

Wednesday, March 23, 2016 - 3:00 p.m.  
 City Council Chambers, 125 E. Avenue B, Hutchinson, Kansas

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1. CALL MEETING TO ORDER

_____ G. Binns	_____ M. Clark	_____ K. Bleything
_____ A. Finlay (Vice Chair)	_____ L. McConnaughey	_____ S. Cooley
_____ R. Greever	_____ S. Poltera (Chair)	_____ S. Kiblinger
_____ L. Gleason	_____ A. Patterson	

Ex-Officio Members:

_____ D. Rich	_____ D. Hart	_____ R. Fisher
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2. APPROVAL OF MINUTES – February 24, 2016

3. ANNOUNCEMENTS

4. UPDATES

a. Rental Registration and Inspection Program

*As of March 16, 2016, 2,701 rental units have been registered. Since the last meeting, a bill (HB 2665) was passed by the House Committee on Commerce, Labor and Economic Development. That bill would limit cities and counties from requiring interior inspections without consent or a warrant. Some revisions have been made to the original proposal and will be presented to the House Floor.*

b. Interfaith Rehabilitation Grant

*City Council approved the \$50,000 grant to Interfaith Housing Services, Inc to rehabilitate 4 homes south of 11<sup>th</sup> Avenue. Interfaith is proceeding with rehabilitation of housing in that area. Interfaith has completed the home on 11<sup>th</sup> Avenue, which will not be funded by the grant. Please find photos of the project attached.*

5. NEW BUSINESS

a. 2017 DRAFT Budget Request for Housing Initiatives (attached)

6. OTHER

a. The next Housing Commission meeting is scheduled for Wednesday, April 27, 2016; 3:00 p.m.

b. **Tour of Interfaith Housing Services Avenue G Project (tour will be conducted at the site after the meeting)**

7. ADJOURN

Staff Contacts:	Jana McCarron	620-694-2681	Casey Jones	620-694-2667
	Amy Denker	620-694-2638	Stephanie Stewart	620-694-2617
	Charlene Mosier	620-694-2639		

# Minutes

Wednesday, February 24, 2016 - 3:00 p.m.  
City Council Chambers, 125 E. Avenue B

# Housing Commission

City of Hutchinson, Kansas

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## 1) CALL TO ORDER, ROLL CALL

The following members were present: Greg Binns, Kevin Bleything, Richard Greever, Lisa Gleason, Anthony Finlay, Scott Cooley, Aubrey Patterson, Ron Fisher, Dan Rich, and Sue Poltera. Mark Clark, Shelley Kiblinger, Luke McConnaughy, and Dianna Hart were absent. Steve Dechant, City Councilmember; and Mark Eaton, Land Bank, were also in attendance. Staff in attendance were Jana McCarron, Director of Planning and Development; Amy Denker, Housing Program Coordinator; and Charlene Mosier, Planning Technician.

## 2) APPROVAL OF MINUTES

The minutes of the January 27, 2016 meeting were approved on a motion by Greever, seconded by Binns, passed unanimously.

## 3) ANNOUNCEMENTS

McCarron said the Planning Department is continuing to recruit for an associate planner position.

## 4) UPDATES

### 4a. Rental Registration and Inspection Program

McCarron said 1,677 properties have been registered so far in the Rental Registration and Inspection Program. On March 1, final notices will be sent out to remind landlords to register prior to March 31. After that date late fees will be applied.

The commission would like Fred Salisbury, Rental Housing Inspector, to come to the next meeting to talk about the units he has already inspected and how the program is going.

McCarron updated the commission that the request to exempt non-profits from the Rental Registration and Inspection Program was denied by the City Council. Newly constructed units can defer inspections for six years; however, they will continue to pay the annual fee.

### 4b. Avenue G Test Build

Ron Fisher, Interfaith Housing Services, said the first modular house is to arrive Saturday and will be placed on one of the two foundations at the 300 East Avenue G location. The second modular house will arrive approximately a week later. The homes come pre-painted and will make a big impact on the neighborhood.

(Patterson arrived).

#### 4c. Interfaith Rehabilitation Loan

Denker said the City Council has granted the \$50,000 loan to Interfaith Housing Services. This is the 2016 Residential Rehabilitation Loan Program for rehabilitation of homes for three years by Interfaith Housing Services for a target area south of 11<sup>th</sup> Avenue. The City Attorney was concerned with how this forgivable loan was set up because it is considered more of a grant than a loan. It has now been set up as a grant with four houses to be rehabilitated in three years.

The consensus of the Housing Commission was to approve the change.

(Cooley arrived).

#### 4d. Rural Housing Incentive District

McCarron said the County Commission discussed the Rural Housing Incentive District at their meeting on February 23, 2106. The Rural Housing Incentive District program was approved by the City. The program diverts property taxes on the increased value of a property to pay for streets, sewer and other infrastructure improvements normally financed with special assessments. County Commissioner Deming was opposed to using rural housing incentive districts for houses worth more than \$250,000. Bleything said \$250,000 is the cost of a typical homes these days and the point is to stimulate development and make it less risky for developers. Allowing a mix of homes, not all the same style or price would make the program work better. One idea is for developers to submit one project at a time and work into the program.

### 5) NEW BUSINESS

#### 5a. Comprehensive Plan – Request for Proposals

##### 1) Volunteers for Working Group

McCarron said a Request for Proposals will be utilized for the public engagement portion of the Comprehensive Plan. The deadline for the RFP's will be April 1. McCarron asked for volunteers from the Housing Commission for assistance with the housing plan portion of the Comprehensive Plan. Gleason and Finlay volunteered to help with this. Ron Fisher said he would also help. Housing will be under the "Livability" portion of the Comprehensive Plan which includes neighborhoods, healthcare, safety, aesthetics, food and education. These ideas will be based on goals for a 20 year vision. There will also be a strategic plan to go along with the Comprehensive Plan.

### 6) OTHER

6a. Poltera mentioned that she, Denker, McCarron, Fisher, and Dechant traveled to Wichita to tour a Habitat for Humanity project on 13<sup>th</sup>, east of I35, which is an area of homes that have been in decline. Through a strategic collaboration effort, the City of Wichita and Habitat for Humanity have demolished homes and constructed new homes for families that were prequalified. This infill development in a target neighborhood has had a positive impact and was very impressive. The area is between one and two blocks with 20 new homes. The group was very pleased to tour this project.

6b. Dechant mentioned the \$20,000 remaining of the \$70,000 after the \$50,000 allocated to Interfaith Housing Services with the rehabilitation loan. He said the City

budget season is upon us and he asked the commission for ideas of what it would do with a larger budget to improve our housing stock.

6c. Denker said staff will continue to work on the housing website. Patterson has been nominated to the website development committee. Bleything has a personal contact who would be willing to help build the website for an attractive fee.

6d. The next Housing Commission meeting is scheduled for Wednesday, March 23, 2016 at 3:00 p.m.

**7) ADJOURN**

The meeting adjourned at 3:50 p.m.

Respectfully Submitted,  
Charlene Mosier

INTERFAITH HOSUING RENOVATION - 11TH AVE





## 2017 Budget Request

<b>City Council Priority Area:</b>	<b>Housing - Rehabilitation</b>
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<b>Amount Requested:</b>	<b>\$25,000</b>	<b>Zero Interest Rate Loan Subsidy</b>
	<b>\$40,000</b>	<b>Feature Neighborhood Direct Grants</b>
	<b>\$65,000</b>	<b>Total Request</b>

### Existing Program Summary

Rehabilitation of the City's existing housing stock has been a priority for the City for a number of years. The following summarizes recent efforts and includes funding amounts.

<ul style="list-style-type: none"> <li>• <b>Brush Up Hutch Paint Program</b> <ul style="list-style-type: none"> <li>- Funds up to \$300 in reimbursements for paint only.</li> <li>- Recipients must meet maximum income requirements and must reside in the home being painted.</li> <li>- One-half of 2015 &amp; 2016 funds provided for Project Coordinator position with Interfaith Housing Services</li> </ul> </li> </ul>	<b>\$6,000 annually</b>
<ul style="list-style-type: none"> <li>• <b>Neighborhood Revitalization Plan</b> <ul style="list-style-type: none"> <li>- Property Tax Rebate for renovations to housing (and construction of new housing) located south of 11<sup>th</sup> Avenue</li> </ul> </li> </ul>	<b>\$1,466 annually (estimate)</b>
<ul style="list-style-type: none"> <li>• <b>Avenue A CDBG</b> <ul style="list-style-type: none"> <li>- Funded through the Kansas Department of Commerce and includes improvements for up to 18 homes in the project area</li> <li>- Income restricted</li> <li>- Rehabilitation to minimum health and safety standards</li> </ul> </li> </ul>	<b>\$94,110 (local share) \$400,000 (grant)</b>
<ul style="list-style-type: none"> <li>• <b>REPAIR</b> <ul style="list-style-type: none"> <li>- Stallman grant for purchasing materials and supplies to fix houses prior to painting</li> <li>- Income restricted</li> </ul> </li> </ul>	<b>\$5,000</b>
<ul style="list-style-type: none"> <li>• <b>2016 Residential Rehabilitation Grant</b> <ul style="list-style-type: none"> <li>- Funds rehabilitation of a minimum of 4 houses</li> <li>- Interfaith Housing Services – grant recipient</li> </ul> </li> </ul>	<b>\$50,000</b>
<ul style="list-style-type: none"> <li>• <b>Hutchinson Healthy Neighborhoods Initiative Matching Grants</b> <ul style="list-style-type: none"> <li>- Used in connection with neighborhood engagement and capacity building activities occurring in the Graber &amp; W Avenue A neighborhoods</li> <li>- Actual projects not yet identified</li> </ul> </li> </ul>	<b>\$6,000</b>

### Un-Met Needs

#### Focused Neighborhood Rehabilitation Efforts

As the list above suggests, the City has spent much time considering how to incentivize and fund housing rehabilitation. Strategies have included ways to encourage exterior cosmetic changes to homes, as well as providing tax relief for property owners choosing to renovate their homes. Most existing programs have been widespread and broadly focused. With a Neighborhood Revitalization Plan area of 11.48 square miles, impacts are dispersed and not widely visible. Even the CDBG target area was so large that the impact of investing \$500,000 along that corridor has been largely lost in the landscape. Focused neighborhood rehabilitation efforts are needed.

**Leveraging Private Investment**

While the City actively pursues all options to assist with funding housing rehabilitation, residents still have trouble repairing homes. And, there are so many homes needing repair, that the City's ability to attract grant dollars does not match rehabilitation needs. Hutchinson has many large, old homes that represent rehabilitation challenges because deterioration is across the whole home, not just parts. For those residents who are capable of obtaining traditional repair loans, many lack the confidence in their neighborhood to risk making investments they may not be able to recoup. In addition rental properties (investment properties) are generally ineligible for most of the City's funding opportunities, which contributes to the declining condition of these properties. Additional efforts to increase private investments are needed.

**Recommended Strategies**

- **Zero Interest Rate Loan Subsidy**

This strategy involves partnering with a local lender to provide home improvement loans in two feature areas: 1) Graber and 2) Houston Whiteside Historic District.

- City pays the interest only in one lump sum
- Maximum interest payment per loan = \$2,500
- Open to owner-occupied and investment properties
- No income qualifications

Partners: Local bank/credit union

Anticipated Outcome: Increase in private investment resulting in stronger markets and higher property values.

**\$25,000**

- **Feature Neighborhood Direct Grants**

For lower-income neighborhoods where borrowing capacity may not be as strong, direct grants are needed to improve market conditions. These grants would be applied toward making exterior improvements that directly enhance the marketability of neighborhoods, including porch repair, window replacement, siding repair and painting.

- Available in W Avenue A & Houston Whiteside District only
- No income restrictions or residency requirements
- Grants to be used for supplies and materials
- Interfaith Housing Services would be grant recipient, with Project Coordinator position organizing volunteer labor
- Maximum grant amount: \$4,000/unit

Partners: Interfaith Housing Services; Hutchinson Community Foundation (support for Project Coordinator)

Anticipated Outcome: Market improvements in feature neighborhoods

**\$40,000**

## 2017 Budget Request

**City Council Priority Area:      Housing – New Construction**

<b>Amount Requested:</b>	<b>\$35,000</b>	<b>Down Payment Match Incentive</b>
	<b>\$35,000</b>	<b>Total Request</b>

### Existing Program Summary

The City has several programs to incentivize construction of new housing. These are summarized below.

<ul style="list-style-type: none"> <li>• <b>Rural Housing Incentive District (RHID)</b> <ul style="list-style-type: none"> <li>- Eliminates special assessments</li> <li>- Taxes pay for infrastructure</li> <li>- Developer pays cost of infrastructure</li> <li>- Repayment is 15 years or less</li> </ul> </li> </ul>	<b>Unknown (new program)</b>
<ul style="list-style-type: none"> <li>• <b>Infill Development Incentive</b> <ul style="list-style-type: none"> <li>- Waives building permit fees</li> </ul> </li> </ul>	<b>\$1,500 (2015)</b>
<ul style="list-style-type: none"> <li>• <b>Special Assessment Districts</b> <ul style="list-style-type: none"> <li>- City bonds infrastructure costs</li> <li>- City pays for a portion of infrastructure installed</li> <li>- Repayment is typically 20 years</li> </ul> </li> </ul>	<b>\$100,000+ (city share)</b>
<ul style="list-style-type: none"> <li>• <b>Moderate Income Housing (MIH) Grant</b> <ul style="list-style-type: none"> <li>- Current grant is for Townhomes at Santa Fe Place</li> <li>- Income restricted</li> <li>- Total units = 10</li> </ul> </li> </ul>	<b>\$54,800 (city share) \$200,000 (grant)</b>

### Un-Met Needs

#### Home Ownership Expansion

As neighborhoods decline, home ownership levels decrease and the percentage of investment properties increases. Because investors do not have a personal attachment to their properties, they tend to be in poorer condition than those properties that are owner occupied. Our healthy neighborhoods consultants have stressed the importance of treating neighborhoods as markets and attracting home ownership into neighborhoods to strengthen the market. There is also untapped potential in different styles of housing, for instance townhomes, as well as the development style of new subdivisions. A growing need in our community is creating healthy, walkable spaces in the places we live. These spaces tend to be more attractive and are “catnip” to the growing “hipster” young professionals our community wishes to attract. We need to expand opportunities for home ownership in order to create diversified neighborhoods.

### Recommended Strategy

<ul style="list-style-type: none"> <li>• <b>Down Payment Match Incentive</b> <p>This strategy involves providing a down payment match for current renters to move into the homeownership market in feature neighborhoods</p> <ul style="list-style-type: none"> <li>- Maximum down payment match per loan = \$2,500</li> <li>- Homebuyer must pay a minimum of 60% of match</li> <li>- No income restrictions</li> </ul> </li> </ul>	<b>\$35,000</b>
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| <ul style="list-style-type: none"><li>- Open to current renters in Reno County</li><li>- Available for purchase of homes in Graber, W Avenue A and Houston Whiteside neighborhoods</li></ul> |  |
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Partners: Hutchinson Community Foundation (potential grant application)

Anticipated Outcome: Increase in home ownership rates in feature neighborhoods resulting in stronger markets and higher property values.

DRAFT