

Update of Local Housing Incentive Strategies

AHAC Meeting #1 | October 10, 2017 | 9:00 a.m.

City Hall, Room 222 (2nd Floor)



MEETING SUMMARY

The City of Clearwater requested that Wade Trim facilitate an update of the City's Local Housing Incentives Strategy (LHIS) report, which was last updated in 2014. An 11-member Affordable Housing Advisory Committee (AHAC) representing various affordable housing interests was appointed by the City to evaluate and update the 2014 LHIS report. The first meeting with the AHAC was held on October 10, 2017 at City Hall, in Room 222 on the second floor of City Hall. Eight (8) AHAC members, City staff and the City's consultant attended the meeting:

- Michael Potts AHAC Committee, NAHAB, Construction (rep: Home Building)
- Linda Kemp AHAC Committee, NAHAB, Raymond James Bank (rep: Mortgage)
- Gaby Camacho AHAC Committee, Habitat for Humanity (rep: Labor)
- Kevin Chinault AHAC Committee, NAHAB, Salvation Army (rep: Non-Profit Provider)
- Peggy Cutkomp AHAC Committee, NAHAB, Real Estate Professional (rep: Real Estate)
- Michael Boutzoukas AHAC Committee, Community Development Board (rep: Planning)
- Carmen Santiago AHAC Committee, NAHAB, Citizen (rep: Resident of Clearwater)
- Haley Crum AHAC Committee, NAHAB, FrankCrum (rep: Employers)
- Denise Sanderson City of Clearwater, Economic Develop. & Housing Director
- Chuck Lane City of Clearwater, Economic Develop. & Housing Assistant Director
- Joe Riddle City of Clearwater, Housing Manager
- Terry Malcolm-Smith City of Clearwater, Housing Coordinator
- Amanda Warner Wade Trim, Planner (City's Consultant)
- Brad Cornelius Wade Trim, Planner (City's Consultant)

Three (3) AHAC members were not in attendance: Jacqueline Rivera (rep: Essential Services), Lisa Hughes (rep: Advocate for Low-Income Persons), and Peter Leach (rep: For-Profit Provider).

The purpose of this first AHAC meeting was to educate the new committee on the City's existing LHIS report, review its values, principles and vision, as well as identify current barriers and potential incentives related to the facilitation of affordable housing in the City of Clearwater.

Welcome and Introductions

City staff (Denise Sanderson and Chuck Lane) welcomed the committee members. Introductions of City staff and committee members in attendance followed, along with a summary of the agenda for the first AHAC meeting. The Consultant explained that the AHAC meeting was advertised as a public meeting and was being recorded, and then asked if any members of the public were in attendance and would like to speak. No members of the public were in attendance.

Approval of December 9, 2014, AHAC Meeting Minutes

The AHAC reviewed the minutes of the last AHAC meeting, which was held on December 9, 2014, and approved the minutes by motion.

Summary of Presentation to AHAC

The Consultant presented an overview of the LHIS update process, including the history and duties of the AHAC, meeting requirements, schedule of events toward approval/submittal, definitions of affordable

housing, and components of the LHS report. This overview was presented in Microsoft PowerPoint format. The schedule of events included:

- October 2017 – AHAC meets to update LHS report; schedule and advertise public hearing
- November 2017 – AHAC holds public hearing to approve updated LHS report; submit LHS report to City Council
- December 2017 – City Council holds public hearing to accept updated LHS report
- March 2018 – City Council to adopt amendments to LHAP to incorporate LHS recommendations
- May 2018 – Submit amended LHAP with proof of City Council approval to FHFC

The AHAC asked about how the updated LHS would be distributed. City staff responded that the updated LHS report would be distributed by email to the AHAC committee members, or by hard copy upon request, at least two weeks prior to the November public hearing.

The Consultant presented the values, principles and vision statements of the 2014 LHS report and invited feedback from the AHAC members on whether these statements still resonate with current affordable housing issues in the City of Clearwater. The AHAC deemed all values, principles and vision statements in the 2014 LHS report still relevant to affordable housing in the City of Clearwater.

Committee Discussion

During the meeting, AHAC members were asked to discuss any perceived barriers to affordable housing that presently exist, as well as potential incentives to reduce these barriers. Members were asked to consider barriers and incentives with regard to City programs/procedures, the City's Comprehensive Plan, and the City's Community Development Code. The following provides a summary of the Committee's discussion of current issues affecting the provision of affordable housing in the City of Clearwater:

Land Availability

Because the City is mostly built-out, affordable housing development opportunities are limited due to the lack of available land. The AHAC discussed the limited supply of infill properties for the construction of affordable housing – particularly single-family housing. Many aging or neglected properties could be converted to affordable housing through incentives for conversion to affordable housing. Additionally, the AHAC discussed the possibility of maintaining a citywide inventory of blighted properties with repeat code enforcement actions that could be converted to quality affordable housing through housing rehabilitation, foreclosure acquisition, demolition/replacement, or other actions.

Maintenance of Affordable Units

The AHAC discussed the need for mechanisms to reduce the ongoing maintenance risk associated with homeownership. While some homebuyers may be able to afford housing within the City, the maintenance risk associated with that housing may offset their ability to afford the housing over the long-term. As a potential solution, the AHAC discussed the possibility of offering home warranties. Additionally, City staff noted that as part of the City's HUD-funded down-payment assistance program, applicants must attend a HUD-required homebuyer education class that helps applicants understand the long-term maintenance costs and expectations of homeownership. Also, the City utilizes a third-party contractor to complete HUD-required inspections.

Housing for Low-Income Persons

The supply of housing affordable to low-income persons is extremely limited, as many low-income residents are not able to qualify for a mortgage and must seek rental housing. The AHAC discussed the need for coordination with independent landlords to facilitate the provision of housing for low-income persons. It was noted by the AHAC that corporate-operated apartment complexes and similar large-scale housing providers often have more stringent application processes and prohibitive fees that are barriers to low-income persons qualifying for a rental agreement. Independent landlords tend to be more flexible regarding rental application requirements and fees. Rental housing applicants may also be transportation-

disadvantaged and the process to obtain rental housing may be time-consuming if multiple transit trips are required. Strategies to facilitate the housing supply offered by independent landlords, referrals to rental housing providers with reasonable application processes and fees, and transportation assistance are needed.

Homebuyer Financing

The inability of homebuyers to qualify for large-enough mortgages is a barrier in the City of Clearwater. The AHAC discussed how layered financing and other strategies to match prospective homebuyers with affordable housing is becoming more common practice due to the high cost of housing. This barrier is currently addressed by subsidies such as down-payment assistance; however, as housing costs continue to rise, qualifying for a mortgage becomes less achievable. Consequently, options within the affordable housing market (large units vs. small units, amenities, etc.) become more limited and more competitive.

Third-Party Barriers

The AHAC discussed the high cost of homeowner's insurance in Florida and how funding assistance to reduce insurance costs for affordable housing was lacking. The AHAC discussed the need to incentivize insurance companies to reduce costs for affordable housing. Better education and public/private partnerships to address this barrier are needed. Additionally, construction costs also continue to rise throughout Florida. The AHAC discussed the need to incentivize contractors and material suppliers to reduce the construction costs for affordable housing projects.

Marketing/Communication

The AHAC identified public perception as a barrier to affordable housing and the need for better public education about the benefits of, and opportunities for, affordable housing in the community. Additionally, although many affordable housing incentives are available in the City of Clearwater, few residents and developers are aware of these incentives. The AHAC discussed the need for improved marketing and communications regarding affordable housing, its benefits, and the incentives already provided by the City of Clearwater or through its housing partners. Moreover, the AHAC discussed the distribution of materials and noted that not everyone has access to a computer to view the City's *Affordable Housing* webpage. Hard copy materials and other formats should be available at a variety of locations throughout the City.

Development Approvals and Permitting

Overall, committee members were satisfied with the City's permitting process. The AHAC identified no specific issues with permitting, but inquired about whether there was an expedited permitting process for affordable housing. City staff and the City's Consultant explained the City's existing expedited permitting form titled, "*Request for Expedited Permit Processing for Affordable Housing Activity*". Few AHAC members were aware of the form and therefore suggested that the City better advertise this form to potential affordable housing developers.

Next Steps

After the committee discussion, the Consultant handed out an inventory and evaluation of the City's current practices and requested that AHAC members review the 2014 LHS report with regard to whether or not the past recommendations should be continued, modified or removed as part of the LHS update.

The second AHAC meeting will be held on October 26, 2017 in City Hall Room 222 at 9:30 a.m. During this second AHAC meeting, City staff and the Consultant will respond to questions generated during the first AHAC meeting or through review of the City's current practices, and then facilitate AHAC discussion of critical recommendations for inclusion in the 2017 LHS report.

The Consultant concluded the meeting with a reminder that the AHAC is a public advisory board and is subject to Florida's "Sunshine Law" therefore committee members may not discuss AHAC matters with other committee members outside of a properly noticed and recorded public meeting.