

Draft
City of Lawrence
Affordable Housing Advisory Board
July 10, 2017 minutes

MEMBERS PRESENT: Stuart Boley, Rebecca Buford, Shannon Oury, Dana Ortiz, Tim Stultz (By Phone), Matt Sturtevant (By Phone), 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; Lisa Larsen, City Commissioner

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

1. Public Comment

Toomay introduced Zach Davis, who will be appointed to the AHAB by the City Commission on July 11, 2017 and will join the AHAB at the August 14, 2017 meeting.

Sarah Taliaferro spoke to the board about her hope the tax increment renewal would be placed on the November ballot. She felt the AHAB could do a lot to educate the public on the issue of affordable housing.

2. Approve minutes from June 12, 2017 meeting

Buford moved to approve the meeting minutes from June 12, 2017. Zimmerman seconded the motion. The motion passed 8-0.

3. Receive and approve recommendation on housing study

Toomay presented the board with a fee schedule from BBC Research and Consulting for options on the housing study. Staff recommended choosing the option for a statistically valid resident telephone survey, but declining the option for a final community meeting. The total cost for the housing study would be \$78,650, after deducting the cost of the optional final community meeting.

Toomay presented the board with a draft letter to possible funding partners of the housing study, identifying the scope of the work, the consulting firm chosen, and total cost. The letter would ask potential funding partners for a donation to the Housing Trust Fund (HTF) to offset the cost. Toomay also included a list of possible funding partners who would receive the request for donations letter, and asked the board members to review the list and indicate any known specific contacts to address the letter to. Buford said she would send Toomay some bank contacts. Thellman said she was concerned about the deadline listed in the letter; would there be enough time for the potential partners to approve the donation at their next board meetings. Oury felt the potential partners should also be called to follow up on the letter and answer any questions. Toomay agreed to remove the contact deadline, and instead indicate a member of the AHAB would be contacting the potential funding partners by August 15, 2017. Zimmerman was concerned about contacting the same banks they also

contact for housing donations. Oury indicated she does not contact banks for donations and would be willing to contact those banks.

Ortiz wondered if the cost of the optional resident telephone survey was justified. Toomay said it would ensure the study received a statistically valid sample. Boley felt there was value to the telephone survey, and this was the AHAB's shot to get the best data they could; the AHAB should keep in mind the magnitude of the expenditures they hope to make based on the results of the housing study.

Ortiz asked about the timeline of when the study would begin and when it would be completed. Toomay said the original timeline was to have the approval for the study on a July City Commission agenda and have the study completed by the end of this calendar year, but that may now be pushed back a bit.

Boley moved to accept the letter to potential funding partners as amended. Thellman seconded the motion. The motion passed 8-0.

Toomay asked the board members to send her a list of any known contacts on the potential partners list and also a list of who they would be willing to contact on follow up.

4. 2017 HTF application review

Toomay said there were two applications received for funding from the 2017 HTF, [Tenants to Homeowners \(TTH\)](#) and [Lawrence Habitat for Humanity \(LHFH\)](#). Toomay asked the board representatives of those agencies to recuse themselves from the application review; Buford and Zimmerman left the room.

Thellman asked if the HTF allocations were once a year or a rolling application process. Toomay said last year there was a one-time application period, but the AHAB could do another application period this year. Oury said she recalled the board having the conversation about holding multiple application periods. Toomay agreed, and said there was past discussion on timing a HTF application period with the Low Income Housing Tax Credit (LIHTC) award period.

Thellman asked if the cost of the housing study would need to be subtracted from the \$300,000 spending authority in the 2017 budget. Toomay said no, there would be an item on the July 11, 2017 City Commission agenda to request a hearing to amend the 2017 budget to increase the spending authority from the HTF to allow spending down the current balance of the fund.

The board reviewed the [application from LHFH](#) first. Oury asked staff about the amount of HOME funds awarded to LHFH. Karr explained LHFH was awarded a total of \$45,000 from the 2016 HOME grant to use on three houses in the 1900 block of East 17th St. Oury asked how layering funds from the HTF with federal HOME funds would affect the project. Dresslar said staff is reviewing federal regulations to determine if layering of these multiple sources of funds would trigger any additional requirements; she would advise any applicant proposing a layering of funds from the HTF with federal funds to consult with staff to discuss any requirements. Oury asked if these three houses in the HTF application were the same three houses awarded HOME funds. Karr said yes, these are the same three houses which were awarded HOME funds; if these houses were awarded funds from the HTF, it could affect the gap analysis which determines the amount of HOME funds needed in each house.

Oury asked Zimmerman to return to answer some questions concerning the application. Oury asked what the gap was on the three houses. Zimmerman said the budget indicated a total project gap of \$75,000. Thellman asked about the length of the affordability period of Habitat homes. Zimmerman said the Habitat model is to issue and service no interest mortgages for a 25-30 year affordability period. Thellman asked if that period was a philosophy of the international Habitat for Humanity. Zimmerman said the LHFH would strategically like to move towards a permanent period of affordability; it would take a re-education of the families already waiting for a home, along with a

culture change for the board, donors, and stakeholders. Thellman asked staff if it was a fatal flaw to have federal funds layered on these projects. Dresslar said the applicant would just need to discuss with staff the possible problems facing layering federal funds in the project. McCullough asked what the timeframe was for performing the subsidy layering and gap analysis for HOME funds. Karr said the analysis could be completed within a week of receiving the construction documents and budget detail on each project requesting HOME funds. Karr indicated the analysis had been completed and a written agreement to use HOME funds had been signed on one of the three LHFH houses, which has nearly completed construction. McCullough said the board needed to keep in mind possible issues when reviewing the applications, including layering other grant funds and possible land use and zoning issues; the board recommending awarding HTF money could be conditional on other factors. Oury asked why LHFH was asking for funds from the HTF for house #1 if it was already constructed. Zimmerman said they were requesting \$5,000 for house #1 to pay the construction management costs for that project. McCullough asked if it was a reimbursement. Zimmerman said no, the house is not completed yet, so the construction manager is still working. McCullough said incentive requests to the City Commission is a but/for analysis; but for the funds, would you be doing the project. Toomay asked how the construction management costs for house #1 would be paid if no funds from the HTF were awarded. Zimmerman said the funds would be raised elsewhere, or borrowed from the funds to build house #2. Toomay asked if additional HTF amounts could be allocated to these projects to replace the HOME funds, then re-allocate the HOME funds to other projects. Dresslar said that would require a substantial amendment to the 2016 Action Plan to re-allocate HOME funds.

Zimmerman left the room to allow the board to continue the application review.

Oury asked the board if they want to reimburse developers for projects already built at the time of application. Boley said he realizes this process has taken longer this year than the board had hoped; going forward there should be a better understanding of what the funding will be in advance of the construction season. Boley said he understood why LHFH could not wait for this application review before starting construction on house #1; he felt the board should concentrate on funding houses #2 and #3. Oury said the board could award the funds contingent on the completion of the federal subsidy layering analysis and only for houses #2 and #3. McCullough said the board should not get too hung up on mechanisms on how the layering of funds work at this point and instead focus on the merits of the project; if the funds are awarded and then are not able to be used, that portion of the award would be forfeited and return to the HTF for re-allocation. Dresslar suggested modifying future application forms to inform applicants to consult with staff if they would be using federal funds in the project.

Ortiz asked if she should recuse herself from voting since she knows the families that will own the LHFH houses. Toomay said she did not think it was a conflict since Ortiz would not benefit from the award of funds. Boley asked if Ortiz was related to any of the families. Ortiz said no, but one was an employee. Toomay said if Ortiz was concerned about it, there was still a quorum able to vote. Oury said she does not know if any of these families are current participants in an LDCHA programs. Ortiz recused herself and left the room.

Oury moved to recommend awarding \$75,000 to LHFH for the construction of houses #2 and #3, contingent on a completion of the subsidy layering and gap analysis required for the use of federal HOME funds. Boley seconded the motion. The motion passed 5-0.

The board asked Buford and Ortiz to return to discuss the application from TTH. Buford explained she would like to change the description of the project to not describe the houses as tiny homes, since that has become the description of a certain subset of buildings. Buford indicated seven of the last nine sales of homes in the Lawrence Community Housing Trust (LCHT) have been to single women who do not necessarily need two or three bedroom homes. Buford described an example of the proposed new homes; they would be 700 square feet. Oury asked if the funds would be used to buy lots for the homes. Buford said TTH currently owns one possible lot on Perry Street, but it would have to be

rezoned; other lots would be purchased. Thellman asked if TTH would work with the neighborhoods in which these houses would be located. Buford said yes, the homes would be owner occupied, single family homes appropriate for the area. Thellman said she knew North Lawrence had issues with adding additional impervious surfaces and concern with flood plain issues because of more development. Buford said she had not yet spoken with the North Lawrence Improvement Association since these projects are still in the application for funding phase. She said in the past East Lawrence has been receptive to the development of smaller houses, while some neighborhoods want affordable housing without an increase in density.

Thellman asked about the layout of the homes and if the bedroom would be located upstairs. Buford said the plans submitted with the application were just examples, but the bedroom would be on the first floor, with a loft storage/living space upstairs. Buford said it was possible to have several floor plans, including one to include accessibility for seniors to age in place.

Ortiz asked about the timeline on completion of these homes. Buford said it should be two years, depending on the timing of different funding sources.

Buford left the room to allow the board to continue the application review.

Thellman said this application would also need to be contingent on the gap analysis and contingent on approval of any needed rezoning. Toomay asked about awarding more funds from the HTF and removing the federal HOME funds. Karr said TTH was the HUD designated Community Housing Development Organization (CHDO), and the city was required to award them at least 15% of the entire HOME grant for the development of affordable housing; if they did not use HOME funds in these homes, they would have to have other homes in the pipeline to develop within the required HOME timeframe. Oury said she was pleased the projects were aimed at those individuals making less than 40% of the area median income. Thellman thought it was a great project, but would ask TTH to change the name away from tiny homes because it might be misleading. Ortiz liked the included narrative description of the houses being cottages. Oury pointed out the energy efficiency of the houses, which would assist with long term affordability.

Oury asked if there was anything that compelled the board to only award \$30,000 to the project, instead of more. Boley felt they would need to apply for more funds if they wanted more.

Oury moved to recommend awarding \$30,000 to TTH for the project, contingent on a completion of the subsidy layering, gap analysis, and environmental review required for the use of federal HOME funds, any city land use approvals, and changing the name to cottages instead of tiny homes. Thellman seconded the motion. The motion passed 6-0.

Toomay said she would prepare a memo with recommendations for the City Commission, possibly for the July 18 agenda or maybe the August 1 agenda.

Oury informed the applicants of the award amounts and contingencies for each application.

Sturtevant and Stultz left the meeting (phone).

5. Other New Business / Future Business

Zimmerman asked about the status of the renewal of the sales tax. Toomay said the City Commission would review the resolutions to call for a special election at the July 11, 2017 meeting. She said one recent change was to include the term bikeways in the description of the infrastructure .3% sales tax. Boley said he thought it would be a good idea to discuss the constraints on the governing body and this board with regards to the answering of questions on the sales tax referendum. Toomay said she would ask the city attorney to put together a memo for the next AHAB meeting describing the way the city is allowed to educate voters, but not advocate one way or the other. Oury asked if members of the AHAB

should attend the July 11 City Commission meeting. Boley said it could be helpful if there were any questions about the AHAB's review of the applications.

Dresslar updated the board on the Assessment of Fair Housing, and invited them to two public meetings designed to collect input on fair housing issues in the community. The first meeting is 10am to 11am on Wednesday, July 26, 2017 at the Carnegie Building and the second meeting is 5:30 to 6:30 on Thursday, July 27, 2017 in the City Commission room of City Hall. The AHAB will be

Boley informed the board of upcoming activities to celebrate 50 years of fair housing in Lawrence. At 2pm on July 16, 2017 there will be a special screening of the movie *Jayhawkers* at Abe & Jakes, and at 5pm on July 18, 2017 the City Commission will convene at the Watkins Museum to celebrate the 50th anniversary of passage of Ordinance 3749 on fair housing.

6. Next Meeting

The next meeting will be on August 14, 2017.

7. Adjourn

Ortiz moved to adjourn the meeting. Thellman seconded the motion. The motion passed 6-0 at 12:40pm.

Future Meeting Dates / Tentative Agenda items

August 14, 2017 – campaign regulations on educating voters; review draft Assessment of Fair Housing

September 11, 2017

October 9, 2017

November 13, 2017

December 11, 2017

These minutes were approved by the Board _____.