

PAD MEETING MINUTES
January 18, 2023

PRESENT: Hon. Gerald M. Antunes, BoA; Hon. Anna Festa, BoA, Steve Fontana, Economic Development; Nate Hougrand, City Plan; Evan Trachten, LCI; Clay Williams, Business Development

Absent: Maurine Villani, Tax Office

Meeting called to order at 3:10 P.M. Roll Call of Committee members taken

A motion to approve the PAD minutes from December 21, 2022 was made by Alder Antunes, seconded by Clay Williams, roll call was taken, minutes approved unanimously.

New Business

177 Winthrop Avenue

Evan told the committee that LCI is proposing to sell this three-family property to a local non-profit Urban Equity Development Corporation for \$3,000 which is the approved price for non-profits doing affordable housing. The applicant will rehabilitate the property and sell it to an owner occupant with a minimum 10-year occupancy period. The property is near Martin Luther King Boulevard. The applicant has funding to rehabilitate the property. The applicant provided a development schedule and information about funding. The property needs a full renovation. This will be the first project for this non-profit. The property will be sold below market value as an affordable property. Alder Antunes noted the applicant's paperwork shows the property will be rehabilitated as two units. Nate told the committee the applicant can reduce the density to two units as of right without any zoning approval. Alder Antunes told the committee he discussed this with the Alder of the Ward Tyisha Walker-Myers and she supports this sale. Clay asked if it was a conflict to sell this property because some of this entity's principle members are City employees or have relationships with staff. Evan told the committee this was reviewed by Corporation Counsel and there is no conflict because the entity is a non-profit and nobody takes a salary.

Clay noted when the City acquired this property a few years ago the plan was for LCI to rehabilitate it. Clay asked why isn't the City doing the rehabilitation of this property? Evan told the committee that LCI decided to focus on other projects such as George Street, Grand Avenue, and Winchester Avenue. The redevelopment plan changed for this property; this happens sometimes just like with 188 Bassett Street. The outcome will be the same, affordable housing will be created. Clay asked about the affordability of the project. Evan said the rental units will be 80% AMI for 20 years, and the buyer will also need to be income qualified. There will likely be several applicants to purchase this property when the rehabilitation is complete, all applicants will need to be income eligible. The property can't be sold to corporation, it will be sold to an individual for a 10-year owner occupancy period. Alder Festa asked why isn't the occupancy requirement forever? Evan noted the owner can sell the property to another owner-occupant to complete the 10-year occupancy period to satisfy any remaining portion of the occupancy period. When the period ends, the property can be sold at market value to anyone. An affidavit is sent to the City to verify the occupancy of any purchaser during the 10-year restriction. The LDA will appear in the title search and the buyer's lawyer will contact the City about this requirement. Alder Festa said 10 years isn't enough, it should be in perpetuity. Evan told the committee this was discussed at LCI Board, and a former

LCI Board member Neil Currie studied this topic in graduate school and studies have shown this type of restriction hurts the buyer's wealth growth and wealth generation over time. LCI increased its occupancy policy from 5 years to 10 years. LCI doesn't want to limit a buyer's wealth growth. Alder Festa said she understand the concern. Given the property is sold to a low-to-moderate income buyer the AMI for the rental units can't be 60% because it won't generate enough income for the owner.

A motion was made by Alder Antunes seconded by Alder Festa, roll call was taken, approved unanimously.

PAD Guidelines

Evan discussed the proposed changes to the PAD Guidelines. The biggest proposed change is to decrease the number of committee members from 10 to seven. Other proposed changes include removing the objective of decreasing densities, increasing the cost of commercial sliver lots, and removing the section about "sales to religious entities" which violates a federal law known as RILUPA. Evan noted over the last 15 years the PAD committee was comprised of the departments at the meeting today. The Committee has continued to meet as we have historically. The other updates are making the guidelines gender neutral by changing aldermen to alders. Also proposed is to officially increase the owner occupancy period from 5 year to 10 year and to make affordable rentals a 20-year minimum. The Guidelines require staff to review them every 5 years and it has been over 10 years since the last update.

Clay asked about acquisitions and the lack of any guidelines. Evan noted all acquisitions require approval from the Board of Alders and having guidelines could limit our ability, we need flexibility in this realm. We didn't add any regulations about acquisitions because of the approval process has so much review and oversight. We do acquisitions for many different reasons such as neighborhood stabilization. Clay mentioned we acquired 188 Bassett Street to create a neighborhood laundry but that was never developed. Evan noted there are a lot of checks and balances governing acquisitions and thus we have a good framework and stringent guidelines would hamper our development ability. Evan thought acquisition guidelines would be more appropriate for the Land Bank. We need flexibility in the PAD process for acquisitions.

Clay mentioned ending tax abatements for sliver lots. Several committee members echoed Clay's suggestion. Evan told the committee the PAD Guidelines do not grant sliver lot tax abatements. The abatement come from the Urban Homestead act which was adopted by the Board of Alders. There is a separate legislative process via the Board of Alders to make changes. The PAD Guidelines govern the price of sliver lots, this committee can increase the prices if desired. There was discussion about tax abatement and sliver lot pricing. The City doesn't need to offer discount prices and tax abatements.

Sales of building lots to non-profits was discussed. Evan said no tax abatements occur as far as he is aware. The pricing to non-profits is low because no profit is made on the sale. Properties are sold below market value to the end buyer. Evan will seek more information about non-profit tax abatements on this type of sale. Clay asked a few questions about tax abatements for non-profits. Evan will get clarity from the Assessor's office. Clay noted the assessment deferral program is available to non-profits. Alder Festa asked to confirm if non-profits pay taxes on buildable parcels. Clay doesn't support selling at a low price and give a tax abatement. Several committee members agree with Clay.

Alder Antunes questioned the 10-year sliver lot tax abatement and 5-year phase-in, why do we do this? Evan said it was approved by the Board of Alders. The benefit does not come from the PAD

Guidelines. Evan will follow up with Corporation Counsel about this question. LCI is designated as an urban homestead agency. The City grants this benefit automatically. Clay noted its up to the Alders to change the policy. Evan thought it would require an ordinance amendment. Evan noted our purview is the sliver lot pricing. Alder Festa asked why we don't sell sliver lot for the development of tiny-houses? Nate noted a non-conforming lot can only support a single-family house. It is possible to site a tiny house on a sliver lot, but the City has not supported the development of tiny houses. Evan believes it was a policy decision to not re-crowd the neighborhood mixing tiny houses with existing structures. A tiny house is not an ADU under our zoning regulations. The City has prioritized using sliver lots for side-yards, gardens, and other uses.

Alder Festa noted we need clarification on non-profits paying taxes before we can move this item. Alder Antunes would like to know why some Church property is exempt even though it's not used for a church purpose. Evan noted the Assessor's office should be able to shed some light on this topic. Clay noted our conversation is about tax policy. Alder Festa told the committee she sent a communication about this topic but no action was take by the Board of Alders. Alder Antunes and Alder Festa will look into this topic.

A motion to table the PAD Guidelines was made by Clay Williams, seconded by Alder Festa, all were in favor.

Clay thanked Evan for his hard work on this matter and his work with this committee. Alder Festa seconded Clay's thanks. Evan thanked the committee for their work. Evan also thanked Zoom for bringing us together and making attendance much easier.

A motion to adjourn was made by Alder Festa, seconded by Alder Antunes, all were in favor.

Meeting Adjourned 4:01 P.M.