

Minutes

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

Housing Commission

City of Hutchinson, Kansas

1) CALL TO ORDER, ROLL CALL

The following members were present: Greg Binns, Kevin Bleything, Richard Greever, Scott Cooley, Shelley Kiblinger, Dan Rich, John Scott, and Anthony Finlay. Sue Poltera, Aubrey Patterson, Lisa Gleason, Luke McConnaughy, Mark Clark, 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 February 24, 2016 meeting were approved on a motion by Binns, seconded by Greever, 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 3,449 properties have been registered so far in the Rental Registration and Inspection Program. The deadline to register is March 31, 2016.

HB 2665 was passed by the House Committee on Commerce, Labor and Economic Development that would limit cities and counties from requiring interior inspections without consent or a warrant. Additional revisions could still be made.

Finlay said based on the outcome of HB 2665, the Housing Commission can consider other options to improve rental properties. Greever suggested educating tenants and using arbitration. McCarron said Wyandotte County has had a rental program for twenty years and it is working for them. They, too, would be impacted by the bill.

The Housing Commission may want to have a special meeting to make recommendations to the City Council if the bill is passed before our next regular meeting.

4b. Interfaith Rehabilitation Grant

McCarron said City Council approved the \$50,000 grant to Interfaith Housing Services, Inc. to rehabilitate four homes south of 11th Avenue and they are proceeding with rehabilitation of houses in that area.

Interfaith Housing recently completed renovation of the home at 126 W. 11th Avenue. This project was not funded by the grant. Photos of this home were included in the

packet. This home is already under contract and the buyer met the guidelines of Interfaith Housing Services.

John Scott, Interfaith Housing Services, informed the Housing Commission that due to their financial situation, he had to discontinue the Director of Operations position held by Ron Fisher. He said this was a tough decision as Ron was such an asset to the organization and community. Interfaith Housing does not plan to cut any programs and will spread the work among existing staff. John will either be the ex-officio Housing Commission member or he will appoint someone from his agency.

5) NEW BUSINESS

5a. 2017 DRAFT Budget Request for Housing Initiatives

McCarron said the City Council and City Manager had a visioning session to determine seven priority areas for the future. Housing is one of the priorities and this includes the areas of rehabilitation, new construction and preservation.

For rehabilitation, the City has the following existing programs:

- Brush Up Hutch Paint Program
- Neighborhood Revitalization Plan
- Avenue A CDBG
- REPAIR
- 2016 Residential Rehabilitation Grant
- Hutchinson Healthy Neighborhoods Initiative Matching Grants

McCarron said that staff analyzed the needs and current gaps in housing rehabilitation. The following programs are recommended to fill gaps that were found.

Zero Interest Rate Loan Subsidy

One of the options recommended by Staff is the 2017 Budget Request for Housing – Rehabilitation to make dollars stretch farther. The City is considering a Zero Interest Rate Loan Subsidy. There are many older, large homes that need considerable rehabilitation for the entire home and residents who are capable of obtaining traditional loans may lack confidence in their neighborhood to make an investment risk they may not be able to recoup. The Zero Interest Rate Loan Subsidy would involve partnering with a local lender to provide home improvement loans in two feature areas: The Graber neighborhood and the Houston Whiteside National Historic District. The City would pay the interest only on the loans with a maximum subsidy of \$2,500. No income qualifications would be required of the recipient and the subsidy would be available for owner-occupied and investment properties. The increase in private investment would result in stronger markets and higher property values. The proposed amount requested is \$25,000. The commission discussed the proposal and recommended raising the amount to \$30,000, with an individual maximum of \$3,000.

Feature Neighborhood Direct Grants

The amount requested for the Feature Neighborhood Direct Grants is \$40,000. This would be for lower-income neighborhoods where borrowing capacity may not be as strong and the direct grants are needed to improve market conditions. The grants would be applied toward making exterior improvements that enhance marketability of neighborhoods, including porch repair, window replacement, siding and painting. This

would be for the West Avenue A and Houston Whiteside National Historic District only. No income restriction or residency requirements would apply and the funds would be used for supplies and materials. Interfaith Housing Services would be the grant recipient with the Project Coordinator position organizing volunteer labor. The Hutchinson Community Foundation would provide support for the Project Coordinator. The maximum grant amount would be \$4,000 per unit.

(Cooley arrived 3:25 p.m.)

Scott said Interfaith Housing has done up to 37 houses in a year with the help of Americorp volunteers.

Motion by Binns, seconded by Cooley to support the 2017 Housing Rehabilitation Budget Request for the Zero Interest Rate Loan Subsidy in the amount of \$30,000 with an individual maximum of \$3,000 and \$40,000 for the Feature Neighborhood Direct Grants for a total request of \$70,000 passed unanimously by acclamation.

For new construction, the City has the following programs to incentivize construction of new housing:

- Rural Housing Incentive District (RHID)
- Infill Development Incentive
- Special Assessment Districts
- Moderate Income Housing (MIH) Grant

There is a gap in promoting homeownership. Staff proposes the Down Payment Match Incentive to fill that need.

Down Payment Match Incentive

McCarron reviewed the 2017 Budget Request for Housing – Construction. The amount requested is \$35,000 for a Down Payment Match Incentive program. When neighborhoods decline, home ownership levels decrease and the percentage of investment properties increases. These tend to be in poorer condition than properties that are owner occupied. Healthy Neighborhoods consultants have stressed the importance of treating neighborhoods as markets and attracting home ownership into neighborhoods to strengthen the market. The Down Payment Match Incentive involves providing a down payment match for current renters to move into the homeownership market in feature neighborhoods. The maximum down payment match per loan would be \$2,500 and the homebuyer must pay a minimum of 60% match. There are no income restrictions. This would be open to current renters in Reno County for the purchase of homes in Graber, West Avenue A and Houston Whiteside National Historic District neighborhoods.

Motion by Binns, seconded by Bleything to support the 2017 Budget Request for Housing - New Construction for \$35,000 for Down Payment Match Incentive passed unanimously by acclamation.

Dechant asked about gap financing and wondered if there was discussion about developers constructing infill homes. In most cases the cost of a new home in a lower income area is going to be a loss to the builder and even if the gap covers over half of the loss, it is still a loss. Bleything said there are creative ways to make new development work; for example, setting the house a different direction and constructing

a street between the new and existing homes. McCarron said this requires relaxing zoning requirements for infill homes.

Housing Commissioners expressed interest in requesting additional funds for infill gap financing. The latest estimate was a single infill project has a gap in financing of \$20,000. Two to three projects may be completed in one year. A request for \$40,000 - \$60,000 to fund infill gap financing for residential properties was added to the proposal.

Motion by Binns, seconded by Bleything to support the 2017 Budget Request for Housing and request \$40,000 - \$60,000 to fund infill gap financing for residential properties, passed unanimously by acclamation.

6) OTHER

6a. The next Housing Commission meeting is scheduled for Wednesday, April 27, 2016 at 3:00 p.m.

6b. The Housing Commission toured the Interfaith Housing Services Avenue G Project after the meeting.

7) ADJOURN

The meeting adjourned at 4:10 p.m.

Respectfully Submitted,
Charlene Mosier