**ECONOMIC DEVELOPMENT AND FINANCE**
**STANDING COMMITTEE MINUTES**
**Monday, February 2, 2015**

The meeting of the Economic Development and Finance Standing Committee was held on Monday, February 2, 2015, at 6:00 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Townsend, Maddox, Murguia, Walters and BPU Board Member David Alvey. The following officials were also in attendance: Doug Bach, County Administrator; Joe Connor, Interim Assistant County Administrator; Jody Boeding, Chief Legal Counsel; Ken Moore, Deputy Chief Counsel; Lew Levin, Chief Financial Officer; Reginald Lindsey, Budget Director; Matt May, Director Emergency Management; Debbie Jonscher; Deputy Chief Financial Officer; Bill Heatherman, County Engineer; George Brajkovic, Director, Economic Development; and Charles Brockman, Economic Development Department.

**Chairman McKiernan** called the meeting to order. Roll call was taken and members were present as shown above.

Approval of standing committee minutes from December 1, 2014. **On motion of Commissioner Murguia, seconded by Commissioner Townsend, the minutes were approved.** Motion carried unanimously.

**Committee Agenda:**

**Item No. 1 – 970146…REPORT: QUARTERLY INVESTMENT & BUDGET REVISION**

**Synopsis:** Quarterly Investment and Budget Revision Report, December 2014, submitted by Lew Levin, Chief Financial Officer.

**Lew Levin, Chief Financial Officer,** said I'll begin with the investment report. This report contains our year-end totals for the year. Our total investments as of 12/31 were approximately $190M. That reflects, again, approximately $95M in tax collections that were subsequently distributed the third week in January, the taxing jurisdictions. Our overall average rate of interest as of 12/31 was 0.5%, again, reflecting the low interest rate environment. For the year, we earned a little under $580,000 in interest. I did look up last year's figure for comparison, it was $751,000 so we're still trying to—as you see in the listing of investments, we have the ability to go out four years but we have to remain flexible and liquid in at least the initial 12 months. We have laddered a series of investments out to four years.

The second part of the report is the Budget Revision Report. We generally have more budget revisions in the fourth quarter but I'll let Reginald summarize those.

**Reginald Lindsey, Budget Director**, said during the fourth quarter we had 20 budget revisions that we did that were over $20,000. One of those budget revisions was over $50,000 and did require the Administrator's signature and also the Mayor's signature. All the budget revisions were done within the department; none of them were done from reserves.

**Chairman McKiernan** said thank you very much for this report. Thank you for your work.

**Action:** No action taken.

**Item No. 2 – 150023…RESOLUTION: EMERGENCY COMMUNICATION SYSTEM USER FEES**

**Synopsis:** A resolution directing user fee revenues paid by entities entering into agreements with the UG for the use of the UG's Emergency Communication System be deposited into the County Equipment Reserve Fund, submitted by Lew Levin, Chief Financial Officer.

**Action:** **Commissioner Murguia made a motion, seconded by Commissioner Townsend, to recommend approval.**

**Chairman McKiernan** said I just ask, Mr. Levin, is there anything critical that you need to share above and beyond what was contained in the packet of materials. **Lew Levin**, **Chief Financial Officer**, said no. I did have Matt May with me, the Director of Emergency Management. I'm not certain if the Commissioners have met Matt. **Chairman McKiernan** said why don't we make sure that we meet him.

**Doug Bach, County Administrator,** said I did introduce Matt, I think, last week at our special session when he was in the crowd during the MARC presentation of emergency management, but now he's formally at the table for all of us. Matt, you've been with us how long now? **Matt May, Emergency Management Director**, said about 5 ½ months; coming upon my 6 month review. **Mr. Bach** said 5 ½ months so he's starting to get it figured out. Does anyone have any questions for Matt?

**Mr. Levin** said I'll give you a ten second wrap-up of this resolution. Essentially, we'll receive user fee revenues from entities that enter into agreements with us on the radio system. That would not include Bonner Springs and Edwardsville but it might include KU Medical Center, the junior college or school districts. This resolution defines where we would place those monies for future reinvestment.

**Chairman McKiernan** said appreciate your work.

Roll call was taken and there were six "Ayes," Alvey, Walters, Murguia, Maddox, Townsend, McKiernan.

**Item No. 3 – 150021…ORDINANCE: REPEAL ORDINANCE & RESOLUTION REGARDING STATE AVENUE 240 IRBs**

**Synopsis:** An ordinance authorizing the repeal of R-25-12 and O-61-12, submitted by George Brajkovic, Economic Development Director. State Avenue 240 LLC (Filio's) was unable to obtain a lender for a multifamily complex at 122nd & State Avenue; therefore, the resolution of intent and the ordinance authorizing the issuance of IRBs are requested to be repealed.

**Action:** **Commissioner Murguia made a motion, seconded by Commissioner Walters, to recommend approval of the ordinance.** Roll call was taken and there were six "Ayes," Alvey, Walters, Murguia, Maddox, Townsend, McKiernan.

**Item No. 4 – 150020…2 RESOLUTIONS: INTENT TO ISSUE IRBs FOR SVVI, LLC**

**Synopsis:** Two resolutions of intent to issue industrial revenue bonds for SVVI, LLC (Schlitterbahn Vacation Village), submitted by Marlon Goff, Economic Development.

- $57M for Master Resolution Project Area 2 (auto plaza)
- $140M for Master Resolution Project Areas 1, 3, 4 and 5

**Action:** **Commissioner Murguia made a motion, seconded by Commissioner Townsend, to recommend approval of the resolution.**

**Chairman McKiernan** said that brings us to Item No. 4 which is a resolution. **Commissioner Walters** asked could you give me a two-minute description of what this involves.

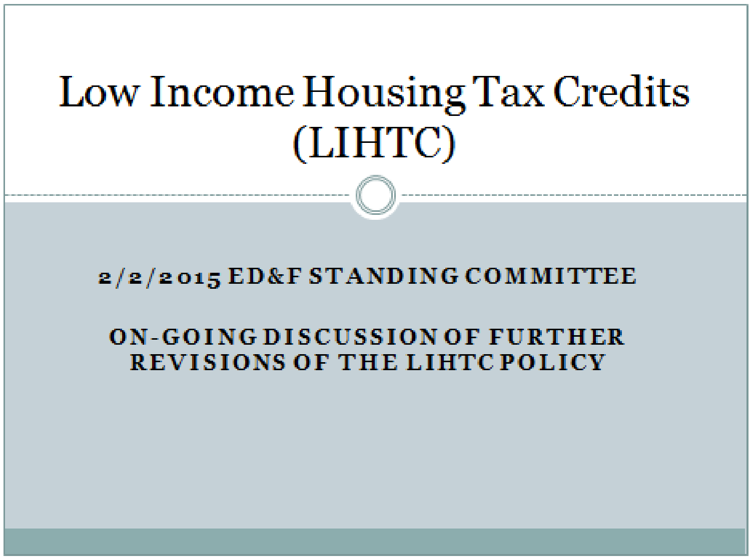
**Marlon Goff**, **Economic Development**, said a couple of highlights of two master resolutions both of which will outline the issuance of industrial revenue bonds associated with the amended vacation STAR district/Vacation Village district. I think the commission approved that amended district and project area plan last August. These resolutions will essentially outline the flow of revenue bonds. I would note that the finance and the revenue bonds do not contemplate abatement of the ad valorem taxes; essentially delivers the exemption certificate for the projects on their building materials and costs.

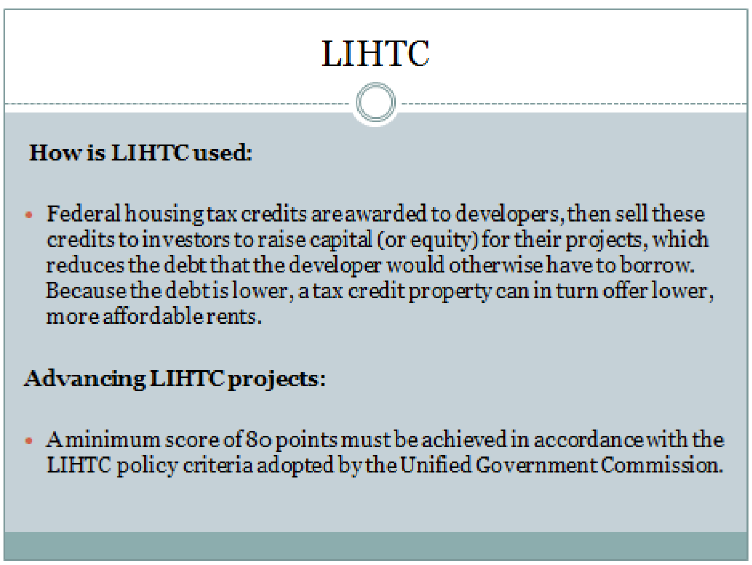
A couple of other notes, in order to qualify for that exemption, it calls out for a minimum investment of $5M for each of the project areas. That's essentially, I would note, the highlights of these two resolutions. **Chairman McKiernan** said construction IRBs just on materials? **Mr. Goff** said right.

Roll call was taken and here were six "Ayes," Alvey, Walters, Murguia, Maddox, Townsend, McKiernan.

**Item No. 5 – 150022…DISCUSSION: LIHTC POLICY**

**Synopsis:** Ongoing discussion of further revisions to the LIHTC (Low Income Housing Tax Credit) policy, submitted by Charles Brockman, Economic Development.

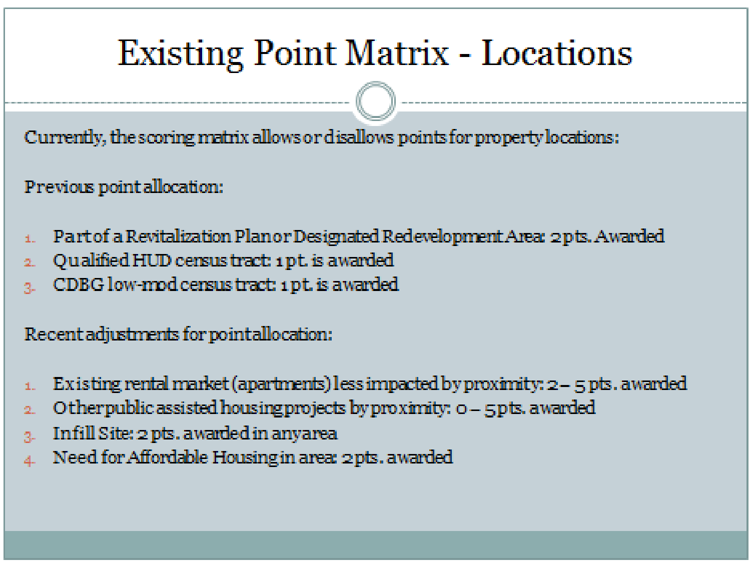



**George Brajkovic, Director Economic Development**, said LIHTC, we've been before this committee a few times on this very topic. Tonight, it's a little more refined. Hopefully, more refined in your opinion as well; presentation. Kind of building off the discussions we've had the last few times.

In terms of the presentation we have tonight, I think looking at it in a couple of different levels. One is just looking at LIHTC and looking at the scoring matrix. I think some of the recent conversations we've had is are we, I guess by way of the policy, really concentrating poverty in certain parts of our community. Maybe the discussion is, is the whole county a concentration of poverty under LIHTC if we're allowing projects to go everywhere. We want to look at the scoring matrix and maybe address that a little bit and then move into more raw data and some comparison analysis of how Wyandotte County compares to our neighboring counties and some other counties in the state of Kansas that really have a strong or a large urban core.

Then after the LIHTC raw numbers, Charles also has some information on the half and Section 8, even though he told me it's not called Section 8 anymore, on the voucher program and again some more comparisons of what we look like compared to other communities. LIHTC, I think what it is and how we approve it here, I think everyone is pretty familiar with that.



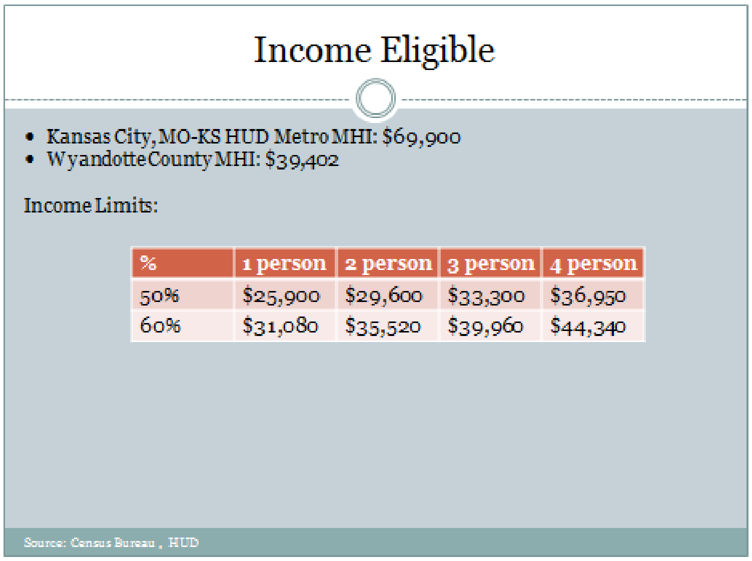

Under the existing point matrix regarding locations, wanted to have a little bit of a distinction. Really there's about seven criteria that come into play. The first three that we've identified as previous point allocation, they're still kind of there in the same form and substance that they've always been. You've got census tracks. Are they part of a larger plan? Really, I'd like to focus on the four at the bottom which have had, I guess as line items, they've always kind of been associated with the policy but recently you folks have approved some adjustments to those. On the existing rental market in the area, is there an impact to it? Again, all of these are reviewed by proximity, the proposal and proximity to existing product. Two to five points can be awarded. Same thing with proximity to any other publicly assisted housing, infill sites and then need for affordable housing in that area.

If you look at those four criteria by themselves, you can almost say that those really affect certain parts of our community more than others. In particular, where we don't have publicly assisted housing; where we don't have a lot of other multifamily in existence. When we look at our charts, generally speaking, that's the Turner area and out west, either I-435 west or the Piper area. When you look at this, again, keep in mind the 80 point scoring matrix. With those first three, if you're in a qualified census tract and you're part of a redevelopment plan, you might be able to key into some of those other four components but really you're looking at a score of somewhere between one to four points. With the other four at the bottom what we've geared towards let's call it more of the west of 635, you can gear up a project that can score upwards of 12 to 14 points just based on location.


What we wanted to do is just take a quick snapshot of the last 10 projects that were approved and where are they in the community. What we found actually was a little bit surprising that 60% of the projects that have been approved are actually west of 635 compared to the other four that were east of 635. Then when you look really at some of the more recent projects, I think it makes it an even stronger argument that it seems like those new projects are focusing west of

635. We'd be happy to talk about any one of those. I think most of these are recent enough that you guys probably remember some of the details associated with those.

LIHTC, again, just in closing, I know LISC had made a presentation on how it relates to workforce housing. We thought just a couple of slides to maybe kind of close that up for tonight as how does one become income eligible for that.




The first thing that the program does is they'll look at the metro-wide medium household income. For the Kansas City Metropolitan area, it's just shy of $70,000 a year.

By comparison, our current median household income for the entire county is just $39,402. There's a little bit of a difference right off the bat. The table below is set up with two lines; one being 50% and the other being 60%. When you look at LIHTC projects, if you choose to be 50% of the Metropolitan Median Income (MHI), 20% of your project would have to be 50%. If you do the 60% of median household income, 40% of your project needs to be eligible for that.

We, Charles, correct me if I'm right, I don't remember the last 50% project. I mean we primarily see the 60% projects. What we wanted to show is then in comparison what are the income eligible, I guess, standards for that. For a one person household, $31,080 all the way up to a four person household of $44,340. This chart extends out to about eight people but we thought for discussion sake, you can kind of see the general increase of, what's the factor, Charles, 1.2% per staff increase.  Really what we're trying to say is within the metropolitan area if you did a LIHTC project, if you were somewhere between approximately $31,000 to about $44,000 for a family of four, you would qualify.

**Professional Positions - Incomes**

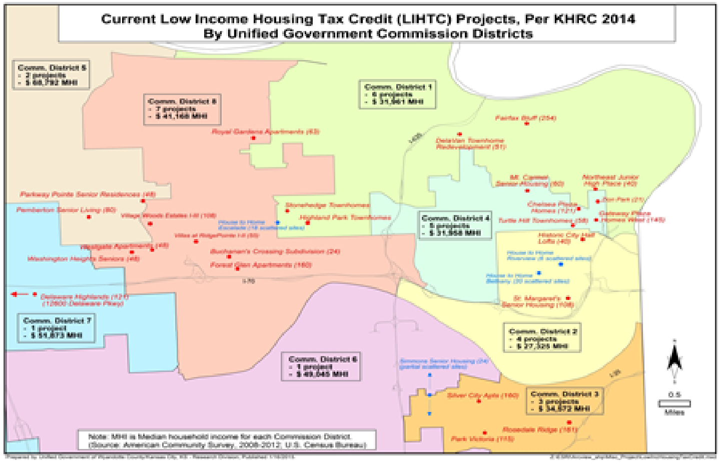
| JOB TITLES | ENTRY LEVEL SALARY | MID-POINT SALARY |
|---|---|---|
| Administrative Assistant | $29,629 | $37,180 |
| Accounts Rec. Clerk | $27,393 | $34,875 |
| General Laborer | $21,458 | $28,898 |
| Maintenance Worker | $23,922 | $33,280 |
| Corrections Officer | $32,130 | $40,717 |
| Program Assistant | $33,576 | $40,496 |

Source: Salary.com, input 66101 zip code

We went to salary.com and really the only input we put was the 66101 zip code.  We said what are some entry level positions that could possible require a college degree and some that don't. You can see the job titles that we were able to pull up today and the corresponding salaries; entry level all the way up to mid-point salary.  We found that there's a pretty large area of employment opportunities that exist in the Kansas City Metropolitan area and probability more specifically within Kansas City, Kansas, that correlate back to this.  They're just numbers to show these are the type of positions that could possibly qualify to live in a LIHTC housing development.

With that I know we threw a lot out there and we'd be happy to go back to any of it.  I'm going to let Charles transition over to some of the raw data so you can kind of see how we stack up to other communities.

KANSAS CITY, KANSAS LIHTC – 29

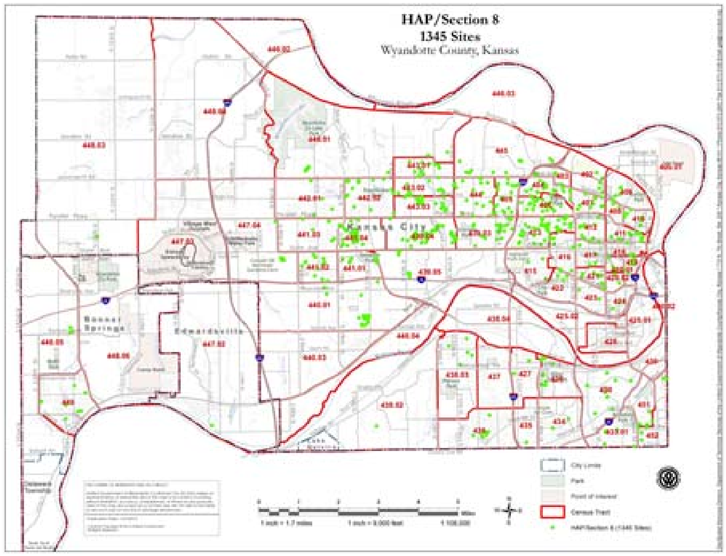



**Charles Brockman, Economic Development Department**, said on this map it shows that there are 29 LIHTC's throughout the city of Kansas City, Kansas. It shows the median household income and the amount of projects within the city. What's unusual about this is there's actually a LIHTC project within every district in Wyandotte County.

LIHTC Housing Comparison

| | Wy | Jo | Lv | Sh | Sw |
|---|---|---|---|---|---|
| LIHTC projects | 34 | 50 | 14 | 43 | 71 |
| LIHTC units | 2,467 | 5,708 | 792 | 3,260 | 4,985 |
| Population | 160,384 | 566,933 | 78,185 | 178,831 | 505,415 |
| MHI | $39,402 | $74,717 | $63,435 | $48,457 | $49,865 |
| LIHTC units per 1000 population | 15 | 10 | 10 | 18 | 10 |

What we wanted to do is we wanted to do a comparison. We did a comparison of Wyandotte County, Johnson County, Leavenworth, Shawnee and Sedgwick. When we look at Wyandotte County and we had 34 projects, we have 2,467 total units with a population of 160,384, with a median household income of $39,402.  That in turn works out to be 15 units per 1,000 population for Wyandotte County.  Then it goes across 10, 10, 18 and 10.




We wanted to look at the HAP in the Section 8 as we transition off the LIHTC.  This is by census track so within Wyandotte County there are 1,345 sites.

## PUBLIC HOUSING COMPARSION

| Counties - | Wyandotte | Leavenworth | Johnson | City of Olathe |
|---|---|---|---|---|
| HAP/8 Vouchers | 1345 | 334 | 1446 | 563 |
| Public Housing Development | 22 | 1 | 0 | 63 |
| Public Housing Units | 2050 | 105 | 0 | 130 |
| Median Household Income | $39,402 | $63,435 | $74,717 | $76,379 |
| Population | 160,384 | 78,185 | 566,933 | 131,885 |
| Vouchers per 1000 population | 8 | 4 | 3 | 4 |
| Public Housing Units per 1000 population | 13 | 1 | 0 | 1 |

We wanted to do another comparison to other counties and cities.  What we looked at is the HAP/Section 8 vouchers.  When we talk HAP, HAP is the contract between the public housing agency and the owner of the property that's allowing a Section 8 there. Once again, 345 in Wyandotte, Leavenworth has 334, Johnson has 1,446 and the City of Olathe has 563. Then we go down and the chart shows the different numbers across. When you look at 1,000 population, again, Wyandotte County vouchers per population is 8. Then you look at the income compared to the City of Olathe, that's 4, so it's kind of comparable there. The same thing with the public housing units per 1,000 population, there's 13.

**Commissioner Murguia** asked, Charles, can you go back to the very first slide. I wrote down some questions. For me, I'm glad you guys brought this back to the table because on issues as complex as something like this, I appreciate having the opportunity to have a dialogue with my fellow commissioners. I have a lot of concerns but I don't have any answers. I'm hoping that through the perspective of everybody here, we can provide staff direction.

First of all, I'll start by saying you guys do a fantastic job. Charles, you've asked all of my questions. You stay on top of this stuff and I really appreciate that. This is by no means any criticism of anything that's been done here. It's just I think there are some issues and I think we need to take a hard look and I'm moving forward. With that said, go pass this slide.

I know we did this. I understand that, but now thinking it out and after seeing the map that you gave to me, I think it's been distributed to everyone else, I'm curious why we would think it's a good idea to award more points to projects that fall in lower income areas of our city.

**Mr. Brajkovic** said I don't think that that's the scenario that we have right now. I think we offer more points for—if you look just at the criteria, you can earn more points if there's not other publicly assisted housing within proximity or if there's not existing multifamily in proximity. If there's a need for affordable housing in that area, which is a little misleading there. What that really means is there aren't any other affordable housing options in that area. We feel that it's kind of swayed to offer more points to go away from the standards.

Nationally, and we didn't include it tonight, but actually Lew had forwarded a great article that was in the *Wall Street Journal* last week. It's not apples to apples but it's really about Dallas, Texas, and there's some civil rights actions going on in that community. Really what they're saying is you know in the past it's just been so easy to do LIHTC projects in certain parts of your community where there's less obstacles like cheaper ground, less bureaucratic red tape to get through if you would just want to do a project and less effort to go focus in other parts of your community where one of the big features would be is higher land price, higher acquisition price. They're really taking a hard look to say well, is our current policy really concentrating poverty in one area and what can we do to make sure that there is more of a balance across the board. What we were trying to show, we found some parallels between what Dallas was or is going through and the process we've been engaged in for a while now. That's why we put up that slide to say here's what the point allocation looks like and that's why we want to go on that next slide to look at the last 10 projects and see where they were in the community.

**Commissioner Murguia** said I feel better about what you said because I forgot about the rule that addresses not concentrating these developments close to one another. I like that but still a qualified HUD censes tract is typically a lower income census tract. It's not the lowest but then again LIHTC is not locating in the lowest income areas of our community. In the same with the CDBG low mode. I guess I'm okay because of the restriction or the loss of points if you're in close proximity to another development so you understand my concerns. I'm not a huge fan of giving any points based on middle to lower income. **Mr. Brajkovic** said that's one of the discussion points we had is we're really going down into that level of detail specifically just about location. I think really a lot of the changes we had made previously were kind of more in the administration of it and what are you building. We kind of just gleaned over, where are you building that product. I think tonight is a chance to maybe bring that back or to reopen that discussion. We think we've adequately addressed what you're building and how you build it. We need to maybe go take another look at where your building is.

**Commissioner Murguia** said exactly. What I would just say is I'd like to see points given for areas that are not seeing any LIHTC at all. For example, I just happened to tour District One over the weekend, a small portion of it, but I didn't see any in the area that I toured; new LIHTC development, not any. I would almost—it's just my opinion that's why we're talking about this as a group. I would like to see where those areas that don't have any in those areas and it shouldn't be based on income I guess. It should just be based on density and obviously the rest takes care of itself whether there's a market or not is discovered through the LIHTC process. That's just my two cents on that. That's where I need you to go.

Just a special note on this is that I understand your point here that the trend seems to be moving the last, you're looking at last 10 projects. You're not saying 60% of all the LIHTC in Wyandotte County is west of 635. I think the point that I would like the Commissioners to see the other side of is that, that clearly is not reflective of all the LIHTC development in the county. All of that said, I don't interpret this necessarily as a good thing. I think to do LIHTC as you've indicated, you have to have a job. I think what's happening is as we have more and more blight in the urban core and higher and higher unemployment, not even LIHTC can survive those neighborhoods. Do you see what I'm saying? As those that have jobs move further and further west, and we clearly can see that, then LIHTC becomes more marketable in those areas. I'm concerned because I think is shows a different trend.

Okay, so the next slide—okay, now this I'm not sure I know the answer to. My understanding is that there are 40% credits and 60% credits. The credits you are talking about here, there are two different types of LIHTC you can get. One that has a higher income level LIHTC credit which I can tell you from speaking to Mr. Bentley at the state, he would love to give those away today if he could. It's very hard to get people to take those because it's a higher income level and people don't tend to like to use it. Assuming that this is accurate, which I'm not sure that it is, again, we're targeting that middle income population. It's not really having an impact in those very low income areas here in Wyandotte County where there's high unemployment and I think it's growing a population in Wyandotte County of that lower to mode income level which isn't necessarily a bad thing. If you don't balance that with higher income levels, as you all know, you end up with that being your median income which is exactly what we have, just saying. If the goal of economic development is to grow your city, grow your county at the same rate as everything else is growing, then we should see our incomes going up also as well as the kind of housing that we're providing.

**Mr. Brajkovic** said I think all of those were fair questions. One thing we haven't had a chance to do is we are going to sit down with Lew and Mike Grimm to say what's the trend analysis here. We don't know.

**Commissioner Murguia** said well wait because I know you're going to go to trend and I want to go there also because I agree. What I see trending is if you took from the beginning of when

LIHTC was offered, and I'm not sure when LIHTC first came out, but it's been a while. **Mr. Brockman** said 1986. **Commissioner Murguia** said if you looked at data from 1986 and you did one of those fun little flip charts where you just had a map in there and you went like this, my bet would be that you're going to see it sweep our county starting from the eastern portion of Wyandotte County heading west. It's just you're going to see if you did one of those flip page things, you'll see all the LIHTC developments scattering out west. Like I said, I'm not sure that that's necessarily a good thing because now we just keep moving that further and further west. I'm not sure we did a service to those neighborhoods when we put LIHTC in to begin with. That's who we attracted. That's the market. When you build something that caters to a specific market, that's who we attracted. As those people made more money, they moved further west. That's what happened and then it left the people who have nothing left in those neighborhoods where there was nothing.

**Mr. Brajkovic** said I think the hard thing is none of us have that crystal ball to predict and so part of this is a little reactionary to what is going on in the community. A big part of that is what's the job creation look like. We've had a lot of success in terms of really diversifying our tax base by moving away just from the commercial/industrial blue collar identity you had. A lot of it was creating retail opportunities and really that slide that showed here's the jobs that we see available in the community. Certainly we're not trying to suggest that hey, everyone that has a job that's who's going to go live in a LIHTC development. What we're suggesting is what we see is, here's the jobs that are available. Here's what their pay structure is and we think they qualify for LIHTC. C**ommissioner Murguia** said right. **Mr. Brajkovic** said now where you're located and does it have access to things like mass transit, is there infrastructure, we haven't had the chance to go back and delve into that kind of analysis. One of the things that we found really interesting is like when we looked at Shawnee County, they have a higher median household income than we do and they have a larger occurrence per thousand population of LIHTC. **Commissioner Murguia** said well, that's because if you look at the county's median age, you're going to find that most of the people that live there are older and most of those LIHTC developments are 55 and older developments. **Mr. Brajkovic** said there's quite a few of them.

**Commissioner Murguia** said you can be worth a lot of money and live in a LIHTC development when you're over 55 because it only takes into account your income. If your money is invested in assets, you could be worth millions at 55 and older as long as you don't have a job anymore and you're not generating a huge amount of income. I can tell you why Shawnee looks like that. I guarantee you without even looking at the numbers or the median age in that area, I can tell you that it's going to be older.

I hear what you're saying and there is merit to that and you do want to build housing stock to meet the needs of the people that are currently living here in Wyandotte County. I think that's good. I think, and this is just a thought truly, I don't have any data with this either, I would like to see us figure out a way to create some higher end stuff to balance that income level. Just because we have a lot of jobs that pay this wage doesn't mean we wouldn't attract people to our community that make a higher wage somewhere else. I think if we ever want—nothing is wrong with LIHTC. What's wrong with it is if it's all you're doing or if it's the majority of what you're doing and what you're offering in housing stock. Even if you're doing some fair market subdivisions like out west, if you're only selling houses in the $200 to $250,000 range, it's going to be difficult to get a higher median income if that's considered pressing the envelope. Again, I know I'm being part of the problem because I'm just telling you all the concerns I have and I'm not coming up with a solution. I'm just bringing it out.

**Mr. Brajkovic** said we agree with what you said in terms of starting a conversation. LIHTC is a really interesting spectrum because on one end if it's a senior project or product, you've got people that have either completed their careers or are in the twilight of their career. **Commissioner Murguia** said right. **Mr. Brajkovic** said they've got income qualifiers for that or you're dealing with people that are just beginning their careers and argue in one sense is they have the most earnings potential. If somehow you can get them a good housing product that gets them into the community and gets use to the amenities there, much like the market rate stuff we're doing out west, it seems like then they too get use to the amenities and when they're ready to make the next purchase or they get a promotion or they increase their earnings potential, the likelihood of them staying in your community is just as great. You're right, it's that in between that typically whether it's been urban flight or flight out of the county all together for whatever reason, that's what that sandwich is missing a little bit.

**Commissioner Murguia** said this is the other thing. I think the only piece that your scenario doesn't take into consideration—so I'll give you an example because that helps me to understand it better. If we build a brand new low-income housing tax credit development at 7th & Minnesota today, it has to stay a low-income housing tax credit development for 30 years. Now it may be a beautiful place to live for the first 10 or 15 for a person of that income level, but as you've even said yourself, that income level is a fairly decent entry level wage. When you look at some of our 20 and 30-year old, 25-year old and 30-year old LIHTC developments, typically and the way that the deal is structured in LIHTC, there isn't a lot of reinvestment in those properties. What you see is this income level not wanting to live there when it gets to that age level. Now you have a double problem. Now you either have to lower your income standards or layer another 30 years of tax credits on top of it and hoping they improve it where it's somewhat attractive. I only bring that up, George. I'm not bantering with you. I'm trying to make sure that the rest of the commission has at least some additional thoughts.

**Mr. Brajkovic** said no, I think those are great points, again, and I think that's why one of the discussions we had as staff and how we were going to present this tonight. I think we've all done a great job of addressing the what you build, the quality of it. I think that's already addressed in this. Raising that point matrix to 80 definitely rewards projects of high quality that don't follow those antiquated design standards whatsoever. We were hopeful to come back tonight to say, I think we need to take that same look at locations and what are we doing. Should we offer any points? I mean we're not going to disqualify projects that are in certain census tracks but should we reward any points whatsoever? I think that's a good discussion point.

**Commissioner Murguia** said I think you already said this but I'm going to say it in a different way. In my mind, we are constructing a unit because you cannot build from scratch a single-family home for a $100,000 anymore, you can't. I know that for a fact. Let's just say on the high end, if we're building a $100,000 unit, let's say we build an apartment complex and we're investing $100,000 in every unit in there, that seems like a reasonable level of quality for someone making this amount of money. We're clearly not going to build a building that is worth $500,000 a unit for someone that makes this income level. Are you following that?

Then you have to ask yourself, we're asking for $100,000 unit to last 30 years. You have to think in terms like that. Do you see what I'm saying? That's my concern. I think it's unrealistic if you just look at your own single-family home. If somebody built a home for a $150,000, doing minimal repair to it, it's going to be at 30 years old, it's going to be a struggle to not have a significant reinvestment made in it. I think that's the concern I have with LIHTC.

The next thing and then I'll stop with my comments. I think I've already talked about that. For me it's beyond meeting the needs of the current population. It's about attracting higher income people to our community which is a better balance for raising our median income, which then allows for a lot greater things, George, for you and Charles, which is hopefully we'll be able to attract a lot more retail, more grocery stores, more just retail amenities that many of us still even with the Legends travel over to Johnson County and other places to go to now.

**Commissioner Murguia** asked can you flip to the page where you do compatibles. For me, I would have laid this out differently for my thinking. **Mr. Brajkovic** said Charles put it together. **Commissioner Murguia** said but it's great, Charles, great job. **Mr. Brockman** said blame the old guy. **Commissioner Murguia** said no it's really good. This is the way I look at this and correct me if I'm looking at it, you think, not the right way. Look at the population of Wyandotte County which is 160,000, Johnson County is 560,000 let's just say. Johnson County is five times larger, three times larger. Three times larger, now let's go back up to if we have 30, let's just say 30 for easy math, then technically Johnson County should have 90 LIHTC projects. Am I doing bad math? Does that seem logical? **Mr. Brockman** said projects are a different size so units are probably the thing to look at. **Commissioner Murguia** said okay, so we'll look at units. That's a good point.

Let's just do easy math, 2,000 and 5,000. We have 2,000 units in Wyandotte County and 5,000 units in Johnson County. Are we saying Johnson County should have 6,000 units? **Mr. Brockman** said 7,500. **Commissioner Murguia** said 7,500? See, I'm not good at the math, but you get my point. I mean I can look at it and see that based on our population and then it's a direct—in my mind and maybe there's not enough academic indicators for me to jump to this conclusion—then if you look at median household income, the MHI, it's no wonder Johnson County—I mean there are a lot of other factors I understand that, but, it's no wonder that we have $74,000 a year median income in Johnson County and a $39,000 median income in

Wyandotte County. There does seem to be a correlation and if you look across the board, that's concerning.

I have a question. Did you just do the comparison on LIHTC or did you also add in Section 8 and HAP? **Mr. Brajkovic** said we did both but we treated them separately…**Commissioner Murguia** said can I see the HAP…**Mr. Brajkovic** said that's why we wanted to include Shawnee County and Sedgwick County because we felt it was not an apples to apples comparison bid to look at Wyandotte County that has a larger urban core and then go to Johnson County which doesn't really—Leavenworth you've got, I guess you could argue that it has certain parts of their community that have a more urban feel to it but we thought looking at Shawnee and Sedgwick—the problems or the issues you highlighted with the other two communities that are our neighbors, it's still the same problem when you go to Shawnee and Sedgwick but it's probably not as exaggerated. That's why we…

**Commissioner Murguia** said but it still looks pretty terrible. In my opinion, it still looks pretty darn terrible. I would just say I wouldn't compare Shawnee because if you compared—if you look deeper into that, I would bet they're building a very specific type of LIHTC. They developed a market, a niche in the market with that 55 and older. I would bet I am spot—I mean I could be wrong but I would guess that. From driving around and seeing all the kinds of senior developments that are occurring in Shawnee, it's got to be that. Then Sedgwick County I'm just as alarmed—you know it's still pretty startling. Remember I rounded those numbers to 5,000 in Johnson County so it's still pretty awful when you look in comparison. That's just LIHTEC that there is this huge disparity compared to what we have going on.

Can you flip to Section 8/HAP. Okay so doing this in the way I would look at this is you do the same thing. Wyandotte County is first. Looking at populations, oh my gosh, that's all I think, you just have to look at the slide, it speaks for itself. It's startling you guys. Now this is the part I don't know how to measure for people that are better at presenting statistics. This is not my thing. We have a huge disparity in LIHTEC in my mind. We have a huge disparity in HAP and Section 8. Now layer those on top of each other and the disparity gets worse. I can't believe our median income is $39,000 with the number of HAP, Section 8 and LIHTEC we have. I'll close and they'll stop and then somebody else can say something about this.

You guys did a great job. I'm not bringing those things up to criticize the work you've done. I'm not criticizing at all how we got here. I think this was well before many of us were here. The reality is we're here and I just want to see us be very aware of this moving forward and how we're going to turn this ship around.

**Chairman McKiernan** said I'd like to echo what Commissioner Murguia said there about the great work that you've done here and a great continuing discussion. Commissioner Murguia and I have had several spirited discussions about this and one thing you just brought up that I really hadn't fully appreciated until you brought it up was the 30 year clock and the fact that that level is going to stay for 30 years but we may not be getting the reinvestment in those properties or that level may not support reinvestment in those properties. I think that's a very important thing.

One of the discussions we've had in the past though is our true way out of this is raising the buying power. That is raising the median income of our citizens regardless of what house they live in. I think that's a much bigger problem than we're going to solve with this discussion. It circles back around to things like education, it circles back around to things like economic development and how we promote not only job growth but salary growth in the county. Ultimately that's going to get us where we want to go but I appreciate your point that as we're getting there, we don't want to torpedo ourselves with a housing policy that is counterproductive or that is at odds with growing that median income.

**Commissioner Townsend** said I too want to echo my appreciation to these gentlemen for the information they shared with us tonight. I like the fact we're on this public housing comparison because my question was this; what are you telling me/us with this information and what is its significance relevant to comparing the LIHTC properties. I'm not at all surprised really by the Section 8 because as I understand it, you can't as readily identify in an area what properties may be Section 8 when I see the LIHTC. In terms of the issue of developers coming to us and presenting where they want to place this, by doing this analysis, is this something that we're taking into account in terms of the placement and the points awarded? **Mr. Brajkovic** said yes because it is also publically subsidized housing; but from a development perspective, they're two different tracks. These are controlled by a public housing authority. In fact, that's why we apologize for not having the Shawnee and Sedgwick or city of Topeka and city of Wichita up for comparison. It's just that you put in a request and then you wait for information to come back.

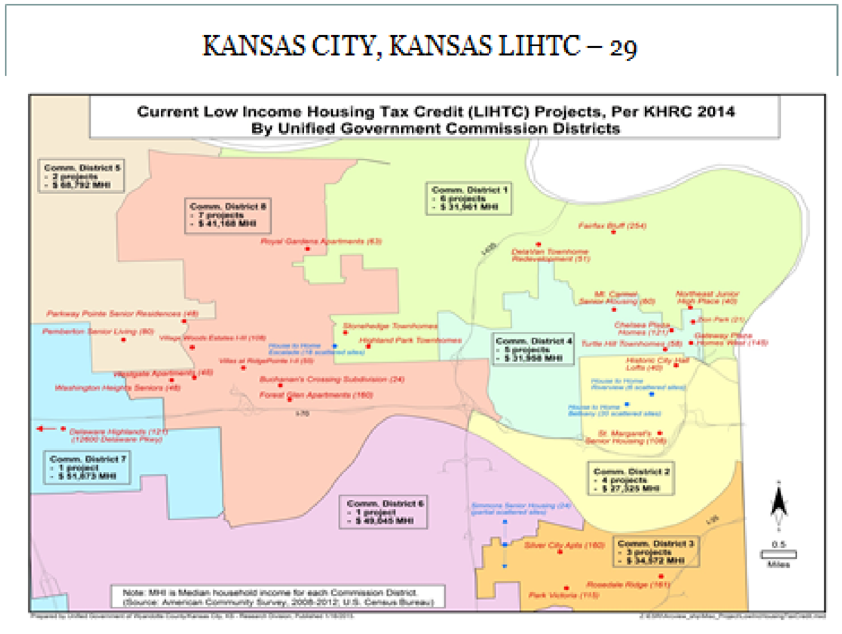
The LIHTC is slightly different and I've heard Charles describe it this way before and I kind of like that. The LIHTC goes with the property. The income qualifiers go with the property. The voucher system goes with the income qualifier, the individual. If you're—and I know this has happened with some LIHTC developments that we have where we've had an individual that says hey, I got this notice that says I've got to move up in my rent structure. That's right, you got a raise and now you don't qualify for the lower, now you're in the market rate. That doesn't typically happen with the voucher. The voucher goes and qualifies whether it's part of high rise in a public housing authority building or it's a private homeowner that is a participant in the program and will accept that for their new tenant. I think we have a map too that kind of shows where the voucher program and how that is spread through the county as well.

**Commissioner Townsend** said okay that was going to be my question. If a developer comes to us and they say I want to put this LIHTC project in location X. It would be easy I would think to identify other LIHTC projects within an area. How would you be aware of the HAP/Section 8 facilities that are also in that area? **Mr. Brockman** said, Commissioner, we do have a listing of all of the addresses. We also have a list of all of the public housing units that are managed by the public housing department. We look at those and see are there any comparisons to the new LIHTC. Is there going to be an issue? Are they going to take rents away? All of that is based in a…**Commissioner Townsend** asked would that listing also include the locations of privately owned homes that are for rent that accept Section 8 vouchers? Would that be on that list as well? **Mr. Brockman** said typically we have been looking at the housing projects. For instance, like Delavan or some other projects, if we were to do a LIHTC project near that. We do have a list that we look at to make a comparison. If there's a concentration of Section 8 vouchers there, then we would take that into consideration. **Mr. Brajkovic** said are you asking on those let's see individual structures, single-family homes that are owned by a private person that—yes, we have those. We know where those locations are as well.

**Commissioner Townsend** said in thinking about some of the discussions we've had on this topic in previous meetings, I'm thinking what do we as a commission as the UG can control in terms of enticing developers to really consider as Commissioner Murguia is saying where they are placing these. Is it just the point system really at all? Can we also say get the word out that we want 55 plus developers. We want more of that. Can we actually say that type of thing? **Mr. Brockman** said I would say that that would be a fair market issue and we would have to be very careful and take that through. Mr. Bach said we could award more points for 55 plus projects so it makes it easier for them to be achieved. That would be a way to encourage it. **Commissioner Townsend** said so it does go back to the matrix that we've been working. Okay, and thank you.

**David Alvey, Board of Public Utilities**, said I think part of the discussion here is, in a way I think, if we're looking at the demographics of the county which this is just a reflection an image of the demographics of the county. We're really talking about things we fail to do 60, 70 years ago to keep Wyandotte County/Kansas City, Kansas, a place that would if not attract others to the county, at least retain the children who grew up here which we fail to do. We're paying the price now. This is why we have the demographics we have. This is why we have a lack of a residential tax base and this is just something that took us decades to get here. It's going to take decades to get out.

The question that I think Commissioner Murguia is bringing up, and I'm not trying to paraphrase for you, but the question is, is this in fact, that's a granting of LIHTC making more LIHTC units, is this creating a feedback into the poverty or is it also perhaps caring for those who are poor? It could be both. That's the question that we have to answer whether we want to have more LITHC projects in order to care for those people who do work and want to stay in the county with the intention that things will improve and that when they do make more income, they will in fact move to other housing in the county. That would be the ideal situation. Certainly that's the other part of the thing.




Could we go back to the slide that showed the last 10 projects?

I recognize two, Simmons Senior Housing and St. Margaret's Senior Housing as being rehabilitation projects. Are there others on that list that were rehab of older buildings? **Mr. Brockman** said St. Margaret's Senior Housing. **Mr. Alvey** said I know St. Margaret's and Simmons. All the rest is new. Those LIHTC projects, did those in fact improve the building stock in those areas? **Mr. Brajkovic** said you know the one I remember looking at in particular was Pemberton because it was a vacant abandoned green house open field and we know that for the 80 total units, there are 40 duplex units. I want to say the 14 value was just over $2.5M and I forget what it was assessed at. I think it was $64 or $65,000 in annual property tax produced. Going from the vacant lot field it was to that, it did have a positive tax impact and provided new housing options for empty nesters that might have been on a limited income. **Mr. Alvey** said but that points specifically to St. Margaret's. What a vast improvement that is because we had the LIHTC project. In fact, that was something Marian Emory Dutcher for a decade at least was pushing for. We have to do something with old St. Margaret's Hospital and unfortunately she did not live to see it come to fruition but it's a massive improvement. In fact it's visible from the freeway. I think that these are questions that we have to keep considering. We have to continue I think to care for our people who work and want quality housing. We also have to make sure that we don't feed back into the poverty that sometimes this may create.

I would assume, I don't know this, and I would question whether LIHTC is as serious problem in terms of creating a pocket of poverty as public housing. I don't know but I would assume that that might be the case. In a way I like the way you separated these out but I think in our discussion we need to keep those two things juxtaposed.

**Commissioner Walters** said just a couple of comments because I think it sounds like the Commissioners are largely in agreement. One of the questions that we raised when we started going down this path of having a general review is do we have enough LIHTC projects in this county and do we want anymore? I don't know if we've come to a conclusion on that. It doesn't sound like you're making any kind of recommendation that we not do more LIHTC projects and actually the statistics that you showed, I was kind of surprised how we stacked up with other counties. It doesn't look like we're in different planets than other counties as far as providing LIHTC projects.

The second slide you showed related to public housing. We are on a different planet than the other counties. I wonder if we shouldn't have a goal or adopt a goal as a commission to gradually reduce the amount of public housing that we have in the county. I would think it would be consistent with some of our other goals of creating jobs, reducing poverty, making Wyandotte County a more economically viable place, reducing the need for public housing. Seems like that's all consistent to me, but I think if we want to accomplish something we're going to have to be intentional about it. Maybe on our next discussion we can get some information from you all about that particular element.

**Commissioner Murguia** said I agree with everything. I really do. All of the comments, the observations, I just want to add another observation. In my time up here and just spending time in the community, a lot of people have said well we need affordable housing in Wyandotte County. We need a housing that meets the needs of that person making $25 to $35,000 a year. I don't know that I'm going to say this right but I'll try to say it how I look at it. We have an over abundance of that housing stock if you look at the median value of our housing stock in Wyandotte County. It's just occupied. Do you see what I'm saying? It's already occupied. As opposed to I'll use St. Peter and I'll use part of the northeast that I toured. You can drive through those neighborhoods. I'm from Iowa but I can drive through those neighborhoods and I don't know the history of Wyandotte County but I can tell you without opening a history book that I bet some really rich people lived in the northeast and I bet some really rich people used to live in St. Peter. Those homes are huge and the architecture of that housing, whoever paid for that, had to have a lot of money.

As that housing stock deteriorated and it became more affordable to a lower income person, it was still good housing stock. Do you see what I'm saying? They moved in but instead of our county rebuilding a higher end housing stock, we misinterpreted that in my mind as a demand for more middle income housing stock. I think that's the mistake. Hopefully, I'm explaining that in a way that is understandable. I don't want to be all about problems and not about solutions.

A couple of things I'll draw your attention to that I think, and this is just my own personal theory of what I think is working, I have to give our Mayor hats off on how hard he has worked with me on the Rosedale Ridge situation. Rosedale Ridge is a privately owned subsidized apartment complex. It is in deplorable condition, horrible. With the Mayor's assistant, we are slowly but surely vacating that apartment complex. There are a number of units, I believe there is well over 120 units there. Don't quote me, but I'm pretty sure about that. One, those people are clearly entitled to better housing than where they're living now. Also with that population deconcentrating and getting vouchers and going other places to live with that voucher, I will bet you that after that building is vacated and you look at District 3's median income, by eliminating one low quality low income apartment complex, you're going to see a jump in the overall median income in District 3. You'll see it. I strongly believe that.

I think that having a balance is what's really important and there are ways to deal with this and it's not always the easy way. I'll give you another example. I'm currently involved with buying a $30,000 home. It's on the market for $30,000. Currently there is a Section 8 person that lives in it and there is a decent amount of rent that is paid on that unit. In the best interest of the county, the agency I work for will buy that house and when it's paid off, they will find a better quality house for the person living in it and that house will be torn down. It's absolutely a very hard way to do things but absolutely the right way as housing stock wears out, we need a plan to replace it and not replace it with a lesser value housing stock. Remember it's just like shopping at the store. Whatever you're selling, that's what you're going to attract. That's the population that's going to come shopping.

**Action:** **No action taken**.

**Chairman McKiernan** said excellent discussion tonight. I would just echo one more thing. I think that in our previous discussions as we look at where to build, we've been focusing the where in terms of existing LIHTC and historical LIHTC. We should really begin to also include all housing subsidy as a part of that discussion of density and where which we have not really thought of as comprehensively really until you brought this information that you brought tonight. I think that's something that we'll continue to look at going forward.

Once again we really appreciate and can we make sure we get a copy of the presentation as it was given tonight. Could you also send us a link to that *Wall Street Journal* article that you referenced about Dallas? I'd like to read that as well. We really appreciate the effort that you all put into moving this forward, giving us more information and helping us make better decisions about improving median income, median home value and the whole county. Thank you.

Adjourn

**Chairman McKiernan** adjourned the meeting at 7:03 p.m.

**cdm**