ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, January 9, 2017

The meeting of the Economic Development and Finance Standing Committee was held on Monday, January 9, 2017, at 5:15 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Walker, Townsend, Murguia and Walters; and BPU Board Member Milan for Alvey. The following officials were also in attendance: Gordon Criswell and Melissa Mundt, Assistant County Administrators; Charles Brockman, Economic Development; Patrick Waters, Senior Attorney; and Officer Doug Bailey, Sergeant-At-Arms.

Chairman McKiernan called the meeting to order.

Chairman McKiernan recognized Bob Milan, representing the BPU.

Roll call was taken and members were present as shown above.

Chairman McKiernan said there was a blue sheet that was sent out after the original publication of this agenda regarding the Whittier project. The number of units in one building versus the other building is changed by three in Item No. 1.

Approval of standing committee minutes from November 14, 2016. **On motion of Commissioner Walters, seconded by Commissioner Townsend, the minutes were approved.** Motion carried unanimously.

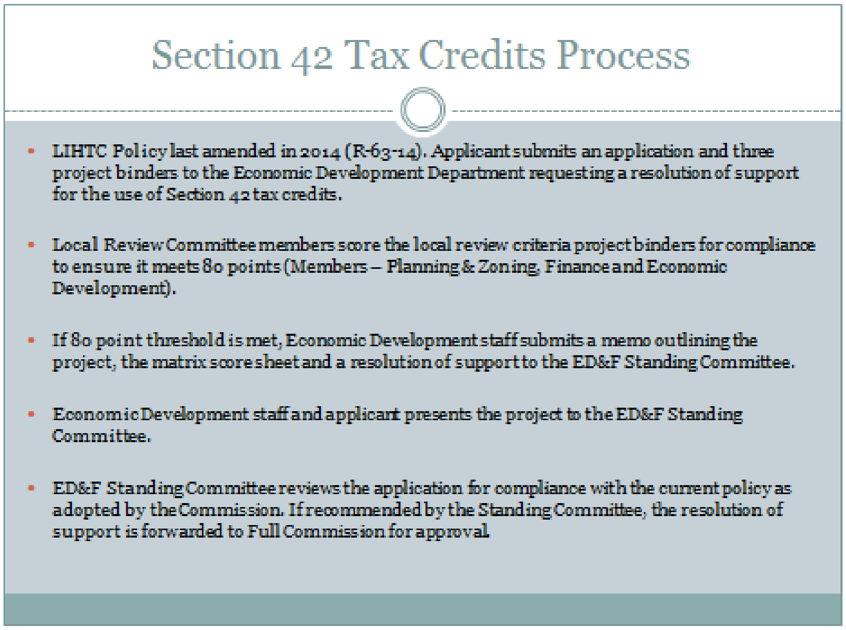
Committee Agenda:

Item No. 1 – 16929…RESOLUTION OF SUPPORT: WHITTIER RESIDENCES PROJECT

Synopsis: A review of the application to confirm that it complies with the current policy as adopted by the Commission for a resolution supporting the use of Section 42 tax credits for

Cohen-Esrey Affordable Partners LLC and Community Housing of Wyandotte County for the Whittier Residences project located at 290 S. 10th St., submitted by Charles Brockman, Economic Development.

Charles Brockman, Economic Development, said I'd like to first introduce Tim Quigley of Cohen-Esrey and Brennan Crawford from CHWC, co-applicant for the project. First what I'd like to do before we get into the meat of the project, I'd like to turn it over to Patrick Waters and just kind of give an overview of the process for LIHTC.



Patrick Waters, Senior Attorney, said the current policy kind of stems from 2004. It's been amended multiple times over the years, last in 2014. Currently, as we have it, the applicant submits an application to the Economic Development Department requesting this resolution of support for the tax credits. After the application is submitted, the Local Review Committee scores the application and it must meet a minimum threshold of 80 points. If the 80 point threshold is met, the application is forwarded on to the Economic Development and Finance Standing Committee requesting a resolution of support. Economic Development staff presents the application to the standing committee, if it approves the application, it is forwarded to the full Commission for approval and that's what we're here for tonight.

Commissioner Murguia said I have a comment about this. The last time we had a Section 42 deal come in front of this committee, this committee voted it down. I don't know if it was the Mayor, County, I don't know who did it but they went ahead and ignored the committee's recommendation, put it on the agenda for the full Commission and moved it through in that direction.

I guess I would just say that if that's going to continue to happen, I can only speak for myself, I don't really want to hear about them. The whole reason we have this process is that this committee gets to decide, from an economic development perspective, what moves forward.

Don't panic. I have no issue with this, what you're here for. I'm just saying that we have a process that we're supposed to follow. If you remember, I know that Commissioner Walker remembers because he and I were the two that voted no against the last Section 42 deal, we had legitimate reasons for doing that and then it was completely ignored and moved to full Commission and pushed through. I'm just saying, I'm fine if that's what people want to do, but then I'd rather not waste our time if what we decide doesn't matter.

Chairman McKiernan said my understanding of the process, and Patrick you can correct me if I'm wrong on this, is that we, as a Commission, have set up the criteria, the point sheet. We have decided what we want and what is valuable in a LIHTC project. We ask the developer to develop a project according to those guidelines, score points, and if they score enough, then it's our opinion through our process that they have fulfilled enough of our prerequisites to warrant our approval for that project.

My understanding has been that our role here is just to confirm that the project has been adequately evaluated and that the points that are brought to us by Mr. Brockman are, in fact, the points that the project has earned that, in fact, the project does meet the specifications we set out.

Mr. Waters said that's correct, Mr. Chairman. I would just say that there is a presumption of approval. I would relate it to a Planning and Zoning case where if the application meets all of our ordinances, complies with the Master Plan, complies with the golden factors, there's a presumption of approval. There may be compelling circumstances in unique cases, but we have set forth these objective criteria and the Commission approved those criteria so the presumption is if the standing committee agrees that staff accurately scored the application that it is recommended for approval.

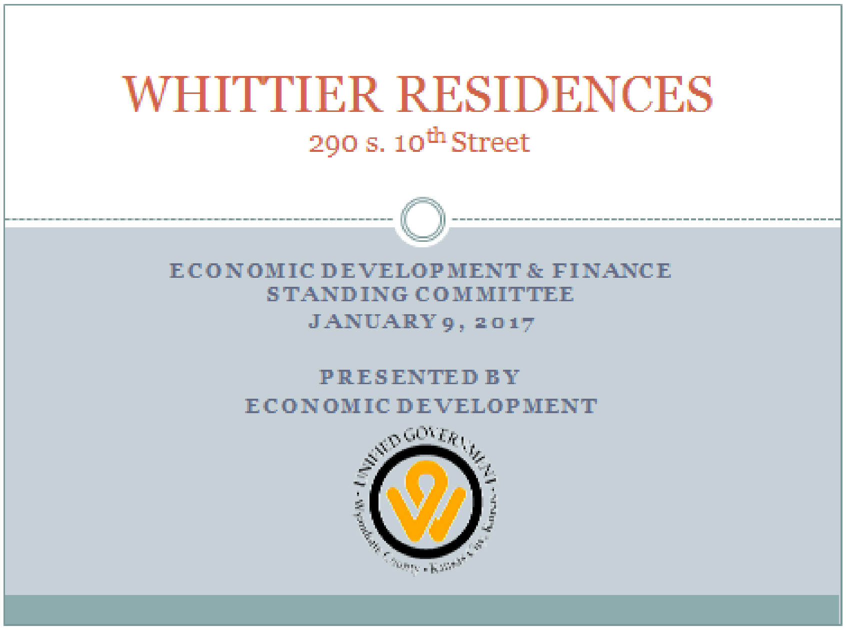
Commissioner Murguia said I understand the whole presumption thing. I get it. There are exceptions to everything you do and you, as an attorney Patrick, should understand the devils in the details. There's no way for our staff to be perfect and to write every single detail into a policy. They do a very good job and they do the very best they can to make sure the policy they set forward for us to adopt is reflective of what the full Commission wants to see happen. I get that.

Obviously, we voted no last time because we felt there were extenuating circumstances. Obviously, we felt very confident still in the policy we have. That's the luxury of being on the Economic Development Standing Committee and being able to go through the process is to look at it again because we recognize there are always exceptions.

I'm just saying if every Section 42 deal that comes through, if they meet 80 or more, it's expected to go through and if it doesn't, it's going to be bumped and sent to full Commission ignoring this committee. I personally don't want to hear it anymore. If it gets 80, move it to the full Commission and we'll let the vote roll and the chips will fall where they fall. This is a waste of time and frankly very disrespectful to the committee and very condescending. It's democracy at work and then all of a sudden we develop a dictatorship where democracy didn't like the outcome of the election or the vote and so they're going to just move it to a different court or a different election. That's not America. That's not democracy.

I would just tell you that I feel very strongly about that. I've been waiting for one of these to come up for a long time again so I could bring it up. I don't want to create any bad feelings. If there's a commissioner that's got a Section 42 deal that they feel so passionate about that they have to go to the Mayor and ask him to put it on the agenda to circumvent the standing committee wishes, then they should be here tonight. They should take the mic and say I'm the commissioner for this district and I think it's good and I represent this district and I want to see it happen. That's just my two cents.

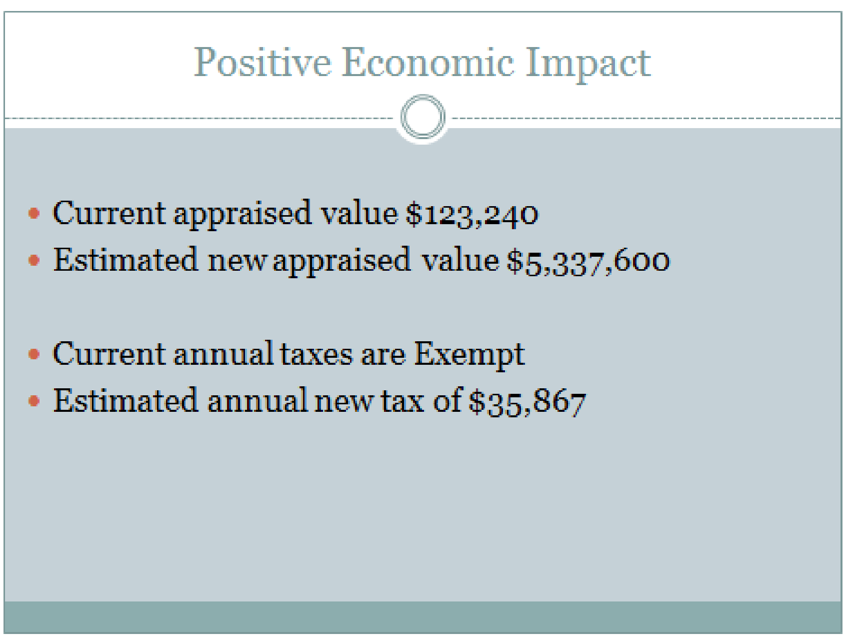
Chairman McKiernan said I appreciate that. We will go ahead and go through the process since we have the projects before us, we have the developers before us, we have people here who want to hear about them and potentially talk about the projects. Let's go ahead and go through the process.



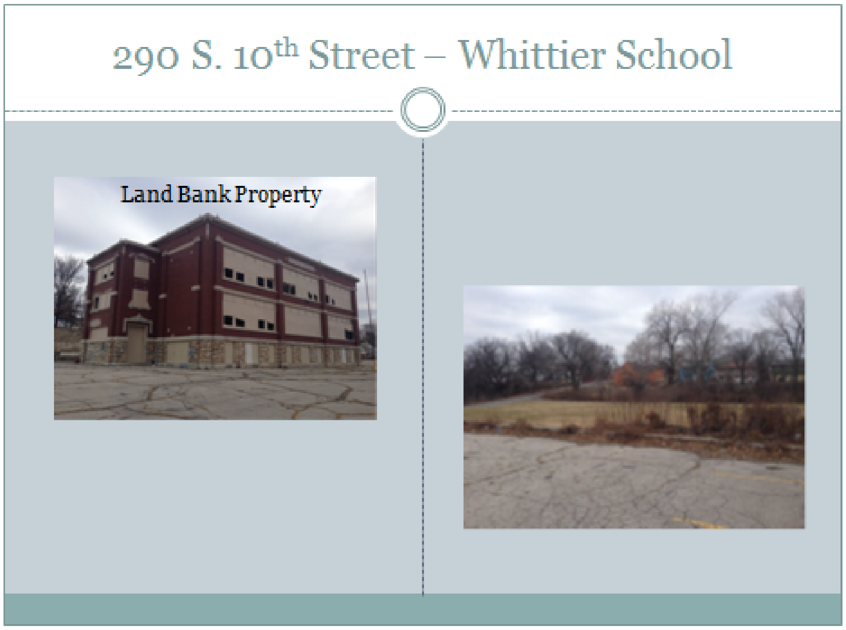
Mr. Brockman said the first project is the Whittier Residences at 290 S. 10th St. What I'll do is I'll introduce the project, talk about the economic impact of it and then turn it over to Tim and Brennan to do their presentation.

What are we here for tonight? We're introducing a new workforce affordable housing project, the presentation and then request to advance a resolution of support to full Commission.

The proposed development is on two acres of land more/less located once again at 290 S. 10th. The property is in the Land Bank right now. It will be the renovation of the Whittier School into a 15-unit complex, and construction to the west of that on the same parcel will be a 33-unit complex. It's historic so it has to be of like nature. As an example, Whittier School is a flat-roof so the apartments need to be a flat-roof. You'll see that design later on in the presentation. The one, two and three-bedrooms, total cost $8.5M in construction with completion within one year.



Right now, the positive impact. The current appraised value is $123,240. The estimated new appraised value will be a little over $5M. There are no taxes there now. The estimated annual new tax will be $35,000.

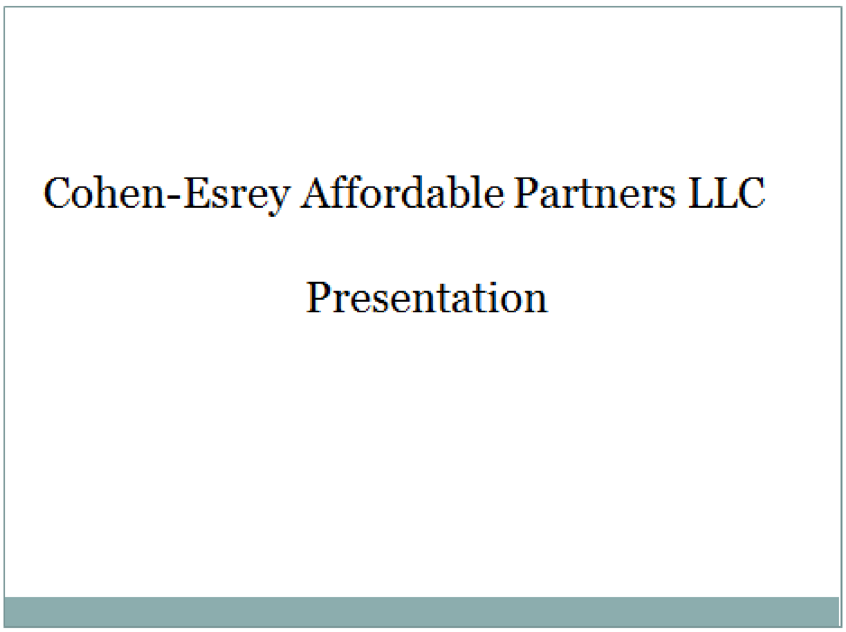


That's what the Whittier School looks like right now and that's the property to the west where the new building is going to be.

To give you landmarks there, right in the center is the Whittier School. To the west is the new school. I want to give you a little rundown on the background of it. The Whittier School opened in 1921 and closed in 1991, sold to a group in 1999, and then Land Bank acquired it in December 2014 through a tax sale. Chris has been working on this, prior to me coming to the Land Bank, for a long time. It's been a sore eye for a while. This is a good opportunity to get it improved.

To the west, we have the Housing Authority. That is for larger families. It's called the Grandview Townhomes with three and four-bedrooms, large family situations. Then we have St. Margaret's to the west which is senior. Staff did not feel this would be in any kind of competition.

That's a close-up view of it. We have the bus stop at Gilmore and then the new construction site right off of S. 10^{th}.



Tim Quigley, Cohen-Esrey, said Cohen-Esrey is a long-time, affordable housing developer. Affordable housing basically came about from the Tax-Reform Act of 1986, I should say Section 42 low-income housing tax credits came about from that. Cohen-Esrey got active with that development shortly thereafter beginning to develop affordable housing in the early '90s.

At this point in time, at any given point in time, Cohen-Esrey typically manages about 10,000 apartment units across the Midwest in a number of different states. Apartments get purchased and sold and many times we serve as a third-party manager. Basically, at any given time, we manage about 10,000 units of which about half of them would be affordable housing and the other half would be market-rate housing.

I made contact with CHWC several years ago with the idea that we would love to reestablish ourselves in Kansas City, Kansas, and do a development here and get active again in your community. CHWC initially told us about this closed school when they found out that one of our expertise is the historic rehab of these kinds of buildings for adaptive reuse as housing. We began to work on putting together a plan. Brennan Crawford and I plan to submit, with your approval, an application for this project to Kansas Housing Resources Corporation. Their current round ends on February 3. Our tax credit application is due at that time. Then KHRC will take three months to review all of the applications that come in. Typically, they're probably only going to award like maybe 25% to 30% of those. It's very competitive. We believe this application will score very well with KHRC. We think it has a very good shot of winning the tax credit award that's needed to complete the project.


COHEN ESREY
AFFORDABLE PARTNERS

Our Approach...

The promise to build a thriving community that positively impacts all stakeholders begins at home with the Cohen-Esrey Core Values:

INTEGRITY
We act with honesty, openness and unity

COMMITMENT
We hold ourselves accountable and deliver on our promises

CUSTOMER FULFILLMENT
We strive to exceed our customers' expectations

TEAM MEMBER FULFILLMENT
We genuinely care about each other's well-being and nurture professional growth

COMMUNITY IMPACT
We strengthen and enrich the communities and neighborhoods where we live and work

Our Solution...

One way we set ourselves apart is through the integration of several distinct but related Cohen-Esrey business units. Together, we form a vertically integrated team of experts, coming together to create thriving communities that positively impact all stakeholders.

- **Cohen-Esrey Affordable Partners, LLC (CEAP)** leads our development efforts.
- **Construction Technologies, LLC** serves as general contractor.
- **Cohen-Esrey Communities, LLC** provides property management, leasing, and compliance services.
- **Service Technologies, LLC** provides property-level service support.
- **PreservingUS**, an unrelated non-profit with a mission to create and preserve affordable housing and historic buildings, partners with Cohen Esrey to coordinate resident services and programs.

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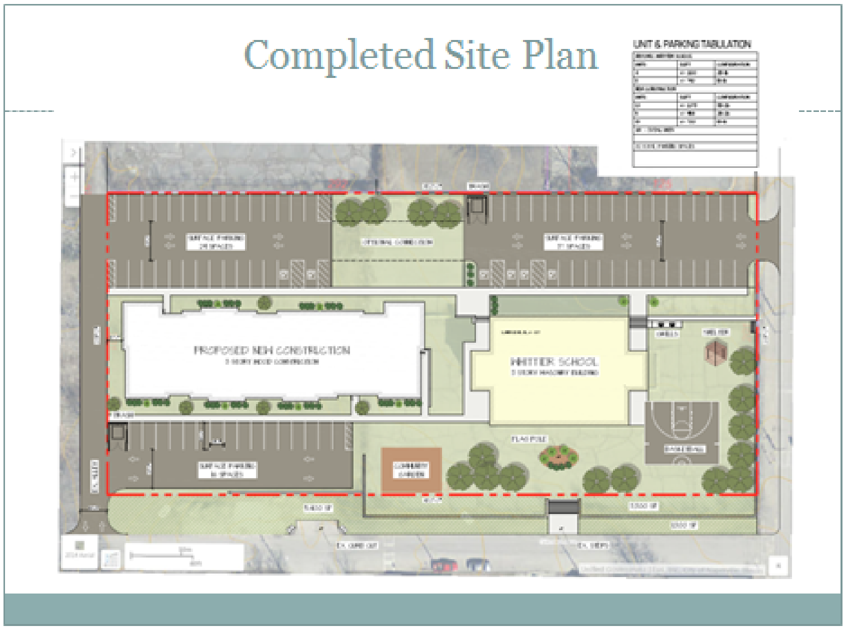
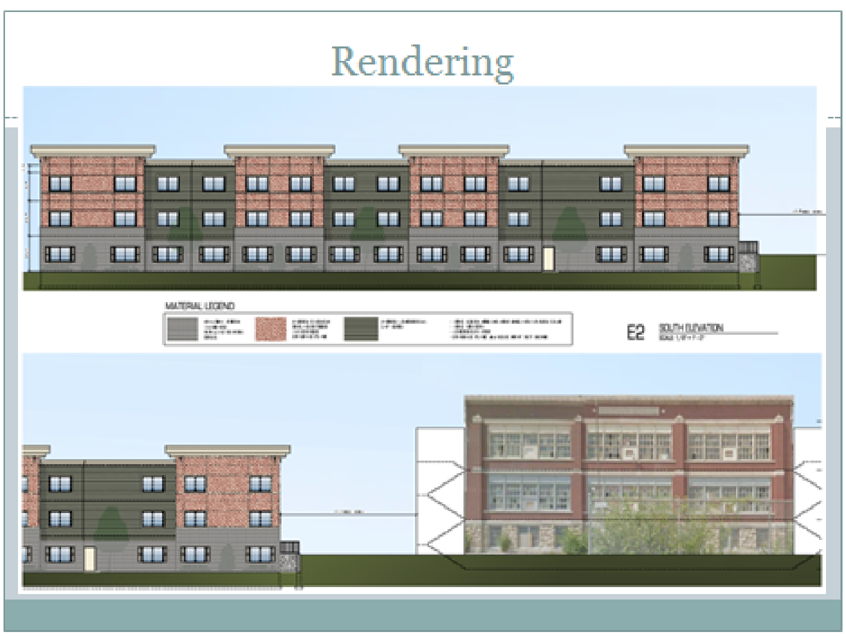
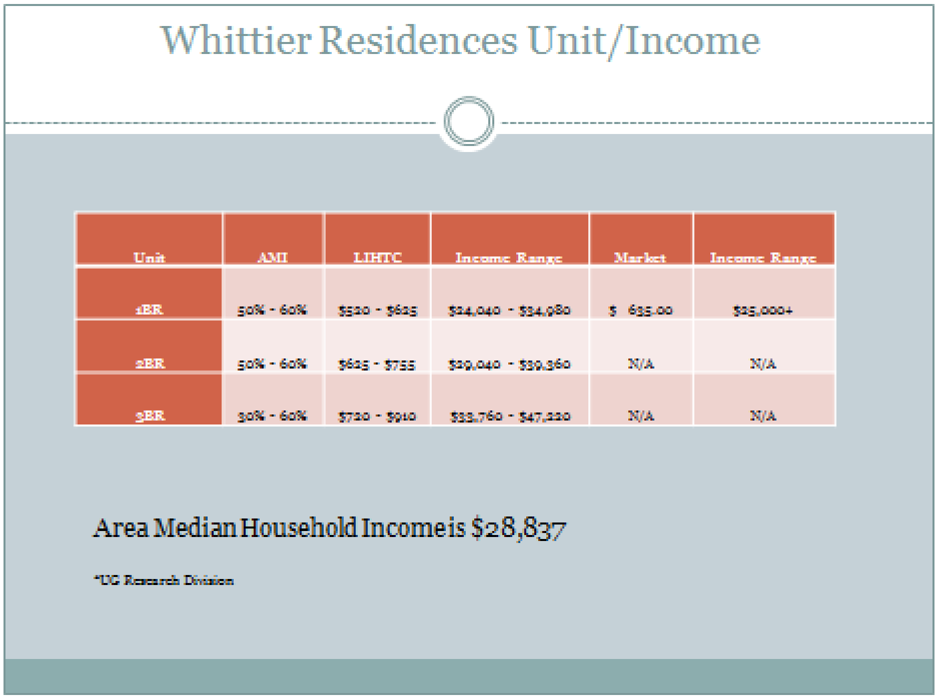


We have done some field measuring of the Whittier School and we think it will adapt very nicely to 15 units, 12 of which will be market rate. We understand and respect the requirement for 25% market-rate units. The market-rate units will be in the Whittier School. The new construction, as Charles indicated, needs to have some consistency, yet be differentiated from the historic school.





Unit	AMI	LIHTC	Income Range	Market	Income Range
1BR	50% - 60%	$520 - $625	$24,040 - $34,980	$ 635.00	$25,000+
2BR	50% - 60%	$625 - $755	$29,040 - $39,360	N/A	N/A
3BR	30% - 60%	$720 - $910	$33,760 - $47,220	N/A	N/A

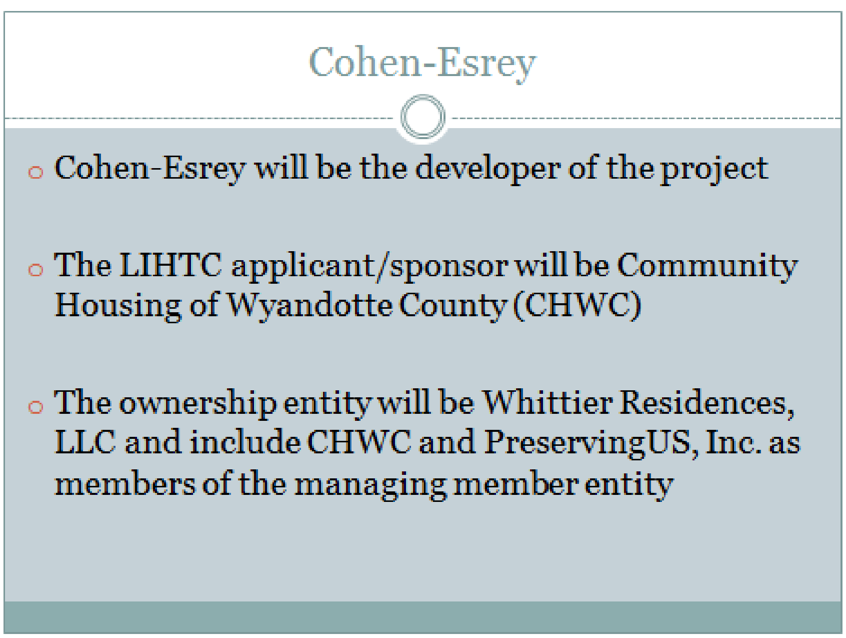
The rent, as you can see from the chart, is going to range—some of these rents come about based on how KHRC likes to see these applications done. Typically, they do not want the rents to be more than 30% of the income of the residents that will be there. We're kind of backed into where the rents need to be. In this case, we're looking at $520 on the low end up to $625 on the high end, that's because the market-rate units there are going to be the one-bedroom units. You can see the rent ranges for the two and the three-bedroom units based on these income ranges.

Commissioner Walker said I'm always interested—you're obviously a big developer with these kinds of projects. That 10,000 number seems big to me in the game. One of the problems I have with the ownerships of affordable housing is that there is this opening—this is a great project, everything is great and then it just kind of recedes into the mass of apartments. We have some projects, not 42 tax credit projects, that have succumb to whether it's benign, neglect or intentional disregard of the character and quality of the individuals that rent these apartments.

What type of screening do you use to avoid what looks like a very admirable project becoming inhabited by convicts, people that live on the margins of the law? I don't know exactly how to do it. How do you retain the integrity of your clientele? How do you screen to say no, we're not renting to you because you have a rap sheet that goes back to when you were 15 years old? Everybody doesn't get a second chance, but we've seen the project in an area in our community that is now overrun with criminal activity because the ownership, not nearly as big as yours, but is in another city. They get Section 8 checks every month and it would appear to the casual observer that they don't give a damn as long as there's somebody in there paying the rent. What does your company do to qualify these putative renters and lessees?

Mr. Quigley said that's a great question. I hear that a lot. I certainly respect that position. It's something we have to deal with. Cohen-Esrey, one of its sister companies is a management company. No one from my management company is here to talk about the specific application and screening process, but I can tell you that there is very specific guidelines and protocol that we follow as well as guidance from KHRC and from HUD as to the application process for allowing somebody to move in. I know that there is a specific rule about how recent of a felony you can have and not have your application get kicked out. We look at credit scoring to find out what kind of a position a person is in.

I don't have a lot of the other specifics, but the income qualification is very detailed and actually complicated as well. There is a very strict process that we go through. It gets audited by third parties. The tax credit investors look at the compliance process to make sure it is followed. Many times even the lender does. There are a lot of eyeballs that look at this process. Not sure I can give—maybe Brennan might have a perspective on this because CHWC also manages a lot of properties.



Brennan Crawford, CHWC, said I would add a couple of things. One is that we're here, we live here, and we're on the ground here. CHWC historically has been predominantly a single-family homeownership development organization and that remains kind of the core of our mission. One of the reasons that I was really happy, real excited to work with a company like Cohen-Esrey with offices that you can throw a rock at and hit if you had a good arm, they're a really strong management company. By partnering with them on the management side, all of the technical details of screening, collections, and turning over and all that kind of good stuff, we get to focus on what we do really well which is to help people who want to kind of work their way through the housing ladder and work their way up the housing ladder do that.

In addition to having a really stellar management company, the other component of that is that you've got to know the folks that live in the housing you operate. Housing itself is not enough. You've got to combine it with programming, with financial capacity building, with homebuyer education. I see this project as one step on the ladder from which we will draw folks that I hope one day buy the homes that we're building a block and a half away at St. Benedicts. That's how I see that fitting into our community strategy. The difference between an absentee management company and a partnership with a rooted community housing development organization is night and day.

Commissioner Murguia asked, Mr. Crawford, is your CHWC, are you a legal partner in this tax credit project. **Mr. Crawford** said yes. We're the CHDO sponsor. We would be the—**Mr. Quigley** said the ownership structure will be a single-purpose LLC that actually holds the asset. The managing member of that LLC is another LLC. That managing member LLC will have two members, one which will be the managing member LLC, CHWC. The other will be another non-profit 401(k) whose mission is the advancement of affordable housing. It's a non-profit 501(c)(3) that Cohen-Esrey actually sponsored the formation of it a number of years ago called Preserving US which offers the coordination of supportive services.

Just to echo what Brennan said, making sure that there are adequate, supportive services and helping people with the advancement of being able to live independently is very important.

I think to get back to the Commissioner's question, Cohen-Esrey does have a lot of experience in being inserted as a general partner in projects that we had nothing to do with that failed where they knew that. We have a pretty strong back office with management and compliance. We've been placed and have a lot of experience in having to turnaround projects, as you've mentioned, have the police get called there every day, there's drugs being run out of there, so we do have a lot of experience in turning those around.

Commissioner Murguia said my last question. Are you using historic tax credits on the Whittier building? **Mr. Quigley** said yes, we are. Those are critical tax credit sources for us, both the federal historic credit and the Kansas historic tax credit.

Commissioner Townsend said I want to follow up on that. I'm looking at the scoring sheet and you have addressed the fact that Whittier is a historic structure. I'm just wondering, this might be better directed to staff, at number 4 on the bottom of the page where they talk about housing and resident/tenant need structure and preserves historic structures, an applicant could get a maximum point of three, but it shows zero for this application. I'm a bit confused by that. **Mr. Brockman** said they did not want to accept those points on their application. They had zero even though it's a historic tax credit and LIHTC project. **Commissioner Townsend** said I'm confused why someone would decline points that would raise their score. As we keep talking about this, I'll understand that.

Mr. Brockman said it's not on the historic register yet. **Mr. Quigley** said we still have to make an application for that, to put it on the National Register. **Commissioner Townsend** said so we were a little bit ahead of ourselves. It has historic significance but it's not officially on the register yet? **Mr. Quigley** said correct. We still have to go through the nomination process. Typically, we would do that once we know we have the low-income housing tax credit award. Our actual historic consultant has already done some background work on it.

Chairman McKiernan said I am the commissioner for this district and I absolutely 100% support this project. One of the things that we very often talk about when we talk about low-income housing tax credit projects or Section 42 projects is that very often these projects are built in areas where people have low-incomes. I mean that's the idea behind the program is to use a federal subsidy so that people have safe, clean, affordable housing in areas where there isn't capacity to afford market rate.

One of the concerns is always that since these projects get built in areas that already have low-incomes, then we tend to concentrate low-incomes into one geography. I would argue that's not true, in my case at least. The poverty is already there; the low-incomes are already there. The medium income of my whole district was only $30,000 as of the last American Community Survey. What it doesn't do, if all we do is build these projects, what it doesn't do, it doesn't deconcentrate the poverty. If we don't bring in those other income levels that then attract amenities like retail and restaurants and service businesses, then we ultimately are going to fail in the long run. This has to be just one piece of a big multifaceted and ultimately complicated and long-lasting effort to improve an area. This is one piece, but it can't be the only piece.

I ask for a couple of things. First of all, I know that I've got some weight on my shoulders. If I want to attract the higher incomes and the retail and restaurants, etc., amenities, I know we've got to clean the place up. Commissioner Murguia said this just the other night in our meeting and I could not agree more. We collectively, not just the Commission, but our community, we have the responsibility to clean it up, pick up that trash, cut that grass, trim those trees, board up or better yet tear down those vacant and blighted buildings. Hold the owners of inhabited buildings to our minimum code standards. If we do that, we begin to create at least the visual environment that invites investment. If we don't do that, this is all we're going to build because nobody else is going to want to come here and do it.

I do echo some concerns that Commissioner Walker made. One of the problems I think we very often fear after a project like this is that the developer will walk away from maintenance of the physical building and that the developer will walk away from the management of the building itself. I will say that I feel very good having CHWC and Cohen-Esrey as co-partners on this that they are right here. I know where they both are located. I have phone numbers to both of them. I can ring them up in a heartbeat if we have issues. I know that they're going to hold up their end of the bargain, but I have to hold up and we have to hold up our end of the bargain which is to make sure that the community around this continues to be revitalized so it's not the only thing that we do in this particular community.

Commissioner Murguia said just for clarity, because I have a feeling this is going to come to a vote quickly here, just for clarity, because I've been very outspoken about Section 42—there are three factors here that make me supportive of this project. The first one is that a long-standing not-for-profit, CHWC, with a good track record with housing and revitalization in our community is a partner. Their board consists of community members that actually live in the neighborhood where this housing is going to be built. If you can't build it next to yourself and you won't live next to it, you shouldn't be building it. That says a lot right there that the board at CHWC is supportive of this project, I assume they are. You're not acting without their permission. I'm assuming that's what's happening.

The second thing is the number of units. For generations, the number of multifamily units that were built were 150, 250 units because that's where all the money was at. That's a problem. You don't want that level of concentration of any income level. I don't see it being advantageous for high-income or for low-income. Clearly, low-income brings, when you have that level of concentration, a number of concerns.

There was a third one; I'm drawing a blank on it right now. I just think that the number, the partner, given that you're preserving a historic building, I think all of those are reasons that sets this project apart from other projects that have been brought forward in the past.

Mr. Brockman said we can go through and show some previous projects that the applicant has done.

Commissioner Murguia said I happen to know. I'm familiar with Cohen-Esrey's work. I'm on the UMKC Board of Trustees and UMKC manages all the student single-family housing at UMKC and they do a fantastic job.

Action: **Commissioner Murguia made a motion, seconded by Commissioner McKiernan, to approve as submitted.** Roll call was taken and there were six "Ayes," Milan, Walters, Murguia, Townsend, Walker, McKiernan.

Item No. 2 – 16931…RESOLUTION OF SUPPORT: PRAIRIE FIRE LOFTS

Synopsis: A review of the application to confirm that it complies with the current policy as adopted by the Commission for a resolution supporting the use of Section 42 tax credits for Prairie Fire Development Group, LLC, for the construction of a new apartment complex (Prairie Fire Lofts) located between N. 8th St. to the east, N. 9th St. to the west, Washington Blvd. to the south, and Oakland Ave. to the north, submitted by Charles Brockman, Economic Development.

Charles Brockman, Economic Development, said first I want to introduce Kelly from Prairie Fire. He did the Pemberton Project out on 82nd St. across the street from the library. He's coming forth with another project called Prairie Fire Lofts.

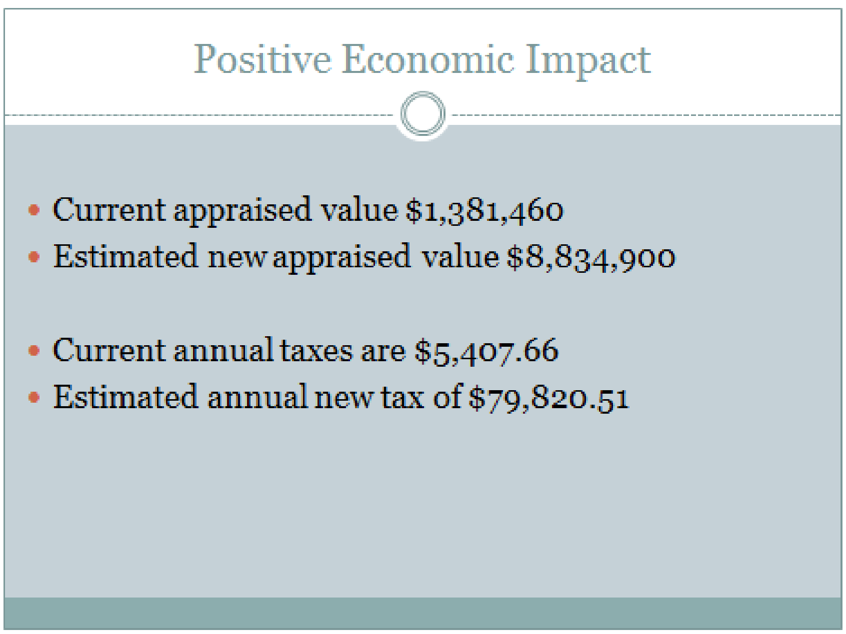
Tonight, this LIHTC project is a little different because it surrounds the concept of an "Agrihood" concept. It's urban gardening, things like that, growing your own food and then also selling it to other residents in the area. So then Kelly's presentation and then we ask that you advance the resolution of support.

This project tonight, we're going to only concentrate on the first phase. It's really a two-phased project. This phase will have four 12-unit new apartments and one building 44-unit apartment complex for a total of 92 apartments.

The project area is between 8th & 9th, Washington Blvd. and Oakland. The total project, if you would add in Phase Two, would go from 8th to 10th, Washington to Oakland. For tonight's purpose, this resolution of support is only for this phase. The other phase will be bonded and other types of financing.

There's one, two and three-bedrooms. The project site will have a shelter, clubhouse, barbeque grill, sport court and a play structure.

Construction for Phase One is 18 to 24 months, total cost of about $15M, so a positive economic impact.



The current appraised value for the area is $1.3M. After the construction, it will be $8.8M. The current annual taxes are $5,407. I have to point out that we have an appraised value of $1.3M. Why is there only $5,000 in current taxes? That's because most of the land is Land Bank exempt and some UG properties as well. The estimated annual new tax would be $79,000.

This is the project area between 8th & 9th, Douglass-Sumner, Housing Authority there. Now with this, the Housing Authority is one and two-bedroom apartments. These will have one, two and three-bedroom apartments. On this section, there's going to be some in-fill housing and then USD 500 there.

Commissioner Murguia asked is that Housing Authority property for 55 and over. **Kelly Rabi, Prairie Fire Development Group,** said the tower, yes, I believe it is.

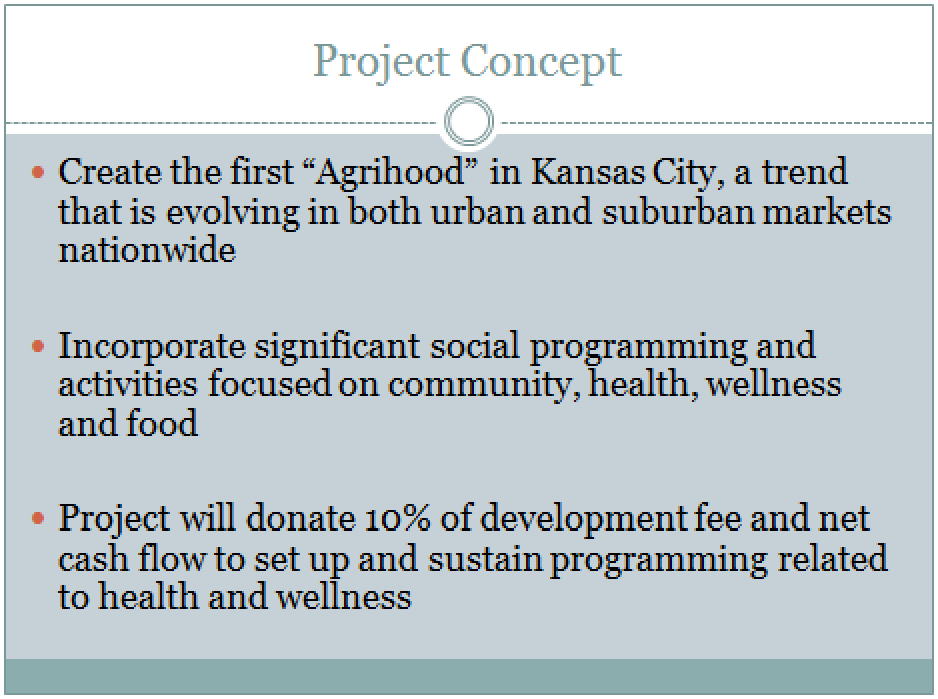
Mr. Rabi said this project we're here to present is really a result of our group responding to another RFQ earlier this summer through the Healthy Campus Initiative. There was an RFQ issued this summer for developers, retail, commercial, and residential developers to be a part of the Healthy Campus Initiative. Our group responded to that talking about doing a housing project that would be both affordable and market rate. The result of our project really came about because of the things that were in the RFQ talking about health and wellness, addressing the food desert issue, addressing blight and other things, so we really positioned our project around this concept called "Agrihood" which is unique to the metro area but not to the nation as a whole.

If you look at a lot of these concepts from coast to coast ranging from Los Angeles, Indianapolis, Dallas, Detroit, Washington DC, it's a concept that's really taken on more in the luxury community environment, but also has been a vital tool for redeveloping a lot of urban communities. A couple of really good examples are in Dallas and Detroit.

Our company is a developer/owner/operator affordable housing and market-rate housing. With the program, we're long-term holder of our assets. We, as with Cohen-Esrey, when we develop these projects, we are the owner for a minimum of 15 years, if not 30 years, so we're here to stay unlike maybe a market-rate developer that comes in, develops their project, gets it leased up and flips it out to an out-of-town owner. We have our own management construction company;

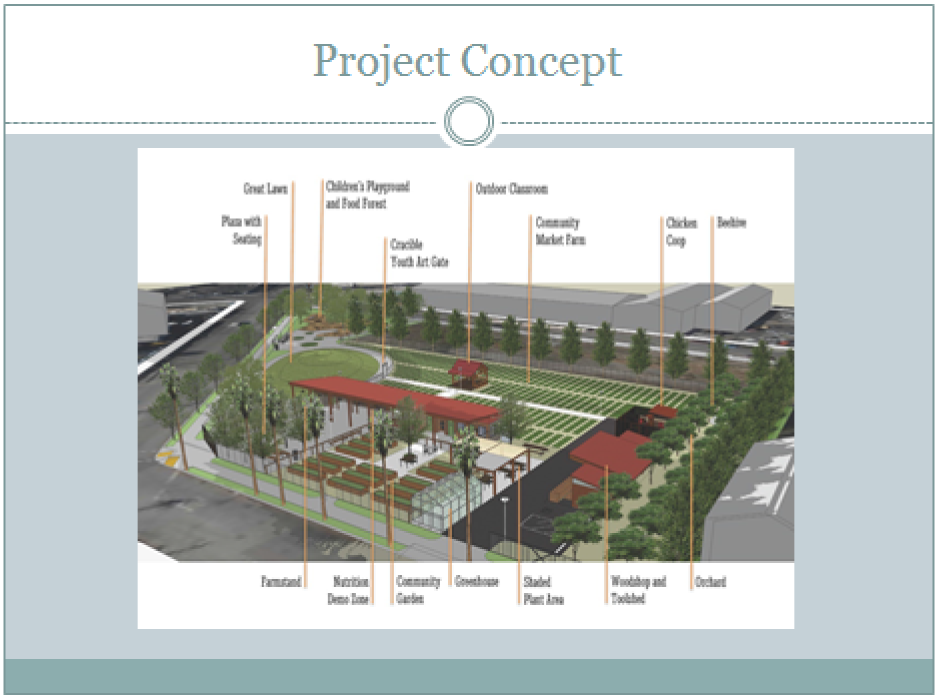
experience in Wyandotte County. We currently have over $60M in development underway; 484 units across the 9 projects. Some other things we do are in-house modeling, market analysis, due diligence and so forth.

This slide really talks to the elements that were in the RFQ. We just defined our understanding of the RFQ. By doing this project, we want to create a healthy and sustainable community, address the urgent need for new mixed-income housing downtown, eliminate the food desert, create a place that provides access to healthy food and supports wellness, personal and social connectivity, create a community and inclusiveness. Not do just a 100% affordable project, not do just a 100% luxury apartment project, but build a project that all folks in the community of all different income levels could live in.



Concepts, agrihood, we have a lot of examples. If anybody is interested in what other cities are doing around the nation, I'd be happy to get you a comprehensive list of that. It's unique to the metro area and it's beyond just the community gardening. It's actually structuring programming and activity around gardening, health and wellness, and inner-generational activities with school kids and retirees.

Our project will incorporate significant social programs and activities and focus on community health and wellness. An awful lot of questions have come up as well, how are you going to pay for that? We're committed to donating 10% of our development fee in the project back to the project for either project amenities or programming, then set up a program to whereby 10% of the net cash flow every year is sent into an escrow account to go back to the property to fund those types of activities. At the bare minimum, we feel just with other discussions of other community folks ranging from the American Royal folks to some FFA chapters as well as Cultivate Kansas City, and Kathryn Kelly is here, really put a program together around other organizations in the area and come to the table and help make this the project that we believe it can be.



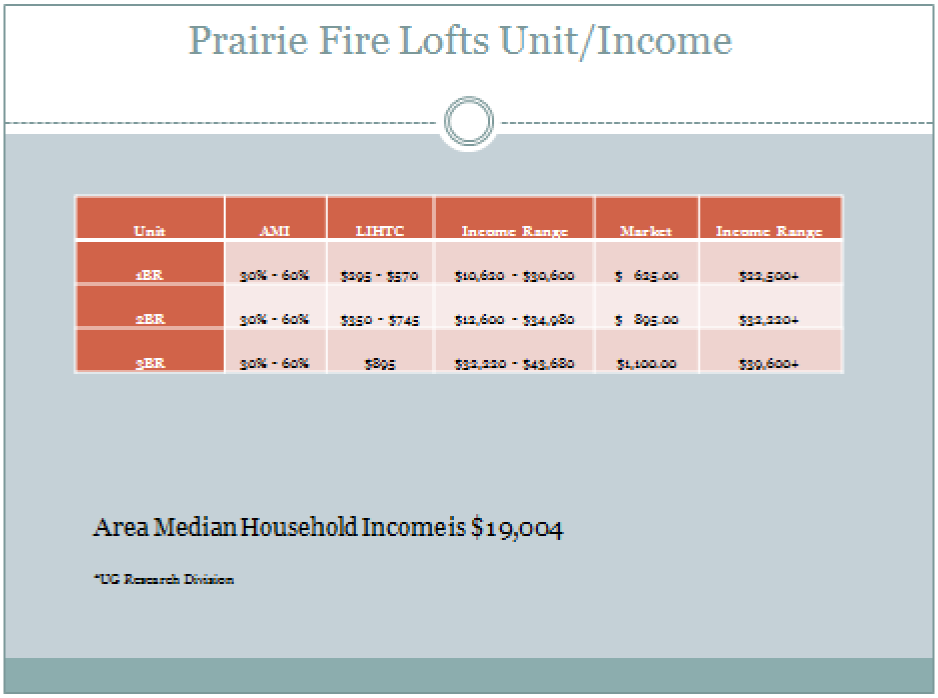
Project concept. One of the amenities, obviously, we put scoring the amenities in the project to meet our minimum points. We feel that the real, true amenities of this project will be something of this nature, of this graphic, which represents what we're really trying to do. It has a bunch of different things in here from an outdoor workshop, community garden, and a greenhouse. It has a farm stand, a youth art garden, chicken coop; we got rid of the chicken coop. We met with the neighborhood and the neighbors didn't like chickens. I didn't talk to them about these, but we had that discussion later. Some gardens. We also want to put in an urban orchard and really do something that's more interactive and programmed with the kids in the neighborhood, with the retirees in the neighborhood, and the people living there. They just want a garden space.

We're testing this concept out across the river in Kansas City, MO, in the Columbus Park neighborhood. It wasn't part of our original concept. It was really more based on the arts, but the more we talked about this, the more folks were getting interested that really want to come out and help plant food. They want to help cultivate it. They want to have the guest chefs come in and show them how to cook things and show them how to preserve things. With the food movement going on right now in the nation, people want to know, or in general, a lot of people want to know more where their food comes from, how it's grown, what's put into it and we hope to capture on that unique attitude.

Just like with artists, chefs, they try to congregate where real estate is cheap and where they can do their craft. We feel that this project would be unique enough to where if somebody is looking for a housing choice somewhere whether downtown Kansas City, KS, or what have you, they think of this as this could be that cool place where I could have my little garden plot, I could be part of the community, I see my neighbors, I can get out and work in the garden and we cultivate, we cook together, and we enjoy each other's company.

We think it's unique other than your typical housing projects that are out there right now. It's certainly something unique for us, but something we feel that fits extremely well with the Healthy Campus Initiative. I think this would be probably the first development of that initiative hopefully acting as a catalyst to put some of these other projects over the finish line.

The site plan right now, as Charles said, would be with a three-story apartment building, here you see down on the lower right-hand corner, and four just walk-up type apartment buildings. In our meetings with Downtown Shareholders, Rob Richardson, and Planning folks, if you're familiar with this area right here, it's very terrain. There have been comments made that they were happy we weren't coming back with any real physical structures here because from a buildable and feasible standpoint, it would be very expensive to come back and put foundations and retaining walls to build in this area. We felt it would be nice to put our property on the perimeter, get high visibility into the neighborhood and then put our amenities in the back here to open it up not only to the neighborhood, but to the organizations, the churches, the schools, and everybody else that could come participate in these activities.



Prairie Fire Lofts Unit/Income

Unit	AMI	LIHTC	Income Range	Market	Income Range
1BR	30% - 60%	$295 - $570	$10,620 - $30,600	$ 625.00	$22,500+
2BR	30% - 60%	$350 - $745	$12,600 - $34,980	$ 895.00	$32,220+
3BR	30% - 60%	$895	$32,220 - $43,680	$1,100.00	$39,600+

Area Median Household Income is $19,004

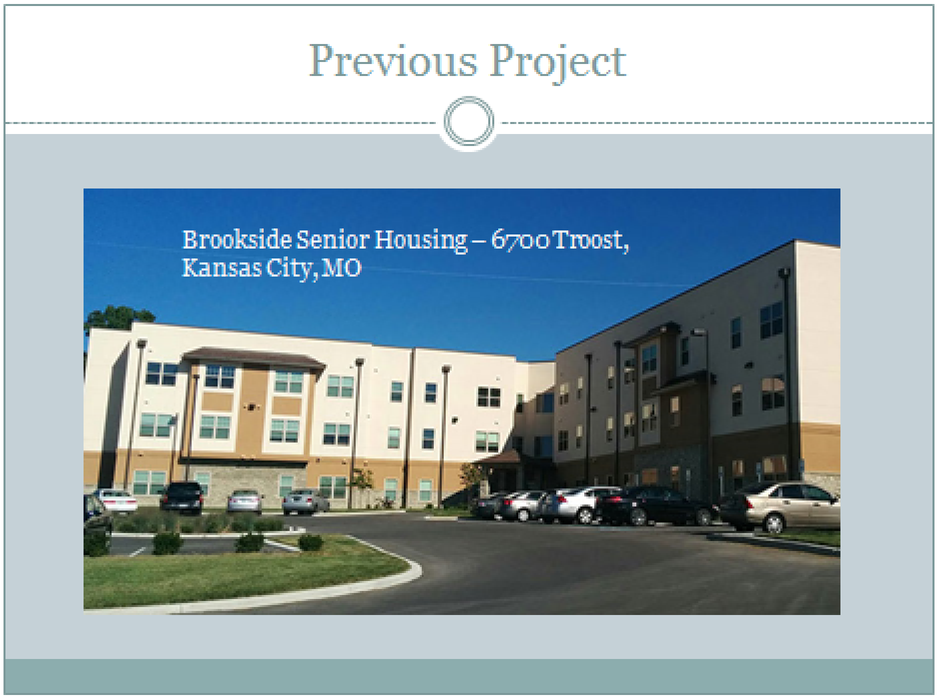
*UG Research Division

Rents. I'm sure Tim could back me up on this, but these are proposed rents today. It's not to say if we get approved nine months from now, these rents might not change a little bit. We're in a very volatile market right now as it relates particularly to tax credits and anything that has to do with the tax code. Corporations don't know what they're going to be paying in taxes two years from now so they're hedging their bets. Tax credit prices are dropping right now as we speak, I think unrealistically, but with the decrease in tax credit pricing along with increasing interest rates and increasing construction costs, today we try to hedge our bets and this is pretty much where we think our rents are going to be.

You'll notice we do have some 30% AMI rents in here. We're going to have five units at 30% AMI because as part of this application, we're applying for $600,000 in Housing Trust Fund money through the state of Kansas. They have $3.5M in Housing Trust Fund money that is basically funded to the states from the profits of Freddie and Fannie Mae during the recession off the taxpayers so we're hopeful that we can get $500,000 or $600,000 of that money back to Wyandotte County.

Again, just what other cities are doing; just comments on how they're using this concept to redevelop and revitalize urban areas.

Previous projects, we've done several around Kansas and Missouri. This is a senior project in Hutchinson, KS.



A senior project we did at 6700 Troost.

Pemberton out here in western Wyandotte County.

With that, To Plant A Garden Is To Believe In Tomorrow. We feel that this project would certainly have that impact on the neighborhood we're in.

Chairman McKiernan said I certainly apologize to Commissioner Johnson who's been sitting here for this. I should have invited you to come up and sit at the table with us. This project is in Commissioner Johnson's district and certainly if you have any comments or feedback on the project, I would love to hear it.

Commissioner Johnson said I appreciate the time and the invitation. This project has been something that we've had a lot of conversation about. Douglass/Sumner is a historical neighborhood that you all know much about. There's been a vision for this neighborhood for over 30 years. The visionary is here in the room, Ms. Beatrice Lee, who started out many years ago. Before there were actual plans, she was the one who gave her life to this neighborhood. That has grown over the years to the extent that they've even partnered with LISC.

There's a quality of life plan that was put together over 10 years ago for this neighborhood association. I think we have representatives from LISC as well. They had developed a plan. They needed a developer, somebody that would catch the vision. I appreciate Kelly coming with Prairie Fire. They came to the neighborhood. They presented a proposal to the neighborhood. They listened to the concerns and questions of the constituents of the neighborhood.

When we look at this project, just to picture the nuts and bolts of it, I certainly support this project wholeheartedly primarily because this was a developer that came and said we want to listen to the neighborhood and help you all move forward with this process.

There's a top-ranked high school there; a top-ranked elementary school that serves as harnesses in the neighborhood. There are a good number of strong churches. The Healthy Campus plan overlies the project and there is community support for the project. We have representatives from Douglass/Sumner. We have a letter of support from the historical HNMA. We have support from Downtown Shareholders as well as from LISC. All those persons were at the table when the developer came.

He has shown himself to be visionary and also one that is willing to work with the groups to show that this is a viable project. They are here in town. I know that's something that is critical to this group knowing that the ownership and management is local. They are here in town so I appreciate that.

They're willing to reinvest part of the development fee and some of the net cash flow into the project which lets me believe that this is not something that they're going to build and they're going to be gone. They're going to be part of the project. They're going to be part of the development. They're going to be part of the construction. They're going to be part of that going forward once everything is done. When we talked about a strategic—and I'll close, I feel like my minister, I better slow down, cut it down a little bit.

When we talked in strategic planning, we talked about the need to be innovative to look at projects that were bold in strategy. This is something that in the metropolitan area hasn't been done before. It could bring some positive light, some more positive light. I believe that there are some shining stars in the urban core of Wyandotte County. It's not all negative; it's not all bad. Some of you commissioners are here that are a part of that. I think this can be another star in the urban community that would bring some more positive attention to the urban core of Wyandotte County and be something that we can continue to build on. This is just Phase One.

We'll continue to talk about the need for housing, single-family units, and things of that nature, but we want to get something that we thought we could get off the ground. I would encourage your approval. I certainly give my approval and encouragement to this project.

Commissioner Murguia asked do you have a local not-for-profit partner. **Mr. Rabi** said not on this project, not a partner in the actual ownership of the project. We'll talk to Cultivate Kansas City and some other folks around here and even the neighborhood. We're going to need a conduit for the donation of funds back and we'd obviously prefer it to go through a non-profit organization. We haven't really formulated that agreement yet, but that's definitely in our plans.

Commissioner Murguia said I've been very compassionate about this particular topic so I'll make my comments and live with the way they are. I have two concerns about this project. I don't like it at all that you don't have a not-for-profit partner invested in the actual ownership of the property. People that live there need to be involved in that manner and also in the financial piece of it. I think there are too many units.

The positive is I think it's a clever concept and this area of our city definitely has shown an interest and some success with urban farming so I think that's positive. In the end, the decision for me is that Commissioner Johnson is the boots on the ground in this area of our city as your commissioner that's elected to represent those people. If he is supportive of that, for me, that means a great deal since all of us that are in-district commissioners can't know or get involved in the minutia of every area of the city. Out of respect for that, I'd be supportive of the project, but I will repeat again, I think it's too many units and I am very concerned about that there's not a local not-for-profit invested in the actual ownership of the deal. I think that's concerning.

I've heard what you said about businesses being local. I know that's used in the broadest sense of the term because they're not Wyandotte County. They don't represent the people that live in the community. The only reason I'm elaborating tonight is because last time I voted no and I didn't say a word and I got in big trouble because I wasn't clear about why I voted no and why I voted yes for other projects. I want to be very clear tonight on how I make my decisions on these types of issues.

Beverly Easterwood, President, Douglass/Sumner Neighborhood Association, said I have submitted a letter of support on behalf of our organization so I will let that be my comments on the project. In general, I would like to let you know that Kelly has been very instrumental in working with us. He's been very forward in trying to find out what our concerns were about the project. He's been very willing to work with us and address those concerns. He took out the chicken coop. I think it is a very unique concept, and we're very anxious to see it move forward. We hope that this committee will give the application consideration for approval.

Commissioner Bynum said I am in support of the project. Sir Rabi and his company did purchase Pemberton Place out at 83rd and approximately Walker Avenue out of bankruptcy a number of years ago and completed the project. The project is fully rented and that happens to be an older adult housing project, but I do think it speaks to his company's use of Section 42 tax credits as well as their presence here in the community and stepping forward to purchase a failed project out of bankruptcy and bring it to completion for a much needed housing option in Wyandotte County. That speaks volumes for me.

Also, this area with Douglass/Sumner is right and ready for this kind of revitalization. The block that you've seen on the screen, you should drive there and have a look. There are maybe three houses left on that entire block. We've all been looking at that for a number of years and we are all ready for a new housing project in that area.

Action: **Commissioner Murguia made a motion, seconded by Chairman McKiernan, to approve.**

Rachel Jefferson, Historic Northeast-Midtown Association, said we did submit a letter of support for this project. I, as well, will let that stand. I did want to say that Kelly has shown himself to be someone who is very amenable to work with the neighborhood association which is kind of a rarity in a situation like this. To the point when there was some hesitancy expressed about an agrihood concept, they even considered possibly doing something else that would be more beneficial to the community if that's what the neighbors wanted. I really think that this is a good project to move forward for Douglass/Sumner which is in our HMA service area. I just wanted to vocally offer my support.

Chuck Schlittler, Downtown Shareholders, said instead of chickens, I'd advocate for horses myself. We raised horses, but besides that, those of you who know me this is totally in character. We are a 501(c)(3). We have volunteered if a different candidate or more appropriate candidate is not located to be a conduit. I think we have an excellent reputation in that regard. LISC, our major funder, is here tonight and continues to be very supportive of us. I believe our documentation via our NBR work, etc., demonstrates a competence of such that you can have confidence in. We appreciate your support and consideration of the project.

Ina Anderson, LISC, said I just wanted to point out to Commissioner McKiernan's point before about this not occurring in isolation that you have to have other things going on. Some of you may know that LISC has been working along with CHWC as our development partner to implement a federal appropriation that was given to the neighborhood several years ago around 2007. That's resulted in six new single-family houses being built and sold in the neighborhood, some of the first single-family housing for sale/development in the neighborhood in whatever 50 years or so.

We are actually using the proceeds from the sale of those homes to create a revolving fund. We're even blending it with our own LISC capital to leverage it and stretch it even further. We are continuing to work with CHWC according to the plan designed by the neighborhood. We anticipate building about a dozen more single-family homes in the neighborhood that really compliment the development of the Prairie Fire Lofts. We're just really excited that we have this chance to leverage it and to be able to provide both options for folks in the neighborhood. I think it's a really great mix. Those single-family homes that we're building have no income restrictions.

We've been looking at this for a long time. I've been here for only three years and I didn't anticipate in that short of time that we would see an opportunity like this to partner with another private developer in the neighborhood to really leverage investments we've been making.

I would like to applaud you on the whole Healthy Campus plan. I think that's really helped to spur the momentum that we're seeing now. It's kind of like everything coming together. I appreciate Prairie Fire coming forward and hopefully you'll approve the resolution.

Commissioner Townsend said clearly there is an apparent groundswell of support for this. I just want to take the opportunity to listen and learn. I would like Commissioner Murguia, she has a lot of experience in development, to expound on why she thinks that there are too many units proposed to build. I'd like to hear what the developer has to say about that. The only other question I had had to do with the ownership issue. I'm not as familiar with the development company that's before us today. My questions just really go to the heart of if these units are developed, who will oversee the administration of them. That is a big concern when we address these LIHTC issues.

Commissioner Murguia said, Commissioner Townsend, I just have a particular way of thinking when it comes to urban redevelopment. When your largest development in that area is going to be, what was it, 90 units? **Mr. Rabi** said 92 units. **Commissioner Murguia** said 92 units of low-income or affordable housing. **Mr. Rabi** said 33% are market rate. **Commissioner Murguia** said still the bulk of that is that 60% are going to be low-income. Anytime the bulk of what you're doing involves low-income requirements, it's just not great economics for the neighborhood.

I've had this debate with Commissioner McKiernan on multiple occasions. Some neighborhoods are in a different situation than others and they have to start somewhere. If you have blocks and blocks of just vacant ground that's been abandoned or foreclosed or bankrupt, again, that's why I deferred to Commissioner Johnson. He's the boots on the ground. Actually, I'm not super familiar with this site. I just say, anytime you're building that level of concentration, I get concerned. It didn't work in the '70s, it didn't work in the '80s, and it darn sure isn't working in the '90s or now. We're left with those large towers with multiple units and those sprawling complexes. All you have to do is take a look at Juniper Gardens, and that's locally owned by our Housing Authority, and see what that volume of units does for a community, which isn't great.

I hear what Commissioner McKiernan is saying about you've got to start somewhere and you want to get some development so you can bring those other amenities to a neighborhood. I'm glad he clarified in saying this can't be the only thing you do because low-income housing will never bring retail. I'm telling you, mark my word, it will never bring retail. You could build a thousand low-income units and you're never going to bring retail. I'm glad to hear and I hope and I'm glad to hear the Commission is on the same page that it can't be the only development you do. You've got to have a population that has a higher disposable income so that you can bring on those other retailers.

I go back to what I said again so nobody misunderstands what I'm saying. This is recorded so you can watch it again. I realize you have to start somewhere. If the whole area, which I'm assuming is, I could be wrong, is low-income, this does at least raise the standard of living for the low-income that are living there. I would encourage you that represent this area to work very diligently on some fair-market stuff beyond; I think LISC listed 3 houses and then going to balance out 90. It's just not going to happen. It's a good start.

Again, I am supporting the project. I'm just trying to be helpful, not difficult. I'm trying to be helpful and say if you really want to turn your neighborhood around, just having a ribbon to cut, a fancy facility like Commissioner Walker said earlier, when its first opened, isn't going to solve your long-term problems.

Commissioner Townsend said I appreciate those comments. That helps explain a lot. I was thinking initially that instead of 92 maybe 75 or some other number. I think your explanation puts in perspective what the neighborhood is trying to do and that if you're taking vacant property, and retailers sure aren't going to come for that, that this would be a step up. Again, the overarching concern continues to be as this goes on making sure that the standards that start out are continued over time. You've taken out the chicken coops, but you don't want to lay an egg with the project.

Mr. Rabi said I would just like to say without getting into a whole lot of detail, I have a Masters in Urban Planning and I'm a housing economist, an Undergrad in Economics with Finance. I studied. I don't have a hobby. People ask me what my hobby is and its demographics and economics. I've been in economic development/community development all of my life. I have a sincere passion for this and that's why I commend the neighborhood and the commissioner for actually being very vocal and wanting to participate in how we're designing this project and what we're bringing to the neighborhood.

Two national statistics I'll just leave with you guys as you move on and have these hearings in the future, and they're backed up by various sources—I'd be happy to provide those to you from Brookings to Harvard and Housing Joint Studies Commission. One out of every two renters in the nation right now earns less than $35,000 a year. That is a national statistic. That is a national average. It's only worse in urban and rural areas. Think about that, one out every two, 49.5% of every renter household in the nation earns less than $35,000 a year. When they continue to build housing in downtown Kansas City, MO, for $1,800 a month, $2,000 a month, just do the quick math. What that does is it takes more money out of people's pockets that they could be spending on that local economy. They have less money to spend. They spend 60% of their disposable income to housing. They can't afford food, they can't afford healthcare, they can't afford education. That's part of the affordable housing component that we do.

The other statistic is rents have increased 64% since 1960 in our nation whereas incomes have only increased 18% per renter household. When you see rents going like this and incomes going like this, anymore the low-income housing tax credit problem, in my opinion, is not a low-income problem, it's a moderate-income problem because it's impacting a lot of people everywhere.

I appreciate the comments here. You do have to start somewhere. We know what the lenders and investors are going to look at in our projects, how they're going to underwrite them, how they're going to underwrite the rents. The market study we did showed within a five-mile radius there's a need for like over 3,000 housing units downtown, a market demand for 3,000 both market and affordable, which I think is a good thing if you want more people downtown.

I think downtown Kansas City, KS, and I said it before, I think it's a nice blank slate right now. It's not as bad as people might think or how it might be portrayed in the news. Certainly, there are much worse parts in Kansas City, MO, than there are in downtown Kansas City, KS.

I think with the Healthy Campus Initiative, you have a great opportunity to redefine what downtown Kansas City, KS, is and how it's perceived not only regionally, but nationally. I think with a project like this, we want to be innovative, but we want to bring something here that's not just your traditional sticks and bricks, but something that people can really say hey, that's unique. I'd rather live in downtown Kansas City, KS, and pay $895 for a two-bedroom versus $2,000 to live down in the Power and Light and go do shots in the district every night. I think those are the kinds of folks who want down here.

As far as the ownership goes real quick, the ownership would actually be in a limited partnership. Our investor, whether it's AEGON or Raymond James or Boston Capital or Banc of America, will own 99.9% of the asset. We'll own .01% and they'll own that because they own the tax credits for the first 15 years. They send their asset managers to the property every year as those KHRC and our lenders and investors to walk the project, to make sure it's being kept up well, making sure that the files are get well, making sure that their assets are protected.

Finally, another thing we spoke about earlier, we capitalize a very significant reserve account upfront. I think in this case it's about $600,000 will just sit in a reserve account at a bank. If we ever need it for improvements or operating reserves, something like a market-rate deal that has minimal reserves, we'll have over $600,000 just sitting in a bank accruing interest to the extent we ever need it to do some improvements, have operating problems, those types of things. The tax credit projects are well protected with investors and lenders and state agencies to make sure they're ran properly and do the job we're supposed to do.

BPU Board Member Milan said I'm hoping my comments will not upset anyone; however, as far as eliminating low-income in America, that will never, never be addressed. There will always be low-income people that deserve affordable homes and a house just like you and me and more.

Secondly, it seems very strange that all of these projects never seem to address the water, the electric and utilities. You can't do nothing without those two elements. It amazes me how we can talk about projects 42 and 46 units. Infrastructure for water upgrade and utilities are very essential. This city needs an upgrade in utilities and electric all across this great community of ours.

To think about eliminating low-income people in America based on education, income, etc., we'll always have those necessities to address. At the same time, they are human beings that need affordable homes and housing. We've got to do one neighborhood at a time.

Douglass/Sumner, there's a project up there that includes four districts: 1, 4, and 8, which is my district at BPU. I'm concerned about changing the attitude of what can we do to upgrade neighborhoods one at a time. Think what we've done to Strawberry Hill. Think about it. I'm 82 years-old. In another week or so I'll be 83. We took Strawberry Hill, look at it, the neighborhood is gone. Look at the lights, the infrastructure right there. That could be done in Douglass/Sumner if we put our mind to that. That location has been looked at for the last 25 to 30 years from day one starting at 7th & Walker. That project has been on the minds of the northeast area for a long, long time.

If I look at the commissioners here today, they feel the need of that. I'm sure that I'm in the majority of those present. We need to make sure we can put our best foot forward and make sure that the Douglass/Sumner project becomes a reality.

Commissioner Murguia said I just want to comment in regards to your comments about the statistics. I think we all know the statistics that there are a large number of low-income people in the country. We all know that. I just want to be very clear. My position is they don't all need to be located in one particular area of the city. **Mr. Rabi** said sure, absolutely. **Commissioner Murguia** said I think if other more high-end areas took on some of these projects, there would be a better distribution of wealth. We wouldn't have such difficulty in getting retailers in urban areas. I think a whole lot of problems would be addressed.

No one is trying to eliminate housing for low-income people. What we're trying to do is spread it out and develop mixed-income neighborhoods which has proven economically to be the most sustainable and successful neighborhoods. Anybody who thinks different is fooling themselves because Wyandotte County/KCK east of 635 in many of our areas wouldn't look like it does if we had mixed-income areas. I'll just leave it at that.

I hear what you're saying, but it is important that we're clear with the people that are watching and listening to this discussion that may not understand housing and the impact it has on the economy. We can't continue to do that or we'll continue to just put family in housing where I think no one can speak better than the northeast about living in a house in the northeast and not having a grocery store within a mile or two of their home. You can't continue to build low-income housing and think you're going to get a grocery store. Unfortunately, it just doesn't work.

Roll call was taken on the motion to approve and there were six "Ayes," Milan, Walters, Murguia, Townsend, Walker, McKiernan.

Adjourn

Chairman McKiernan adjourned the meeting at 6:25 p.m.

tk