

**AFFORDABLE HOUSING BOARD
MEETING MINUTES**

May 5, 1994

**Council Liaison: Gina Janett
Staff Liaison: Ken Waido**

The May 5, 1994 meeting of the Affordable Housing Board was called to order at 4:10 p.m. in the Main Conference Room, 281 North College Avenue. Board members present: Mary Cosgrove, Tom Sibbald, Cliff Kight, Susan Forgue, Ann Sanders, and Craig Welling. Board members absent: Robert Browning, Christ Sarrazin, and Joanne Greer. Staff present: Ron Phillips, Ken Waido, and Mike Ludwig. Council members present: Gina Janett. Guests: Lou Stitzel.

A. OPEN PUBLIC DISCUSSION

Lou Stitzel commented on her appreciation of work of the members of the Board on the production of documents since November.

B. APPROVAL OF MINUTES

Chair Cosgrove suggested that approval of minutes be delayed until the next meeting.

E. OTHER BUSINESS

Chair Cosgrove asked for a brief review of the May 3, 1994 City Council Meeting at which the first reading of the Impact Fee Delay occurred.

Mike Ludwig stated that the Council approved, 5-0, to adopt an ordinance that would delay the collection of Development Impact fees for affordable housing projects. The fees would be delayed from the time of issuance of building permit to the time of issuance of certificate of occupancy, or December 1 of the year in which the building permit was issued. The City must receive all money in the same calendar year to avoid Amendment 1 issues. December 1 was established to insure all money is collected by December 31. A letter of credit (L.O.C.) is also required to insure that fees will be paid on time. The second reading of the ordinance is set for May 17, 1994.

Board members questioned whether a letter of credit was necessary and expressed concern that the ordinance approved on first reading was different than what the Board had made its recommendation on in February.

Mr. Ludwig stated that the Board had made its recommendation on a draft form of the Agenda Item Summary in February before any analysis had been completed by the City Finance and Legal Departments.

Chair Cosgrove asked that the definition of "Affordable" be corrected to read "30% or less" rather than "less than 30%".

Tom Sibbald commented that he didn't believe that it was a good ordinance, and that requiring a letter of credit negated any benefit of the delay.

Alan Krcmarik provided financial information regarding the process of obtaining a letter of credit. He stated that the ordinance might not be as beneficial for small projects as it could be for large projects, due to economies of scale.

Chair Cosgrove suggested that the Board provide further input to the City Council before second reading.

Gina Janett stated that security of payment was a genuine concern of the Council.

Member Sibbald stated he still felt that the ordinance should be available to all projects and not just affordable housing and that he expressed his opinion at the City Council meeting.

The Board felt that the certificate of occupancy and construction loan financing were enough security to insure that the project would be completed and the fees paid.

Gina Janett stated that the December 1st issue was non-negotiable.

The Board requested that alternate language be prepared, eliminating the L.O.C. for Council consideration on second reading.

Gina Janett agreed to present the alternative language at second reading.

Member Kight suggested that instead of a fee reimbursement, fee abatement at the time of payment would involve less administration.

Chair Cosgrove stated that she felt it would have to be adopted separately.

C. DISCUSSION OF CITIZEN COMMENTS FROM THE APRIL 28 PUBLIC MEETING AND REVISIONS ON THE RFP PROCESS FOR THE AFFORDABLE HOUSING FUND (HOUSING TRUST FUND) - SELECTION CRITERIA.

Chair Cosgrove suggested that the Board review comments made at the public meeting and look at each item. She also suggested reviewing or discussing the staff alternative (Parkland Fee Reimbursement) which was handed out at the public meeting.

The Board expressed resentment towards staff for presenting a new alternative at the public meeting which had not been reviewed by the Board.

Chair Cosgrove stated that she had received written and verbal apologies from staff.

Ron Phillips stated that it was felt that an easier administrative process needed to be on the table along with the other process developed. There were no excuses for lack of notification to the subcommittee or the entire Board regarding an alternative. He noted that the alternative was formulated at the last minute.

Chair Cosgrove stated that she felt it would have been more appropriate for new alternatives to be presented at this meeting.

Council Member Janett stated that she did not think the issue was sending things to the Board for review. She thought it was more the timing and showing up when it did. Council wants a review of these things and the best thing to do was to acknowledge it was not a very cooperative thing to do but Council needed the Board's review on both of the items.

Member Sibbald stated there were two proposals from the Board, one was a RFP process and one was an impact fee reimbursement for projects with 6 units or less. There was a third proposal, which was the impact fee reimbursement that only applies to Parkland Fees and is open to any size project.

Chair Cosgrove stated there was public comment that needed to be looked at either tonight or at another meeting. There was discussion around the three elements that could either be combined and coordinated or choices could be made among them for support from this Board.

Member Sibbald stated the largest part he heard from the public input section of this was that the RFP process seemed to be burdensome. He referred to previous discussions by the Board and Council that they did not want to see it be a giveaway program. The wanted to know that at some point in time the product was producing what it was intended to produce.

Member Sibbald felt that alternative three was a dead giveaway. It has no compliance once the unit was placed in service. All that needed to do to receive the Parkland Fee reimbursement was to say that low income people were being serviced, trust me, and that would be the end of it.

Member Sibbald's problem with any housing project was with cost and cost containment. In the RFP process, you have to demonstrate that some thought went into the project, be in service for a period of time and the public money was not be wasted on sources that nobody knows what the uses are.

Member Sibbald stated that he was not absolutely married to the RFP. He did however, support review, cost containment, some sort of ongoing compliance and some sort of check, and some sort of ultimate recapture in the event that it is not doing what they are supposed to be doing.

Chair Cosgrove stated that they would like to see things affordable as long as possible, and that the first time the tenant turns over the rent goes up.

Mike Ludwig stated that there was a possibility of meshing the different processes together. What could be combined to make the two processes to make it more agreeable.

Chair Cosgrove set the next meeting for May 12th at 3:00.

Council Member Janett asked if there was thought as to streamlining the RFP or making it easier.

Chair Cosgrove thought was that you would have to choose between a competitive process or a non-competitive process. She thought the difference was that there was not an opportunity to compare Options A and B because its who ever gets there first.

Member Sibbald stated that was the reason for setting up Alternative B.

Mr. Waido stated that there was an implementation strategy later on in the work plan. It was utilization of the RLM zone.

Member Sibbald felt that Alternative B was closer to the middle than either one. He felt it has cost containment, cost limitation, on-going monitoring. It just does not have a competitive nature to it, it's first guy in the door.

Member Sibbald did not know how Alternative C would be done, its the first guy in the door and the first guy to \$100,000 wins.

Member Kight felt that the City wanted to get the most for its buck and that wasn't the first guy in the door.

Member Sibbald stated that was correct and that was why the in RFP process the proposals are evaluated.

Chair Cosgrove stated that the management and financial feasibility that they would fund. They were willing to take some risks with the smaller projects because it was felt that it was a lot of bureaucracy for a small project to go through and that was why Plan B was put together.

Chair Cosgrove felt that they were still debating the pros and cons of the competitive factor beyond the foot race concept.

Mr. Waido stated there was another one to. The trust fund concept. If your going to just pay fees, that was money down the drain, it does not come back. That meant that every year Council would be asking to stoke the fuel.

Member Sibbald felt there was not a lot of public support for affordable housing.

Chair Cosgrove had concerns about doing an RFP process for only a \$100,000.00.

Mike Ludwig stated that administrative costs would eat up 1/3.

Member Sibbald stated that it was never stated to him that 20% of the capital was to administrate this. He did not know where that comes from.

Planning Director Phillips stated it was no different that the way CDBG grants are administered.

Member Sibbald felt that there needed to be some discussion and thought about the administration costs.

Planning Director Phillips stated that what he was hearing was that the Board was anticipating a rush. He was not uncomfortable with a first come, first serve basis until we see if it was not going to work.

Mr. Phillips stated that all of the \$133,000 would not be used in a year. He questioned whether all of the impact fees should be paid. He did not like to see a bureaucratic process being set for something that may not require it.

Chair Cosgrove felt that a lot of things required in the RFP would be required in any project that would be well managed. She felt streamlining to make it easier is a good concept.

Council Member Janett stated that the State Department of Local Affairs has one application. She thought that the people coming for this would also be going for CDBG funds.

Mr. Waido felt that next year there should be a simple process for allocating funds for all three programs.

Member Sibbald felt that the CDBG grant application did not tell anything and it was a disadvantage. He agreed there should be one application and one process.

Planning Director Phillips stated that Mayor Azari thought it would be a good idea for a joint meeting with the Affordable Housing Board.

Chair Cosgrove suggested if there was any more questions before the next meeting to give staff a call.

The meeting was adjourned until the 12th of May at 3:00 p.m.