Oury asked what the dollar amount was of these taxes. Toomay said the projection for a 1% tax is about \$18 million, so .1% would be \$1.8 million. Ortiz felt the AHAB should request to be on the list for the .05%, but did not feel the AHAB was given the charge to decide what projects would not be funded if using a portion of the .3% sales tax. Boley asked then how could the AHAB say not to take away from transit. Ortiz said because the low income populations being assisted by affordable housing often use public transit. Boley said it is not being constructive if the AHAB just says do this, but doesn't say how to do it; he said the AHAB needs to be consistent. Stultz said they are the Affordable Housing Advisory Board, so he just focuses on issues related to housing and tries to leave his thoughts on other city expenses to other advisory boards.

Ortiz left the meeting.

Toomay reviewed the unfunded projects in the current CIP to give examples of other requests for funding. Oury said the AHAB members should be willing to attend the City Commission meetings and

say they feel affordable housing is more important than some of these other requests for funding. Thellman asked Boley if the City Commission would ask how the AHAB knows how much funding is needed, and how would the funds be spent. Boley said it was a really good question, and said he was concerned about recommending the .1% of the .3% infrastructure sales tax. Oury said she did not want to get in the same line for general obligation debt request and be behind the school district and the police station. Toomay said if the AHAB wants additional money for affordable housing, the City would have to either issue new debt, issue a new sales tax, or reassign an existing one and something will have to go unfunded. Sturtevant felt it would be okay to recommend the .1% because it would not be asking for the whole .3%, just a portion. Oury did not feel the AHAB would have a big enough track record yet to ask for a portion of the .3% infrastructure sales tax. Buford agreed it would be a hard argument to ask for money to be diverted from infrastructure, which directly affects the same low income individuals needing affordable housing.

Toomay edited the description of the Voter approved General Obligation Bonds to say "The City Commission should maintain the levels of funding currently identified in the CIP. The City could also increase property taxes to fund additional affordable housing. Alternatively, the City Commission could redirect general obligation bonds from other projects identified in the CIP." Toomay also indicated she would add an additional recommendation to for the City Commission to consider reallocating the .05% sales tax, which is no longer needed for transit expansion, to the AHTF.

Boley asked about the timeline for voting to renew these sales taxes. Toomay said there are current discussions about either November of 2017 or November of 2018. Boley asked if there is any consideration for voting in August of 2018 with the primary election. Toomay said August 2018 has not been considered, but could be discussed.

Stultz moved to approve the memo of recommendations as amended. Oury seconded the motion. The vote passed 7-0.

#### **5. Consider recommending a firm for the housing market study**

Toomay said four firms had submitted proposals for the housing market study. All four firms were interviewed by a subcommittee of staff and stakeholders. The first choice of the interview panel was BBC Research & Consulting. Depending on the options selected for the study, the price would range from \$61,000 to \$78,000.

Boley moved to recommend approving BBC Research & Consulting for the RFP on a housing market study. Thellman seconded the motion. The motion passed 7-0.

Boley moved to recommend the board accept contributions to the Affordable Housing Trust Fund which are restricted to paying for the housing market study. Oury seconded the motion. The motion passed 7-0.

#### **6. Discuss SMART Goal #6, Work with developers and builders to reduce cost of housing by 5% over 24 months**

Thellman left the meeting.

Bobbie Flory, Executive Director of the Lawrence Home Builders Association, spoke to the board about SMART Goal #6, Work with developers and builders to reduce cost of housing by 5% over 24 months. A [handout](#) was provided to the board identifying additional housing costs on new construction in the last ten years. To achieve a 5% reduction on a \$200,000 house, costs would have to be reduced by \$10,000. The median cost of a newly constructed home in Lawrence was \$299,900 as of February 2017, which is a reduction from the median cost a year ago of \$350,000. The homebuilders would like to work with the AHAB and city staff to review these items for possibly cost reductions. Sturtevant suggested a subcommittee of the AHAB meet with city staff and the LHBA to review the possible ways

to reduce the cost of housing construction. Toomay suggested a consult with city staff to determine a timeline for reviewing costs, possibly in July.

Boley left the meeting.

**7. Discuss and approve application review matrix for the 2017 HTF allocation**

This item was deferred to the next meeting. Toomay said the application for funding has not yet been released to the public.

**8. Other New Business / Future Business**

No other new business was discussed

**9. Next Meeting**

The next meeting will be on May 8, 2017.

**10. Adjourn**

Stultz moved to adjourn the meeting. Oury seconded the motion. The motion passed 5-0 at 1:11 pm.

Future Meeting Dates / Tentative Agenda items

May 8, 2017 – Discuss and approve application review matrix for the 2017 HTF allocation

June 12, 2017 – 2017 HTF application deliberations

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 May 8, 2017.