



## Lawrence Board of REALTORS®

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July 8, 2019

Mayor Larsen and Commissioners,

At your July 9 work session you will begin the work of reviewing Plan 2040. Overall, you will find that this is an excellent plan for our city and a lot of work has gone into it. However, the Lawrence Board of Realtors® has expressed concern about Section 2.2 of what is now Chapter 3 (Growth and Development) since the plan was with the Steering Committee and we now bring our concern to you.

Section 2.2 requires, as a condition of annexation, that a developer provide a community benefit. What constitutes a community benefit has been left relatively undefined and seemingly broad, but would include things such as permanently affordable housing, public parks, preservation of sensitive lands or creation of primary employment opportunities. These are all admirable goals and things we should work toward as a community, but they come at a cost and we are concerned that forcing developers to bear those costs will result either in less housing development or in the cost being passed to market buyers through more high rate homes.

Less than a year ago, the Commission received the results of the BBC Housing Market Analysis. Among other things, that study told us:

- Between 2001 and 2018, Lawrence saw an 85% increase in the median price of sold and listed homes (Section II, page 9);
- An affordably priced home using the HUD 80% MFI (the definition adopted in Plan 2040 for “affordable housing”) for Lawrence in 2019 is \$180,000 (Figure II-13, Section II, page 12);
- Nearly 50% of non-student renters in Lawrence want to buy a home and could afford a home priced between \$110,000 and \$262,000 (Section II, page 12);
- The biggest challenge in achieving ownership is a lack of affordable supply – on average there is one home for sale for every four renters who want to buy (Section II, page 23);
- Movement from renter to owner would also benefit the rental market, which also has unmet demand (Section II, page 23); and
- Included in the strategic plan for addressing housing needs the goal to add 100 more units affordable to low and moderate income renters qualified to become owners by 2023 (Section IV, page 6).

Imagine this: a developer comes to the City with a proposal to annex Tier 2 land and build a housing development with 50 single family homes. The developer represents that through partnerships, s/he has a plan to keep all 50 units between \$200,000 and \$250,000 and is not asking for anything from the City – but – there is no room in the project budget to give up lots for a park or land donation or otherwise provide a community benefit. This project would directly address the supply shortage for moderately priced housing in the community and would satisfy half of the stated goal of adding 100

more units affordable to low and moderate income renters qualified to become owners. However, under Chapter 3, Section 2.2 of Plan 2040, this proposal would be summarily denied because it did not meet the requirement of providing a community benefit. Certainly we can agree that such a result does not best serve our community.

To that end, the Lawrence Board of Realtors® requests that the Commission remove the community benefit as a requirement for annexation and replace the current language of 2.2 with

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.

This language continues to convey the City's desire for projects which include a community benefit, keeps the door open for a negotiation with staff over benefits and incentives, but avoids the harsh result in the hypothetical above.

The Lawrence Board of Realtors® believes that everyone in Lawrence should have access to safe, affordable housing and that everyone should be able to experience homeownership within their means. They say a rising tide lifts all boats and we believe that applies to housing affordability. By lifting our moderate income residents into affordable and accessible homeownership, we open new possibilities in the rental market to address the needs of our lower income neighbors. Meeting the demand for moderately priced housing simply cannot happen by adding to the cost of the development.

I am happy to discuss this issue further with any of you and to intend to be present at your work session on July 9. Thank you for your consideration of this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Danielle N. Davey". The signature is fluid and cursive, with a large initial "D" and a long, sweeping tail.

Danielle N. Davey  
Governmental Affairs Director  
Lawrence Board of Realtors®