City of Lawrence Douglas County
PLANNING & DEVELOPMENT SERVICES

Horizon 2020 Steering Committee
City Commission Room
4:00 – 6:00pm
December 8, 2014

AGENDA

1) **Approve November 17, 2014 Meeting Notes**
2) **Receive correspondence from Lawrence Board of Realtors**
3) **Receive correspondence from Lawrence Preservation Alliance**
4) **Receive correspondence from Tenants to Homeowners**
5) **Presentation by James Wisdom on Technology**
6) **Presentation by Linda Bush on Neighborhoods**
7) **Presentation by Candice Davis on Resident Land-Use Issues**

2015 Meeting Dates

- **January 12**
- **February 9**
- **March 9**
- **April 13**
- **May 11**
- **June 8**
- **July 13**
- **August 10**
- **September 14**
- **October 12**
- **November 9**
- **December 14**

Horizon 2020 Steering Committee
November 17, 2014
Meeting Notes

Members Present: Comm. Thellman, Mayor Amyx, Bill Ackerly, Scott Zaremba, Clay Britton, Lisa Harris, Dr. Rick Doll, Kyra Martinez, John Gascon, Charlie Bryan (ex officio)

Members Absent: Stan Rasmussen

Staff Present: Scott McCullough, Jeff Crick, Amy Miller, Sheila Stogsdill

Others Present: Several members of the public were present.

Mayor Amyx welcomed everyone.

The meeting notes from the October 27, 2014 meeting were discussed. Motioned by Harris and seconded by Thellman to approve the October 27, 2014 notes. Motion passed 7-0.

(Lisa Harris joined the meeting at the beginning of the business development presentation.)

The committee then received correspondence from the public forums from Les Hannon, correspondence regarding affordable housing and table notes from Michael Almon. Motioned by Doll and seconded by Harris to receive the correspondence. Motion passed 7-0.

(Kyra Martinez and John Gascon joined the meeting.)

McCullough introduced the next item which was to discuss the Public Forum highlights and topics.

(Dr. Rick Doll, Clay Britton and Charlie Bryan left the meeting during the above item)
(Scott Zaremba left the meeting after the above item)

Luke Bell
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To: Horizon 2020 Steering Committee

Date: November 17, 2014

Subject: Additional Feedback on Affordable Housing Goals and the Appropriateness of Inclusionary Zoning

Co-Chairs Amyx and Thellman and members of the Horizon 2020 Steering Committee, the Lawrence Board of REALTORS® (LBOR) would like to extend our appreciation for the opportunity to provide an update on the community's housing market during the September 8, 2014 meeting. In response to some of the comments made during the meeting and in some additional memorandums that were received by the committee at subsequent meetings, we have decided it is necessary to provide some additional thoughts to you on these issues.

As part of the presentation provided by the Lawrence Affordable Housing Coalition on September 8th and the written memorandum presented by Professor Kirk McClure on September 22nd, the committee received some information on the benefits of enacting "inclusionary zoning" requirements in the City of Lawrence and Douglas County. While we agree that the lack of affordable housing is an important discussion for this community, both presentations unfortunately failed to provide a detailed explanation on the actual mechanisms or potential drawbacks associated with inclusionary zoning requirements.

<u>What exactly does the term "inclusionary zoning" mean and is there are a better description?</u>

"Inclusionary zoning" is the term that is most commonly used to describe a program that requires the developers of new single-family and multi-family neighborhoods to set aside a certain percentage (generally between 10% and 30%) of any newly-constructed housing units at below market sales prices or rents for households that have household incomes below certain thresholds. The term "inclusionary zoning" itself is not very descriptive and a more accurate description would be to label these programs simply as "price controls" on new housing units.

Table #1. Description of the Common Features of Inclusionary Zoning Programs.

Size and Type of Developments Subject to Inclusionary Requirements	Some programs are voluntary. Other programs only apply to single-family neighborhoods and ignore multi-family neighborhoods. Other programs also only impose the price control restrictions on projects that exceed a certain number of housing units (such as 50).
Percentage of Housing Units that Have Price Controls	The percentage of housing units in the development that will be subject to the price controls varies from a low of five percent to as much as 30 percent.
Depth and Duration of Price Controls on Restricted Housing Units	Most programs establish both the depth (the price ceiling for the affordable housing units) and the duration (how long the restriction will stay in place for each unit) of the price controls. These controls vary widely. The depth is mostly based on a certain percentage of area median household incomes and the period of affordability can last anywhere from 10 to 99 years.
Allowances or Incentives Offered as Compensation for Restrictions	Most programs offer some sort of allowances or incentives for developers when they choose to comply with the price control requirements. Possible allowances, compensation or incentives include density bonuses on the remaining portions of the housing development, system development charge reductions and waivers of other regulations and requirements. In some programs, the developer can choose to make a sizeable payment to a housing trust fund in lieu of complying with the price restrictions.

Generally, traditional economic theory states that inclusionary zoning requirements act as a tax on new housing construction and development. This is because the economic effects of inclusionary zoning are very similar to those of a tax that is levied directly against new housing construction. As more units are restricted with price controls in the development and required to be sold at a substantial discount to market rates, the foregone revenue from the sale of the restricted units must be passed on to the lots and constructed improvements in the remaining portions of the development if the developer is going to maintain a reasonable return on investment.

Basically, the new housing developer must increase the cost of all of the market rate new housing units to compensate for the foregone revenue on the restricted below market rate units. In effect, the consumers who purchase the market rate units in the development will be forced to pay an implicit subsidy or tax to offset the developer's cost to construct the price-controlled units under the inclusionary zoning program.

Accordingly, the introduction of an "inclusionary zoning" program from a classical economic standpoint will lead to an increase in the cost of market rate housing due to the implicit subsidy that offsets the developer's cost to construct the price-controlled units. In housing markets with generally higher housing prices and reduced supply of market rate housing, this effect will be amplified as developers will have more flexibility and price elasticity to pass along the higher housing costs to the purchasers of market rate housing.

Studies and Experience Demonstrate that Inclusionary Zoning Leads to Negative Affordable Housing Outcomes

According to most of the research conducted on this topic, we believe that inclusionary zoning requirements have the potential to lead to a statistically significant increase in the cost of market rate housing units and a reduction in the number of market rate housing units constructed in housing markets with above-average housing prices compared to surrounding communities (such as Douglas County and the City of Lawrence). Numerous studies and examples from other communities with inclusionary zoning requirements support these conclusions.

Madison, Wisconsin: In February 2004, the City of Madison, Wisconsin enacted Ordinance §28.04(25) entitled "Inclusionary Housing" that had the stated purpose of furthering the "availability of the full range of housing choices for families of all income levels in all areas of the City of Madison." The ordinance required a development with ten or more rental dwelling units to provide no less than 15% of its total number of dwelling units as inclusionary dwelling units when the development "requires a zoning map amendment, subdivision or land division." MGO §28.04(25)(c)(1).

For the purposes of this ordinance, an "inclusionary dwelling unit" was defined as a "dwelling unit for rent to a family with an annual median income at or below sixty percent (60%) of the Area Median Income." MGO § 28.04(25)(b). Under the ordinance, the monthly rental price for rental inclusionary dwelling units "shall include rent and utility costs and shall be no more than thirty percent (30%) of the monthly income for the applicable AMI." MGO §28.04(25)(e)(1).

Prior to the enactment of the inclusionary zoning requirements from 2001 to 2003, developers in Madison had constructed 3,257 housing units (of varying types). Following the enactment of the requirements from 2004 to 2006, developers constructed only 1,954 housing units. As a result, there was a 40% reduction in the number of housing units constructed in Madison following the enactment of the inclusionary zoning requirements.

In 2006, the City of Madison issued only 143 permits for market-rate apartment units, which compared to the 660 market-rate apartment unit permits issued in 2003 (a 78% reduction). According to one study on the Madison inclusionary zoning requirements, the drastic downturn in new housing construction caused vacancy rates to decline in existing rental units and led to an increase in net rents, thereby achieving the opposite effect of what the city had intended in enacting the requirements. "*How Inclusionary Zoning Backfired on Madison*," Terrence Wall, Madison Isthmus Weekly, March 15, 2007.

Following a court's decision that the ordinance violated the state's rent control prohibitions (discussed later in this memorandum), the City of Madison decided not to renew the inclusionary zoning requirements when they came up for renewal in 2009. The statistics quoted in the study basically prove that the enactment of the inclusionary zoning requirements had the effect of decreasing the supply and affordability of market rate rental units.

California Study Conducted by San Jose State University Economists: Moreover, one study conducted by economists at San Jose State University found that inclusionary zoning programs in California led to a 20 percent increase in prices for market rate housing units and a seven percent decrease in the number of market rate housing units constructed between 1990 and 2000. Although the introduction of inclusionary zoning does lead to an increase in the construction of below market rate housing units, at the same time it leads to a decrease in the number of market rates constructed and an increase in the cost of market rate units. "*Unintended or Intended Consequences? The Effect of Below-Market Housing Mandates on Housing Markets in California*." Means and Stringham, Journal of Public Finance and Public Choice, Vol. XXX, 1-3/2012.

Boston and San Francisco Study Conducted by New York University Economists: In addition, an additional study conducted by economists at New York University (NYU) found that inclusionary zoning requirements in Boston and San Francisco "constrain new development, particularly during periods of regional price appreciation." Moreover, "there is also strong evidence that implementation of region-wide inclusionary zoning put upward pressure on single-family home prices in the Boston-area suburbs between 1987 and 2008." "*Silver Bullet or Trojan Horse: The Effects of Inclusionary Zoning on Local Housing Markets in the United States*," Schuetz, Meitzer and Been, Furman Center, New York University, June 2010.

<u>Potential Litigation Regarding Inclusionary Zoning Ordinances and the State's Rent Control Prohibition Statute</u>

Under K.S.A. 12-16,120, no political subdivision of the state (including the City of Lawrence and Douglas County) "shall enact, maintain or enforce any ordinance or resolution that would have the effect of controlling the amount of rent charged for leasing private residential or commercial property." Since no Kansas cities or counties have ever enacted inclusionary zoning requirements, this statute has never been tested in court to determine whether it prohibits a city or county from enacting inclusionary zoning requirements.

Having said that, the state of Wisconsin has adopted a rent control prohibition statute that is extremely similar to the Kansas rent control statute. Under Wisconsin statute §66.1015, "no city, village, town or county may regulate the amount of rent or fees charged for the use of a residential dwelling unit."

After the enactment of the inclusionary zoning ordinance by the City of Madison in 2004, the Apartment Association of South Central Wisconsin filed litigation against the City of Madison alleging that the provision limiting the rental price for inclusionary dwelling units sought to regulate the amount of rent charged for rental units and thus violated the provisions of Wisconsin statute §66.1015.

In the *Apartment Association of South Central Wisconsin v. City of Madison*, 722 N.W.2d 614 (Wis.App. 2006), the Wisconsin Court of Appeals sided with the plaintiffs and invalidated the ordinance as an illegal rent control prohibition under the Wisconsin state statute. In doing so, the court held that "the legislature has expressly withdrawn the power of the City to enact MGO §28.04(25)(e) because this ordinance provision regulates the amount of rent that property owners in the specified circumstances may charge for rental dwelling units." *Apartment Association of South Central Wisconsin* at 625. Later that year, the Wisconsin Supreme Court declined a petition to review the appellate court's ruling and the ruling was basically affirmed.

As we have stated previously in this memorandum, no Kansas courts have examined this statute since no Kansas cities or counties have enacted inclusionary zoning requirements at this time. However, we believe that the court opinion from Wisconsin would be highly persuasive authority on this issue and it is probable that a Kansas court would hold that any efforts by the City of Lawrence or Douglas County to place rent controls on rental dwelling units through the enactment of inclusionary zoning requirements would be struck down under K.S.A. 12-16,120.

<u>Conclusion</u>

In closing, we would respectfully request that you carefully consider this issue as you begin to discuss the goals and objectives for the updated comprehensive plan. While LBOR shares the concerns of affordable housing advocates about the cost and supply of affordable and quality housing in our community, we believe that city and county policy makers should proceed very cautiously with any proposals that might have unintended effect of actually increasing the cost and decreasing the supply of affordable housing units for our community's residents.

Lawrence Preservation Alliance

P.O. BOX 1073 LAWRENCE, KANSAS 66044

11-29-2014

Horizon 2020 Steering Committee

Re: Plan Update, public comment

We realize we are late in the comment process, but we hope that you will include this letter in your deliberations before you begin your prioritization process next week. We wish to express our strongest support for the inclusion of an approved preservation chapter in the revised document. As for whether that would be a revision of a previous chapter 11 that had won some of the approvals needed, or if it were completely rewritten, we will leave to you. But a stand-alone preservation chapter does need to be included.

We are fortunate to live in a community that values preservation ideals as part of the bigger picture of community planning. This was the case back when Horizon 2020 was first adopted, but it's even moreso now. We have several historic districts that have been added to State and National Historic Registers since then, and numerous other individual properties. The local historic register is gaining momentum. The City of Lawrence continues to be a Certified Local Government (CLG), that conducts its own historic reviews, and now Douglas County is a CLG as well. The County Commission now appoints a Heritage Council and administers a Heritage Conservation grant program.

Preservation input has been factored into decisions that have ranged from the Oread Inn and the Varsity House to the Marriott Extended Stay, the Poehler Lofts and many other smaller projects. Lawrence still has its Courthouse, hotel, theatre, an original independent bank building, both depots, Masonic Temple, German Turnverein, Carnegie Library, and downtown churches. It has its core neighborhoods with original housing from many styles and income levels. Surrounding towns have well-defined and preserved history as well.

All this makes us a recognized and unique community that has a better sense of where we're going because we respect our ancestors who have done so much hard work before us. This in turn makes us a more desirable community to live in and also to visit. Preservation is an important part of the big picture. We urge you to give it a proper place with a chapter in the revised document. Thank You.

Dennis J Brown

Dennis J Brown

President

Lawrence Preservation Alliance

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Horizon 20/20 Steering Committee
c/o Planning & Development Services
6 E. Sixth St.
Lawrence KS 66044

December 5, 2014

Re: Elements of Successful Community Affordable Housing Programs and An Applicable Definition for Affordable Housing

Considering that Lawrence has the highest cost of living of 59 Kansas cities with populations over 5,000 and a low per capita income, one appreciates that the November 17 letter from the Lawrence Board of Realtors recognizes the need for affordable housing. It is not the first time that Lawrence has forged a consensus about the need for affordable housing. In the recent past it has been supported with specific recommendations by a broad-based, representative cross section of community interests. Attached is the January 2007 Interim Report of the Housing Needs Task Force, a City of Lawrence Committee that included nonprofit housing providers, public sector representatives, and market housing professionals. As with the Tenants to Homeowners (TTH) September 8 presentation to the 20/20 Steering Committee, Inclusionary (IZ) Zoning was just one of many methods the 2007 Task Force recommended to aid the increase of local affordable housing options for all income levels. The Task Force report included many voluntary, locally generated options, such as the Performance Based Zoning model Rebecca Buford also discussed during the September 8 Tenants to Homeowners presentation.

Data shows the average IZ affordable housing benchmark is between ten and fifteen percent and IZ guidelines are most successful when they are mandatory. The American Planning Association (APA), the premier national planning association serving 47 regional or state membership chapters, published a 2004 journal finding that communities initiating a voluntary IZ program failed to produce any significant affordable housing until switching to a mandatory IZ model. Several tables included in the study and copied below illustrate their findings. Table 1 shows four cities had a marked increase in generating affordable housing after switching from a voluntary to mandatory IZ model. Conversely, Table 2 shows a marked decrease in the creation of affordable Orange County housing after the County switched from a mandatory to a voluntary IZ model. From 1979 to 1983, Orange County created 6,399 units of affordable housing using a mandatory IZ model. In the next 11 years the voluntary IZ program produced 952 units. Page two of the same APA study shared similar results from a 2003 study by the California Coalition of Rural Housing and the Nonprofit Housing Association of Northern California: that the 15 most productive IZ programs in California were mandatory programs.

VOL. 21, NO.9 Zoning Practice (formerly Zoning News) is a monthly publication of the American Planning Association

TABLE 1. SWITCHING FROM VOLUNTARY TO MANDATORY INCLUSIONARY ZONING

Municipality or County	Reason for Change	Result
Boulder, Colorado	Throughout the 1980s and 1990s, the city's voluntary ordinance proved ineffective at generating affordable housing.	Mandatory ordinance went into effect in 2000. As of June 2004, the program had created approximately 300 units of housing and had collected $1.5 million in fees.
Cambridge, Massachusetts	Ten years of voluntary inclusionary zoning districts failed to generate any affordable housing.	In 1991, Cambridge switched to a mandatory program. As of June 2004, this mandatory program had produced 135 housing units with 58 more in the pipeline.
Irvine, California	Developers initiated a switch to a mandatory ordinance after more than 20 years of confusion and uncertainty under a voluntary program.	New mandatory ordinance (adopted in the spring of 2003) is a concise program with uniform expectations and rewards for developers. As of June 2004, the mandatory and voluntary programs together had created 3,400 affordable homes and apartments with 750 more in the pipeline. The program also had collected $3.8 million in fees.
Pleasanton, California	A voluntary ordinance proved ineffective at creating affordable housing in the face of increasing housing costs and decreasing availability of land.	Passed mandatory ordinance in late 2000. As of June 2004, the program had created 408 affordable units with 154 more in the pipeline. The program also had collected $14 million in fees.

THE MANDATORY TREND

The current trend in inclusionary housing programs is toward the mandatory end of the implementation spectrum. A survey for this article of available literature and existing programs around the country reveals only one situation where a community switched from a mandatory to a voluntary program: Orange County, California. According to a 1994 report produced by the California Coalition for Rural Housing, the switch led to a dramatic drop in affordable housing. According to Orange County staff, the county no longer has a formal inclusionary housing program. The county does negotiate for affordable housing units on the few remaining vacant parcels that receive development proposals. Conversely, communities nationwide have switched to mandatory programs for additional affordable units and the benefit of greater predictability. Details for some of these communities are summarized in Tables 1 and 2.

TABLE 2. SWITCHING FROM MANDATORY TO VOLUNTARY INCLUSIONARY ZONING

Municipality or County	Reason for Change	Result
Orange County, California	Political environment	A decrease in the production of affordable housing units. The voluntary program produced 952 units in 11 years (1983–1994). The mandatory program produced 6,389 units of affordable housing in four years (1979–1983).

MANDATORY ORDINANCES IN LARGE CITIES

The five largest cities to adopt inclusionary zoning—Boston, Denver, Sacramento, San Diego, San Francisco—chose mandatory ordinances in the face of severe affordable housing shortages. This decision reflects both the perceived and documented effectiveness of requiring developers to set aside affordable units or pay a fee in lieu of building units on-site. Denver's mandatory ordinance is credited with the production of approximately 3,400 units of affordable housing (constructed or in the development pipeline) since the law was passed in 2002, reinforcing the argument that mandatory programs are more productive.

The October issue of *Zoning Practice* will feature a review of big-city inclusionary zoning programs.

THE MIDWEST SIGNS ON

Mandatory inclusionary zoning programs are no longer exclusive to high-cost housing markets on the Coasts. In August 2003, the first inclusionary housing ordinance in the Midwest became law when Highland Park, Illinois, an affluent North Shore suburb of Chicago, adopted a mandatory inclusionary zoning law requiring a 20 percent affordability component in any development with five or more units of housing (See "Affluent Community Sets Precedent with Inclusionary Zoning Ordinance," October 2003). In January 2004, Madison, Wisconsin, followed with its own mandatory program. The ordinance requires developers of projects with 10 or more units to price 15 percent of them as affordable.

THE BOTTOM LINE

With inclusionary zoning, the path most chosen appears to be the more desirable. The experience of municipalities and counties nationwide demonstrates that mandatory inclusionary zoning works as a practical and effective tool for creating affordable housing. While the success of voluntary programs is contingent on the availability of subsidies and aggressive staff implementation, mandatory programs have produced more affordable units overall, as well as more units for a wider range of income levels within the affordability spectrum—all without stifling development.

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When looking at tools used to comprise a comprehensive affordable housing program, the most successful community programs utilize a variety of tools, tailored to best fit community needs and demographics. For example, the Cambridge, MA affordable housing program cited in the APA study includes modest IZ mandates (10%), reclaiming expired tax credit properties and placing them in trust with housing nonprofits, and redeveloping industrial areas with an emphasis on creating certain types of development, including affordable housing (essentially a voluntary Performance Based Zoning).

http://www.cambridgema.gov/~/media/Files/CDD/Planning/GrowthPolicy/growth_policy_2007.ashx (refer to pages 37- 48 of the Housing Policy section)

These programs also complement economic development by providing a variety of affordable housing stock that meet the commonly accepted federal definition of affordable housing: that is, housing should cost no more than 30% of monthly household income. TTH has attached some information regarding this definition as it could be used as a guide to the development of quality affordable housing for all income groups.

Thanks for your consideration of affordable housing needs,

Tenants to Homeowners, Inc.

Housing Needs Task Force Interim Report

January, 2007

Housing Needs Task Force Members:

Commissioner Dennis “Boog” Highberger, Chair

Rebecca Buford, Tenants to Homeowners

Dennis Constance, Living Wage Alliance

James Dick, Pine Tree Townhomes, INC.

Mary Grob, Douglas County Bank

Barbara Huppee, Lawrence-Douglas County Housing Authority

Gwen Klingenberg, Lawrence Association of Neighborhoods

Bob Santee, Santee Denning Construction

Phil Struble, Landplan Engineering

Lavern Squier, Lawrence Chamber of Commerce

Bill Yanek, Lawrence Board of Realtors

Staff Liaisons

Lesley Rigney, City of Lawrence

Margene Swarts, City of Lawrence

Background

In May, 2005, the City in partnership with Aquila hosted a Community Housing Assessment Team (CHAT) whose purpose was to assess the availability of affordable housing in the city and make recommendations for increasing the stock. As a result of the CHAT Report and as a result of a recognized community need, the City Commission authorized then-Mayor Highberger to establish the Housing Needs Task Force. With members from both the non-profit and for-profit development sectors, bankers, neighborhoods and economic development the group set as their goal: that everyone who works in Lawrence should be able to live in Lawrence.

Summary

The CHAT report projected the population of Lawrence to grow to 104,700 by 2015, and projected a demand for an additional 1,690 (under $130,000) affordable owner-occupied units and 2,347 affordable (under $700) renter-occupied units. The report recommended that, in order to meet the growing demand, the City refine the development process, encourage desirable project types, expand capacity of existing housing programs and establish a clear and predictable growth vision[1].

The group met first during April, 2006, less than one year after the CHAT Report was released. They started their work by studying the CHAT report and recommendations as well as information on minimum housing standards and local demographics. They invited many housing entities to speak to the group as both sources of information and to solicit input. Commissioner Highberger asked each presenter, “What could this group or the City do to support your current efforts?” The following individuals presented:

- Barbara Huppee, LDCHA reported on their different programs and the demographics of the clients. She noted the high cost of land and shrinking government subsidies as being the biggest barrier to providing more housing. She also noted that the organization maintains a six month – two year waiting list for their programs.
- Brian Jimenez, Neighborhood Resources Department talked about minimum housing standards and noted the deteriorated conditions of much of the city’s affordable housing stock.
- Jean Lilley, Habitat for Humanity reported that Habitat could build more homes if there was more land available. She also told the group that the CHAT-recommended 169 additional homes per year would be impossible to produce with existing organizations which currently provide affordable housing.
- Rebecca Buford, Tenants to Homeowners reported the status of the newly-formed Lawrence Community Land and Housing Trust, which is acquiring and offering permanently affordable housing stock in the city. She emphasized the importance of recycling limited subsidies through some retention method--like the housing trust. She also noted the high cost of land as being the biggest barrier to increasing their activities.
- Sheila Stogsdill, Planning Department talked to the group about inclusionary zoning and the newly-adopted development code and how they both might further affordable housing.

- Ron Durflinger, Lawrence Homebuilder’s Association, talked about the potential barriers in the development process.

In July, 2006, after spending the first several meetings gathering information, the group came up with a preliminary list of possible tools/solutions to address the affordable housing challenge in Lawrence. The list that was generated included:

- Alternative building – consider affordability and regulatory barriers associated with modular homes
- Inclusionary zoning – requiring a certain percentage of new development to be affordable and/or allowing density increases in exchange for developers adding affordable housing to new developments
- Establishing a Housing Trust Fund with a stable funding source – consider what other states and communities are doing to fund affordable housing, less strings attached to these and more local control
- Traditional Neighborhood Design - allow for or require a variety of types of housing within new developments. Work along-side new development code.
- New development code – how might it impact affordable development, mixed-income, mixed-types
- Neighborhood Revitalization Act – Can this be used to further affordable housing?
- Regulatory barriers – streamlining regulations to reduce the cost of housing
- Land and Housing Trust – consider results other cities have experienced
- Consider Incentives for rehabbing existing housing stock
- Long-term efficiency – energy efficient housing and landscaping
- Land acquisition - incentives for people to donate land, perhaps transferring benefits between projects
- Neighborhood acceptance of projects – fit of affordable housing with existing neighborhood, involving neighborhoods in planning process, maintenance of housing, mixed-income development
- Infill lots – lack of and expense of
- Housing Co-ops – providing both ownership and rental opportunities, higher density
- Employee incentives for homeownership
- Meeting needs of 80-100% MFI

The group agreed that while each of the items deserved attention, they would focus their recommendations on three possibilities: modular housing, inclusionary zoning and establishing a Housing Trust Fund. Modular housing, while remaining a viable option for housing in general, was not determined to be substantially more affordable than current construction practices. Additionally, the Task Force found no substantial regulatory barriers associated with modular housing and therefore, no local changes regarding modular housing are recommended at this time.

The Task Force recognizes that efforts have been underway to adopt the new development code (which has been done), to address and remove regulatory barriers in the development process and to adopt Traditional Neighborhood Design standards. We encourage the City to continue in this positive direction.

Recommendations

The City should adopt an incentive-based inclusionary zoning ordinance. Instead of requiring a certain percentage of new development be affordable, the City should come up with a package of incentives that would allow for developers to realize an expedited review process, density bonuses, waived permits and fees, and other appropriate incentives, in exchange for offering a percentage of new units at affordable rates. The City should also consider offering incentives to developers who rehabilitate existing housing stock and offer it for resale at affordable rates. This ordinance should be reviewed annually to determine the effectiveness and if the ordinance has not achieved the desired effect the City Commission may modify the existing ordinance or consider adopting a similar ordinance that contains requirements as well as incentives.

The City should establish a Housing Trust Fund and should pursue a dedicated funding source that could raise an additional $500,000 annually to further affordable housing activities. In addition to pursuing legislative authority to raise the mortgage registration fee, the City should consider a voluntary "round-up" program where the rounded up amount from utility bills, parks and recreation fees, building permit fees, etc. would be funneled into the Housing Trust Fund. The City should continue efforts to identify supplementary funding streams for such a fund, which would increase the capacity of non-profit developers to provide additional affordable housing in Lawrence. The additional funds would complement current funding streams (mainly federal) and allow for needs at all points of the housing spectrum, from emergency shelter to transitional and permanent housing, to be more adequately addressed.

The Task Force realizes that implementing these two recommendations will not solve the affordable housing issue in Lawrence and the City Commission should give consideration to any other reasonable measures that might address the situation. Further, the Task Force should reconvene after the inclusionary zoning ordinance has been in effect for one year in order to assess the effectiveness and determine the need for mandatory participation.

http://www.lawrenceks.org/assets/agendas/cc/2007/02-06-07/02-06-07h/nr_Housing_Needs_Task_Force_Interim_Report.html

Who Can Afford To Live in a Home?

by Mary Schwartz and Ellen Wilson
US Census Bureau

The conventional public policy indicator of housing affordability in the United States is the percent of income spent on housing. Housing expenditures that exceed 30 percent of household income have historically been viewed as an indicator of a housing affordability problem. The conventional 30 percent of household income that a household can devote to housing costs before the household is said to be "burdened" evolved from the United States National Housing Act of 1937. The National Housing Act of 1937 created the public housing program, a program that was designed to serve those "families in the lowest income group." Because the 30 percent rule was deemed a rule of thumb for the amount of income that a family could spend and still have enough left over for other nondiscretionary spending, it made its way to owner-occupied housing too. Prior to the mid 1990s the federal housing enterprises (Fannie Mae and Freddie Mac) would not purchase mortgages unless the principal, interest, tax, and insurance payment (PITI) did not exceed 28 percent of the borrower's income for a conventional loan and 29 percent for an FHA insured loan.

From HUD.Gov website:

Who Needs Affordable Housing?

Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. An estimated 12 million renter and homeowner households now pay more than 50 percent of their annual incomes for housing. A family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States.