



Home Builders Association  
Building Our Community *STRONGER*

July 9, 2019

Lawrence City Commission  
Mayor Lisa Larsen  
6 E 6<sup>th</sup> Street  
Lawrence, KS 66044

Dear Mayor Larsen and Commissioners,

After an exhaustive planning period of 4 ½ years, the Horizon2020 Steering Committee voted to forward Plan2040 *without consensus* to the Planning Commission for their review. That vote included the caveat that planning staff would work on language that conveyed collaboration as it related to the annexation policies in the Growth & Development chapter. The Lawrence Home Builders Association urges you to consider the predictable impact on housing affordability of the two policies below recommended by the Planning Commission.

**Chapter 3, Policy 2.2:** Tier 2 land shall be annexed when the need to accommodate demand is established, and a community benefit is provided. Consider community land use inventories, market sector health, and residential valuation to income ratio, among other factors, when assessing need for annexation.

**Chapter 3, Policy 3.8:** Annexation requests shall include a community benefit identified in consultation with staff based on the needs of the community, which may include offsetting incentives to the requestor, and in the context of what the annexation request can support. Collaboration between the developer and governmental and community partners and programs is encouraged in the implementation of providing the community benefit(s). The community benefit(s), including the provision method, shall be considered by the Planning Commission, approved by the City Commission, and included in an annexation agreement.

These policies are not collaborative. They are mandates. Annexing land in Tier 2 requires that developers prove demand to the city via market analysis and other indicators and shall provide a community benefit. There is not a required incentive provided in exchange for the community benefit being sought, only a “*may include an offsetting incentive*” provision.

Proposed policy outcomes:

- The cost of new housing in newly annexed subdivisions (Tier 2) will increase. The cost of the community benefit will be added to the cost of each lot and be passed along to the home buyer. Further, developers will be reluctant to take on the added risk of the yet-to-be-determined community benefit cost. The nebulously defined nature of community benefits increases a developer’s risk and ability to properly assess a potential investment.

- The cost of infill housing (Tier 1) will increase. By discouraging new annexations in Tier 2, pressure will be placed on the already limited supply of buildable lots available for infill in Tier 1 making them more expensive.
- The cost of existing homes will increase. As the supply of housing options is restricted by these proposed policies, the demand will cause prices of all homes to increase.

Lawrence has appropriately shifted the costs of subdivision development to the developer. All direct costs associated with new development are fairly paid for by the buyer in the price of the lot. Parks, recreation facilities, fire and police stations are not developed in conjunction with any specific subdivision, but are built to serve a broader benefit area. Thus, city-wide funding mechanisms are used to finance the construction of these community needs through one-time revenue (sales taxes, permit fees, system development charges) collected from the construction of a new home as well as through on-going revenue sources (property and sales taxes.) **Plan2040's annexation policy proposes that new home buyers should be treated differently than existing residents by requiring that they pay a disproportionately higher share for the same community benefits.**

When the community benefit is openly and freely negotiated with the city using incentives, annexations will be economical and efficient for all parties.

LHBA concurs with the Lawrence Board of Realtors® proposed requirement language for Policy 2.2:

*Tier 2 land shall be annexed when the need to accommodate demand is established. Proposals which include a community benefit will be preferred and will be eligible for incentives, to be identified in collaboration with City staff. When assessing need, factors to be considered shall include community land use inventories, market sector health and residential valuation to income ratio.*

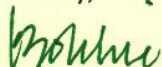
LHBA proposes the following language change to Policy 3.8:

*Annexation requests may include a community benefit(s) identified in consultation with staff based on the needs of the community when an off-setting incentive can be provided that is beneficial to all. Collaboration between the developer and governmental and community partners and programs is encouraged in the implementation of providing the community benefits(s) and incentives.*

**The Lawrence community's passion for housing affordability is evidenced by the .05% sales tax approved by voters in 2017. Taking an incentive-based collaborative approach in Plan2040 would align with housing affordability initiatives currently being funded by taxpayers and would be an effective planning tool to direct growth.**

Thank you for the opportunity to provide input on this critical point in our future comprehensive plan.

Sincerely,



Bobbie Flory  
Executive Director