



**City of Lawrence, Kansas
Affordable Housing Advisory Board**



2017 Annual Report



City of Lawrence

City of Lawrence Affordable Housing Advisory Board

Chair

Matt Sturtevant

Vice-Chair

Shannon Oury

Board Members

Zack Davis, Stuart Boley, Rebecca Buford, Erika Zimmerman,
Dana Ortiz, Nancy Thellman, Tim Stultz

Staff Liaisons

Diane Stoddard, Assistant City Manager
Scott McCullough, Director Planning and Development Services
Danelle Dresslar, Community Development Manager
Brad Karr, Programs Analyst
Jeff Crick, Long-Range Planner

Background

Pursuant to Ordinance 9129, the Affordable Housing Advisory Board, "shall make an annual report to the Governing Body, no later than March 1 of each year, recounting Board activities of the preceding calendar year. Such report shall, at a minimum, disclose all financial transactions involving monies raised and received by the Board, including gifts and donations, and all projects which the Board recommended and for which the Governing Body approved expenditures of money from the Affordable Housing Trust Fund. The annual report shall be filed with the City Clerk."

Summary of 2017 Board Activities

Establishing a Vision & Mission

Vision Statement

"Opportunity for affordable housing and supportive services for everyone in Lawrence"

Mission Statement

"The mission of the Affordable Housing Advisory Board is to make recommendations to the City Commission on ways everyone in Lawrence has access to safe, quality, affordable housing and supportive services necessary to maintain independent living with dignity."

Comprehensive Housing Market Study

The Affordable Housing Advisory Board made a recommendation to the City Commission to conduct a professional, comprehensive housing study to update the 2005 CHAT report and gain more data about the affordable housing needs in Lawrence. This data will be used to develop strategies on how to direct funds to address housing affordability.

A Request for Proposals was issued to contract with a consulting firm experienced and qualified in housing market data collection and analysis. The Comprehensive Housing Market Study will highlight expected demographic trends, future demands for housing, regulations, and obstacles preventing the market from effectively responding to this demand, and an inventory of the assets and programs currently available to help the community address these challenges.

BBC Research & Consulting, Inc. was selected to conduct the housing study, to begin in early 2018. The housing study is anticipated to take four to six months to complete.

The findings of this study will be presented to the Affordable Housing Advisory Board, the Lawrence City Commissioners and the residents of Lawrence. The findings of this Comprehensive Housing Market Study will help determine a long-term strategy for meeting the housing needs, including the existing conditions, obstacles, and opportunities within the City housing market.

Affordable Housing Trust Fund Awards

The Affordable Housing Advisory Board conducted two rounds of application review for the purpose of recommending projects to be funded from the Affordable Housing Trust Fund. Three projects were selected for recommendation to the City Commission to award funding.

- *Lawrence Habitat for Humanity – 2017 Habitat Workforce Housing Development*
Recommended awarding \$75,000 in gap funding for the construction of two workforce housing homes
- *Tenants to Homeowners, Inc. – Asset building homeowner cottages for very low-income households*
Recommended awarding \$30,000 in gap funding for the construction of six low-cost, scattered site, one and two bedroom cottages for households earning under 40% of median income. [Note, the City Commission authorized changing this award to match/leverage a potential grant for the construction of three single family rental homes]
- *Bert Nash Community Mental Health Center – Bridges Transitional Recovery Program*
Recommended awarding \$495,000 to construct an 8-12 bed rental transitional housing and mental health recovery facility

Sales Tax Renewal and Repurpose

A special election was called and held in conjunction with the general election on November 7, 2017, regarding renewing a 0.05% sales tax and repurposing it for affordable housing. Voters in Lawrence were asked and approved:

“Shall the City of Lawrence, Kansas be authorized to impose a special purpose city retailers’ sales tax in the amount of five one-hundredths of one percent (0.05%) in the City of Lawrence, Kansas, for the purposes of providing and improving the quality, availability, and affordability of housing in Lawrence; acquiring land for future affordable housing units; investing in private/public partnerships for the provision of affordable housing; and such other related affordable housing purposes as may be in the best interest of the City, the collection of such sales tax to commence on April 1, 2019 and shall terminate ten years after its commencement, all in accordance with the provisions of K.S.A. 2016 Supp.12-187 et seq., and amendments thereto?”

Defining Affordable Housing

In general, affordable housing is defined as housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.

In 2016, the Affordable Housing Advisory Board established additional definitions of affordable housing:

Affordable Rental Housing

Housing units with monthly rent and utilities not exceeding 110% of the HUD defined Fair Market Rent, as determined yearly by the Lawrence Douglas County Housing Authority.

Affordable Ownership Housing

Housing units for those earning up to 80% of Median Family Income, as established yearly by HUD for the Lawrence, KS MSA.

The approval of the sales tax for affordable housing is projected to add approximately \$10,000,000 to the Affordable Housing Trust Fund over the ten year life of the tax.

Update to Goals and Action Steps

The Affordable Housing Advisory Board adopted a set of Goals and Action Steps in January 2017. Updates to these goals have been made as follows:



For the Affordable Housing Advisory Board to advocate or build community support for increased CIP funding, and other funding sources, during City budget process for 2018 and beyond.

- a. Build support within community organizations – strength in numbers.
- b. Build support by being successful with 2017 money
- c. Partner with other profit and non-profit organizations and invite them to the table to help be part of the solution. Create a list of community partners by the end of February 2017

Update:

- a. **Goal:** Build support within community organizations – strength in numbers
Performance: The board continues to work with community organizations to build support.
- b. **Goal:** Build support by being successful with 2017 money
Performance: Recommendations for funding from the first round of applications will be on an upcoming City Commission meeting. These recommendations include:
 - \$75,000 to Lawrence Habitat for Humanity for the construction of two houses, contingent on completion of the subsidy layering and gap analysis required for the use of federal HOME funds.
 - \$30,000 to Tenants to Homeowners, Inc for the construction of six affordable cottages, 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. [Note, the City Commission authorized changing this award to match/leverage a potential grant for the construction of three single family rental homes]

The City Commission authorized these projects at its meeting on January 16, 2018.

- c. **Goal:** Partner with other profit and non-profit organizations and invite them to the table to help be part of the solution. Create a list of community partners by the end of February 2017.
Performance: The AHAB created a list and approved a letter to community partners at the February 13, 2017 meeting. The AHAB has also identified some additional stakeholders for the upcoming Housing Study.



The Affordable Housing Advisory Board will identify five funding sources for the affordable housing trust fund, not including those already in the CIP, by first quarter of 2017.

- a. Research other peer cities for existing models
- b. Research federal and state sources to leverage trust fund dollars
- c. Lobby state and federal legislators to reshape or create new funding sources
- d. Seek local, state and national grants
- e. Identify and recommend a proactive incentive policy that automatically applies if certain triggers are met

Update:

- a. **Goal:** Research other peer cities for existing models
Performance: Staff provided the AHAB with a [table](#) describing existing models used by other cities.
- b. **Goal:** Research federal and state sources to leverage trust fund dollars
Performance: *Not yet completed*
- c. **Goal:** Lobby state and federal legislators to reshape or create new funding sources
Performance: The City of Lawrence adopted as part of its annual [Legislative Priority Statement](#) a position encouraging state support for affordable housing initiatives.
- d. **Goal:** Seek local, state and national grants
Performance: The City Commission authorized the utilization of \$30,000 in Housing Trust Funds to match an application by Tenants to Homeowners, Inc. which would leverage state allocated HOME funds and national Housing Trust Funds to provide assistance in constructing three affordable rental homes. Grant recipients will be notified in May 2018.
- e. **Goal:** Identify and recommend a proactive incentive policy that automatically applies if certain triggers are met
Performance: Staff provided the AHAB with a [memo](#) outlining nine funding sources and a proactive policy that automatically applies if certain triggers are met. The AHAB voted to [recommend six funding sources](#) and expressed support for a new proactive policy at the May 2, 2017 City Commission meeting.



Leverage the current CIP proposed Housing Trust Fund allocation 6-1 (\$9Million/\$125K per unit) to create more units of affordable rental housing, first time homebuyer homes, and supportive services within five years.

- a. Update CHAT report within 2017
- b. Develop RFP's for small projects and/or land/multiple pieces of land
- c. Track and publicize in the Board's annual report the dollars leveraged by the expenditures from the affordable housing trust fund over the next five years to create more units of affordable rental housing, first time homebuyer homes, and supportive services

Update:

- a. **Goal:** Update CHAT report within 2017
Performance: The City released an [RFP](#) for a consultant to conduct a comprehensive housing market study. The AHAB voted to recommend [BBC Research & Consulting](#) for the RFP. The contract was authorized by the City Commission in November 2017. Currently, the consultant is working on preparing for initiating the study, which is anticipated to be completed in late spring 2018.
- b. **Goal:** Develop RFP's for small projects and/or land/multiple pieces of land
Performance: The AHAB decided to use an application process to apply for the 2017 Housing Trust Fund allocation rather than issue an RFP. The AHAB approved an [application](#) for funding at the May 8, 2017 meeting. Additionally, an application process was also utilized for remaining 2017 and 2018 funds, which were considered by AHAB in December 2017. The recommendations were received and projects authorized by the City Commission at its January 16, 2018 City Commission meeting.
- c. **Goal:** Track and publicize in the Board's annual report the dollars leveraged by the expenditures from the affordable housing trust fund over the next five years to create more units of affordable rental housing, first time homebuyer homes, and supportive services
Performance: Expenditures and leverage from the HTF will be included in 2017 AHAB annual report.



Expand the Affordable Housing Advisory Board to include up to three more seats for partners such as The Chamber, KU, and Lawrence Board of Realtors by the end of 2017.

- a. Call the three organizations and invite them to the board
- b. Amend the by-laws to allow an expanded board
- c. Recommend the new appointments to the City Commission
- d. City Commission would vote to approve the new positions on the Affordable Housing Advisory Board

Update:

- a. **Goal:** Call the three organizations and invite them to the board
Performance: Staff has been in contact with the three organizations.
- b. **Goal:** Amend the by-laws to allow an expanded board
Performance: [Ordinance No. 9129](#) would first need to be amended to include additional members, then the by-laws amended. The ordinance was updated by action of the City Commission February 6, 2018. The AHAB adopted revised bylaws at its meeting in February 2018.
- c. **Goal:** Recommend the new appointments to the City Commission
Performance: On March 6, 2017 the AHAB approved a memo to the City Commission to recommend adding additional members. The recommendation was presented to the City Commission at the January 16, 2018 City Commission meeting. The action was approved by the City Commission on February 6, 2018.
- d. **Goal:** City Commission would vote to approve the new positions on the Affordable Housing Advisory Board
Performance: This action was approved by the City Commission on February 2, 2018.



Develop a specific allocation plan based on the Affordable Housing Advisory Board mission, vision, and goals for the 2017 CIP Trust Fund allocation for review by the City Commission by the end of the first quarter of 2017.

- a. Define and prioritize the Affordable Housing Advisory Board goals
- b. Develop a process for review and approval of allocation
- c. Develop an RFP process for approval of projects to spend 2017 funds not allocated for spending in future years
- d. Review and recommend proposals to City Commission

Update:

- a. **Goal:** Define and prioritize the Affordable Housing Advisory Board goals.
Performance: The AHAB approved an [application](#) for funding at the May 8, 2017 meeting which contained a description of eligible projects include acquisition, rehabilitation, and development of affordable housing and supportive services so that all persons in the community have access to independent living with dignity.
- b. **Goal:** Develop a process for review and approval of allocation
Performance: The AHAB approved an application review matrix at the May 8, 2017 meeting, which is included in the 2017 [application](#) for funding. An application was also issued for a second funding round in late 2017.
- c. **Goal:** Develop an RFP process for approval of projects to spend 2017 funds not allocated for spending in future years
Performance: Opted for open application period instead of RFP. The AHAB held two application rounds during 2017, making recommendations on available Housing Trust Funds for 2017 and 2018.
- d. **Goal:** Review and recommend proposals to City Commission
Performance: Recommendations for funding from the first and second rounds round of applications for Housing Trust Funds for 2017 and 2018 are complete. These applications were considered and approved to proceed by the City Commission at its January 16, 2018 meeting. These recommendations include:
 - \$75,000 to Lawrence Habitat for Humanity for the construction of two houses, contingent on completion of the subsidy layering and gap analysis required for the use of federal HOME funds.
 - \$30,000 to Tenants to Homeowners, Inc for the construction of six affordable cottages, 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. The City Commission decided to proceed with the request from Tenants to Homeowners, Inc. to modify this request to enable \$30,000 in matching grant funds for state allocated HOME funds and national Housing Trust Funds to leverage the funding and construct three rental homes for very low income. The grant award are scheduled to be made in May 2018.

- \$495,000 to Bert Nash Mental Health Center to construct the Bridges Transitional Recovery Program. These funds will leverage construction of 8-12 bed facility for rental transitional housing and mental health recovery. This project would be Tier II of a three tier continuum model for mental health recovery, which has been a discussion in the community.



The Affordable Housing Advisory Board will work with developers and builders to reduce cost of housing by 5% over 24 months.

- a. Discuss with developers and financiers to understand the issue
- b. Identify places in the process for cost reduction
- c. Analyze impact on unit costs
- d. Recommend policy changes to City Commission

Update:

- a. **Goal:** Discuss with developers and financiers to understand the issue
Performance: Staff has met with developers and builders to try to identify areas to reduce costs and possibly streamline the building process.
- b. **Goal:** Identify places in the process for cost reduction
Performance: Currently in progress
- c. **Goal:** Analyze impact on unit costs
Performance: Currently in progress
- d. **Goal:** Recommend policy changes to City Commission
Performance: Recommendation made by the AHAB in November 2017. The City Commission initiated text amendments as these recommendations were received by the City Commission at its February 6, 2018 meeting.



Within 2017 use the analytics of the 2006 CHAT report to prepare an updated inventory of the housing stock required to meet affordable housing needs, the amount of time needed to meet the needs, with a final goal of meeting the need in 10 years.

- a. Decide who will conduct CHAT report
- b. Chosen entity will conduct updated report
- c. Use updated report to meet determined need

Update:

- a. **Goal:** Decide who will conduct CHAT report
Performance: The City released an [RFP](#) for a consultant to conduct a comprehensive housing market study. The AHAB voted to recommend [BBC Research & Consulting](#) for the RFP. A contract with the consulting firm was approved by the City Commission in November 2017 and work is underway to begin the study for 2018.
- b. **Goal:** Chosen entity will conduct updated report
Performance: Currently in progress
- c. **Goal:** Use updated report to meet determined need
Performance: Not yet completed



Adopt the following definition of affordability to be used by the Affordable Housing Advisory Board by the end of February 2017.

- a. Rental housing units with monthly rent and utilities not exceeding 110% of the HUD defined Fair Market Rent, as determined yearly by the Lawrence Douglas County Housing Authority;
- b. Homeownership housing units for those earning up to 80% of Median Family Income, as established yearly by HUD for the Lawrence, KS MSA.

Update:

- 8. Goal:** Adopt the following definition of affordability to be used by the Affordable Housing Advisory Board by the end of February 2017.
 - a. Rental housing units with monthly rent and utilities not exceeding 110% of the HUD defined Fair Market Rent, as determined yearly by the Lawrence Douglas County Housing Authority;
 - b. Homeownership housing units for those earning up to 80% of Median Family Income, as established yearly by HUD for the Lawrence, KS MSA.

Performance: The AHAB adopted the definition of affordability at the February 13, 2017 meeting, which was included in the [2016 AHAB Annual report](#).

Financial Transactions

The table below summarizes the financial transactions of the Affordable Housing Trust Fund in 2017. The table shows the audited beginning fund balance as of January 1, 2017. \$300,000 in General Obligation Debt was not issued as originally planned during 2017. It is anticipated that the 2018 budget will be amended to accommodate those revenues in the 2018 budget year.

<i>Beginning Balance (as of 1/1/17)</i>		\$80,503
Revenues		
General Obligation Debt - 2017	\$-----	
Interest	\$837	
Donations	\$477	
<i>Total Revenues</i>		\$81,817
Expenses		
Pending Housing Study	(\$78,650)	
<i>Total Expenses</i>		(\$78,650)
<i>Ending Balance (as of 12/31/17 *Unaudited)</i>		\$3,167

Membership Changes

In August 2017, Zach Davis filled the vacant seat on the Board. The terms of three of the original board members, Dana Ortiz, Shannon Oury, and Erika Zimmerman, expired as of December 31, 2017; all three were reappointed to the Board.