Memorandum

From: Derrick Braaten, City Planner
To: Attendees, City Manager, File
CC:  
Date: 7/31/2012
RE: July 17, 2012, FAFB Encroachment- Housing Alternatives Project Meeting Minutes

Attendees:
Please see attached sign-in sheet.

On July 17, 2012, the 7th meeting of the FAFB Encroachment-Housing Alternatives Project started at 9:30 am. Mayor Rushing opened the meeting with introductions, and then went straight to the agenda item #1, the APZ Land Subcommittee report.

Toby Hatley provided a summary of the purpose of the subcommittee, namely to begin looking at potential properties and determining the needs associated with developing that property. The subcommittee determined that a 20-acre site would be optimal. Mr. Hatley provided maps showing three different properties that may be viable. The first (Property 1) is located at the intersection of 6th Ave and Garfield, and is approximately 12.4 acres. It had an appraised value of $796,000, as of February, 2012. It is likely the property will be returned to the bank. Though not as large as desired, it has easy access to infrastructure and the bank may be willing to work a better deal.

Directly adjacent to Property 1 to the west is another vacant property (Property 2), owned by Hayden Homes, LLC. Property 2 would be a possible site for expansion in the future, but Hayden Homes has not been contacted regarding this property.

Finally, Property 3, is located across Garfield from Property 1, and is a leftover from the Summit Properties/Met Mortgage debacle in 2006/2007. It is 21.4 acres, and is bordered to the south by a Kalispel Tribe property – not in tribal trust, but as a fee simple property – that they have designated as being a potential multi-family site in their master plan. This property is of the right size, but was estimated to cost over $1.6 million, just for the completion of 6th Ave to Lyons. The asking price is about $700,000, but that may be negotiable, considering the appraised value is closer to $500,000. The trustee for the property likes what is being proposed and may allow for a conditional sales agreement.

City Planner Braaten mentioned that the property is directly bordered to the north by the state prison, and that more of the property would likely be taken up with buffering/landscaping improvements to help...
Mr. Hatley informed the group that the idea of a land swap with the Kalispels has been entertained and there will likely be some more outreach to the Tribe regarding this. The question was asked whether the infrastructure costs for Property 1 were known. The response was not at this time, but it is understood the infrastructure is close to the property. Mr. Braaten reiterated his concern that these projects not create an isolated, designated, “low-income” area in the City. He stated the proposed locations are good in that they are in close proximity to the school and local services. There may be some sound attenuation requirements, but that can be easily addressable.

A question was asked about two narrow parcels to the north of Property 1, and who owned them. The specific ownership is unknown at this time, but in all the proposed multi-family projects on that property had included those parcels as well. It is unclear what viable use the parcels would have if not included as part of Property 1.

The question was asked as to whether the City would need to own the land in order to receive funding for this type of project, or could it be owned by a non-governmental organization. The response was that private parties can take advantage of some of the programs available, such as low-income housing tax-credits. However, non-profit housing organizations or projects under City ownership are open to more types of funding. Mr. Braaten indicated that the City would not be very interested in being property managers, and would rather have an experienced housing organization do so, most likely a non-profit. Chris Venne commented that the land usually needs to be in the name of the entity that will be running it. He further stated that it is actually rare for a city government to own/operate a housing project, except for the case of housing authorities in large jurisdictions.

It was also asked whether there was the potential for high water tables or drainage issues with the property. Mr. Braaten responded that there were no known issues of that nature with the properties. It has never been mentioned as an issue during any of the numerous times this property has been looked at for potential development. However, based on geology of the area, there is a risk of running into unknown basalt beds. Mr. Braaten then provided a brief geologic history of the area.

Mr. Hatley then did a call-out for the group to keep looking for additional potential sites, and if discovered, report that back to the group. He further commented that the awareness of the project is growing, and it seems that support is growing as well.

Councilmember Steve Lawrence asked if there was any update regarding finding people looking to move now some existing housing. The response was that there has been some contact information provided after the last public meeting. In all, about a dozen people have contacted Catholic Charities or other housing organizations. Three or four families have actually moved so far. Regarding this, Mr. Braaten asked what he should be doing when someone calls asking about moving today. Is there a informational clearinghouse at this point? He indicated that he has been taking the information and passing it on to City Manager Tripp, and whether this is the group’s desired protocol for these contacts. The response was that it was.

Mr. Braaten then notified the group that there was a person seeking to relocate her pre-1978 manufactured home to another manufactured home park within the City. This would be generally allowed, except the roofs of these units cannot sustain a minimum snow load of 30 pounds per square foot. The minimum snow load requirement is not something that the City sets. It is set by the State. One
possible remedy would be external roofs that cover the unit. The questions was then asked why any manufactured homes older than 10-years and not double-wide, are not permitted. Mr. Braaten explained that that code only applies to units being placed outside of manufactured home parks. He also explained that that regulation is a local one. The City understands that some of these regulations may need to be modified to accommodate aspects of this proposal.

Councilmember Lawrence asked whether there was any assistance for people that are not considered low-income available. He indicated there were families that live in the area that are not low-income, but do not have the funds to finance a move. It was mentioned that there is USDA funding available for folks that desire to relocate to the eligible areas. Airway Heights is not in an eligible area, but there is property within about a mile of the City’s boundaries that is eligible.

Mr. Venne provided an update from the Finance Sub-Committee. The group has developed a rough budget of $28,695,000. This includes land, infrastructure, and actual building, for approximately 180 units (50-unit manufactured home park, 30-units of single-family, and 100-units of multi-family). There is approximately $17,500,000 of funds that can likely be raised from known sources. There is about an $11,000,000 funding gap. One source being sought to fill the funding gap is a $3,000,000 grant from the WA Attorney General’s office. Mr. Braaten asked if the $17 million amount included Dept. of Defense Office of Economic Adjustment (OEA). Mr. Venne responded that amount only includes know sources. It is hoped that funding will be available from other sources, such as OEA, to fill the funding gap.

Mayor Rushing asked whether the group had received a copy of the engineer’s estimate to complete 6th Ave, approximately $1.4 million, and whether those figures were included in the budget estimate. Mr. Venne stated they had not and that the estimate is based on the idea that infrastructure would be available at the property. Using Property 3 would add at least $2 million in road development costs to the proposed budget. Mayor Rushing asked whether it would be prudent to include the likely additional infrastructure costs associated with Property 3 in the letter of intent being prepared. The response was that it would be a good idea to include all the potential costs, so the letter of intent should be closer to $30 million.

Tanya Riordan, with Senator Cantwell’s office, commented that these numbers are important, and will assist in getting funding at the Federal level. Past experience has shown that when trying to mitigate encroachment concerns around military facilities, funding sources not normally used for housing needs to be used. Having this number provides a target that can be aimed towards. Also, the outline of how the funds are to be used assists in determining where alternative federal funds can be found, and how they can be allocated towards specific actions. She indicated that the Congressional delegation is fully supportive of this project and will assist with letters of support and advocacy for the project. She also commented that it was important to trumpet the fact that this process is being coordinated as a group, and how it is a collaborative process.

It was then asked what the incentive was for developers to want to participate in this project. How would it make business sense for them? The response was that the project would most likely be developed and managed by a non-profit, and all of the larger non-profit housing developers in the area are participants in this group. Another concern was where to get financing, and how to show there will be a return on investment. Mr. Venne responded that there are institutions that specialize in this type of project and the various non-profit housing groups have long experience with how this process works. The key is site
control, and once that is achieved, the rest of the process works itself out. He also mentioned that Greenstone Builders, a for-profit builder, is actively involved.

Mr. Hatley then asked whether funds can be applied for prior to obtaining site control of a property. Mr. Venne responded that site control, whether through actual ownership or by a conditional/contingent agreement, is usually necessary.

It was asked whether a land trust would be workable. Mr. Venne responded that here is an existing land-trust in Spokane, and is a potential player in the project. He explained that the land-trust model would lower the costs associated with the buyer purchasing the unit, but not really for the developer of the site. The land will still need to be purchased. He then provided a brief summary of how a land-trust works and how the units are usually appraised.

The discussion then moved on to discuss the letter of intent regarding the City’s proposal and for seeking funding and support. It outlines what the group is proposing, what the issues are, and what assistance is needed. It has not been released for general consumption, awaiting City approval. Once approved, it will be released. Both the Mayor and Councilmember did not think there would be any delays in getting Council approval, as the Council supports the project.

Mr. Hatley asked for an update regarding the Needs Assessment. Mr. Venne responded that it is very close to being completed. The description of the survey is complete, but there is still work to be done on making sure the context of the bigger picture and tying it into the overall needs of Airway Heights. Mayor Rushing asked whether those results would affect the letter of intent. The response was no, it would not.

Mr. Braaten asked for clarification as to what information needs to be collected and forwarded on. He explained that he was generally asking for their name, address, contact information, size, age, and type of their unit, ADA status, and number of residents needing to move. The response was it depends, but generally, all they will need is the name, number, and address. The question was asked whether there was a need for permission to release that type of information to others. The response was that they would be notified that the City would be forwarding their information on to the appropriate organizations, who would then be contacting them.

It was asked whether there was any way to track those residents that have already moved. The response was that those agencies providing housing alternatives are keeping track of those numbers.

Councilmember Lawrence asked what can be done to prevent people from moving back in to units that are vacated. The response was that there is not much that can be legally done to prevent it. We can ask, but not force compliance at this time. The City may modify the City codes to limit this, if possible. It may be possible to do this through a cooperative arrangement with the landowners. However, there are concerns that the landowners will need to be compensated for their potential financial loss from the unit being vacated, and how would this be achieved? Another potential process would be to bring in the Health Department or L&I to determine whether the unit is still habitable. However, this still does not address the landowner’s potential financial loss.
It was suggested that the landowners be approached. Mr. Braaten responded that that has been initiated, and both of those that responded so far indicated they would be supportive of the project, providing they are appropriately compensated. Further discussion was held regarding possible solutions, such as rezoning the area and converting the manufactured homes to non-conforming uses, but in the end it was determined that the parties are not likely to cooperate until there is money to compensate them. It was requested to run this by Legal for their analysis.

Another concern is whether there is some way to screen the applicants to determine what an individual would qualify for. Each program may have different requirements or necessary financial levels to qualify. It was determined that it is likely that this population could become frustrated with the process if they need to go from one organization to another, rather than being able to go to a single source. It was recommended that the housing groups coordinate some process to address this concern. It is also likely many of the target residents will need rental assistance as well. Mr. Braaten also mentioned that it is important to determine how many, and of what type, of housing types that will need to be built, as well as what can be afforded. Habitat agreed to take the lead on this.

The next meeting is scheduled for Wednesday, August 22, 2012 at 9:30 am, in the AWRF Conference Room.

End of Recorded Minutes.