

Bentonville Affordable Housing Committee Meeting Minutes August 26, 2022

Meeting Called to Order

Public Comment: None expressed at start of the meeting


July Minutes:

- Minutes were approved.

Meeting overview:


- Reviewed of our three target population bands

POPULATION ANALYSIS



Typical jobs are illustrated for each of the three target sectors and make up many positions in our community


Affordable Housing 30%-50% \$20,000 to \$39,999 - Households Percent Affordable	2,634 14.5%	Production Occupations Firefighting & Prevention Community & Social Services Healthcare Support Occupations
Attainable Housing 50%=80% \$40,000 to \$59,999 - Households Percent Affordable	2,376 13.0%	Teachers Healthcare Technologists & Technicians Law Enforcement & Supervisors Sales & Related Occupations
Core Housing 80%-120% \$60,000 to \$99,999 - Households Percent Attainable	4,283 24%	Management Occupations Health Diagnosing & Treating Business & Financial Operations Architecture & Engineering Occupations



Source: 2019 Census Data - EF Analysis

- Reviewed Emerging Issues:

AFFORDABLE HOUSING ASSESSMENT



Emerging Issues...

Home ownership:


Single family home additions are not keeping pace with city growth

The reasonable priced homes that are built, are not being accessed by our target three sectors

Multi-family:

Limited units are being built, but are priced above our two lower target sectors

Pressure is mounting financially on our two lower target sectors causing out-migration of our workforce



3. Reviewed Alignment Point (Mission):

City of Bentonville:

Create an environment (via removing barriers & creating incentives) so that properly priced housing can be built and ensure our target populations live there

4. Reviewed key Barriers to Housing supply:

APRIL RECAP - SUMMARY BARRIERS

During the April meeting, the team discussed and aligned around a set of Summary Barriers

Key Alignment Point Reviewed & Discussed by team

City of Bentonville:

Create an environment (via removing barriers & creating incentives) so that properly priced housing can be built and ensure our target populations live there

Sub-barriers included in earlier email

Initial Barriers:

Barrier #1:
Total Development and Cycle-times


Barrier #2:
Zoning Limiting Affordable Development

Barrier #3:
Regulatory infrastructure & Permit costs or fees

Barrier #4:
Land Costs prohibitive for Affordable Developers

Barrier #5:
Target sector unable to purchase appropriate priced housing

Barrier #6:
Participation in Government programs



5. Reviewed the Mapped Best Practices by Barrier :


MA Y RECAP - SOLUTION DISCUSSION

The May meeting focused on learning from other cities

85 Research Studies Reviewed & 15 Experts Interview → Screened Studies for applicability → Matched Studies to Barriers → Bentonville Potential Solutions

Exam ple:

Market Study	Consider for Bentonville
#2 Zoning Limiting Affordable Development	#2 Zoning Limiting Affordable Development
"Affordability Unlocked" - Austin	
The program is designed to increase the number of affordable housing units being developed in Austin and fully leverage public resources by allowing housing providers to build more units in their developments when significant amounts of affordable housing are included.	The program is designed to increase the number of affordable housing units being developed in Austin and fully leverage public resources by allowing housing providers to build more units in their developments when significant amounts of affordable housing are included.
In return for setting aside half of a development's total units as affordable, bonuses include <u>height and density increases, parking and compatibility waivers, and reductions in minimum lot sizes.</u>	In return for setting aside half of a development's total units as affordable, bonuses include <u>height and density increases, parking and compatibility waivers, and reductions in minimum lot sizes.</u> Also cottage zoning
Requirements set by city on "Affordability" price points (eg rents), duration & escalation in rents, and income levels.	Requirements set by city on "Affordability" price points (eg rents), duration & escalation in rents, and income levels.
Tiered program where more requirements met, bigger incentives offered	Tiered program where more requirements met, bigger incentives offered



6. Reviewed Survey Results: (full spreadsheet by team member available).

Green = unanimous	Staff	Committee	Item
Olive = Majority	Average	Average	Item
Yellow = split			
Y = Yes	Y S	S	Waiver of compatibility requirements (height restrictions and setbacks from property line)
S=Soon L=Later	Y L	S	Waiver of building bulk restrictions ("Floor-to-Area Ratio/FAR") - Land area per dwelling unit.
	Y S	S	Waiver of duplex design requirements (including common wall, roof, & front porch regulations)
	Y L	S	Waiver of dwelling unit occupancy limits (generally limiting homes to 4-6 unrelated individuals)
	Y S	S	Waiver of site area requirements (density limits that apply in higher density zones)
	Y S/L	S	Modified parking requirements (accessible parking still required)
	Y S	S	Front & rear yard setbacks decreased by 50 percent
	Y S/L	S	Minimum lot size & lot width reduced - Supply ord vs incentive
	N L	S	Maximum height allowed by base zoning increased by 1.25 times
		S	Up to 6 dwelling units per lot in single family zones
	N L	S	Maximum height allowed by base zoning increased by 1.5 times
		S	Up to 8 dwelling units per lot in single family zones
			Item
	Y L	S	Development Fee Waiver
	Y L	S	Impact Fee Waiver
	Y S	S	Tax exempt program
	Y L		Reduced sewer capacity charge
			Item
		L	Create City Land Trust
		S	Participate in NWA Housing Trust (loans)
			Item
	Y S	Y S	Participate in CBDG Program
	Y S	Y S	Support LIHTC programs
			Item
	L	Y S	Expedited process for Affordable Housing Projects
		Y L	Process redesign
		Y S	PUD & PRD Review
		Y S	Cottage zoning

7. Agreed on Priorities to of solutions:

Green = unanimous	Rank	Action	Item
Olive = Majority			Item
Yellow = split			
Y = Yes	1	Immediate	Waiver of compatibility requirements (height restrictions and setbacks from property line)
S=Soon L=Later	1	Immediate	Waiver of building bulk restrictions ("Floor-to-Area Ratio/FAR") - Land area per dwelling unit.
	1	Immediate	Waiver of site area requirements (density limits that apply in higher density zones)
	1	Immediate	Modified parking requirements (accessible parking still required)
	1	Immediate	Front & rear yard setbacks decreased by 50 percent
	1	Immediate	Minimum lot size & lot width reduced - Supply ord vs incentive
			Item
	1	Immediate	Impact Fee Waiver
			Item
	1	Immediate	Participate in NWA Housing Trust (loans)
			Item
	1	Immediate	Participate in CBDG Program
	1	Immediate	Support LIHTC programs
			Item
	1	Immediate	Expedited process for Affordable Housing Projects
			Process redesign
	1	Immediate	PUD & PRD Review
	1	Immediate	Cottage zoning

8. Recapped incentives for Multi-family for Tier 3, and reviewed and discussed potential incentives for Tier 2. Tier 1, follows similar math.

SOLUTION MATRIX

Multi-family examples

Income Cap	Rent Price		Large Dev	Small Dev
\$40,000	\$700	Tier 3 EG: 160 units 160 @ \$770 30 year	Outside Incentives (Large) CDBG Fund Access Public/Private Land Donation Waived Impact Fee Expedited Process (HOV) Increased density (20%)*	
\$60,000	\$1000	Tier 2 EG: 160 units X @ \$1000 15 year	CDBG Fund Access Waived Impact Fee Process priority Increased density (20%)*	CDBG Fund Access Waived Impact Fee Process priority Increased density (20%)*
\$100,000	\$1500	Tier 1 EG: 160 units 160 @ \$1500 5 year	Process priority Increased density (20%)*	Process priority Increased density (20%)*

*Increased density via
Parking, setbacks, utility easement relief, ROW, etc...

9. A financial analysis for Tier 2 was discussed showing both the incentive for the developer and the return for the city.

MULTI-FAMILY: TIER 1 & 2

Incentives for developer plus ROI for the City

Source of Funds	Large Multi-family Projects					Small Multi-family Projects				
	Base Units	Density Adjusted Units	Amount Saved	Calculated Annual Payment	Equivalent Affordable Units	Base Units	Density Adjusted Units	Amount Saved	Calculated Annual Payment	Equivalent Affordable Units
Waiver Impact Fees	160		\$ 476,480	\$ 49,216	8	16		\$ 47,648	\$ 4,922	1
Density/Parking	160	192	\$ 434,340	\$ 41,217	7	16	19	\$ 63,434	\$ 4,122	1
			\$ 910,820	\$ 86,433	14			\$ 91,082	\$ 8,613	1
City Return	Leverage					Leverage				
Affordable \$1000 Goal	14				1					
Impact Goal Over 15 years	\$ 1,296,487	2.7			\$ 129,649	2.7				
Economic Impact	\$ 2,200,000				\$ 2,720,000					
Property Tax	\$ 2,693,406	5.7			\$ 269,341	5.7				
Example: 14 units at \$1000 rent for 15 years	in exchange for an extra 32 units (20%), FMR after 15 years									
Developer Incentive										
Density Margin Incentiv. Increase (+5 Yrs)	\$ 617,172				\$ 57,860					

Source of Funds	Large Multi-family Projects					Small Multi-family Projects				
	Base Units	Density Adjusted Units	Amount Saved	Calculated Annual Payment	Equivalent Affordable Units	Base Units	Density Adjusted Units	Amount Saved	Calculated Annual Payment	Equivalent Affordable Units
Waiver Impact Fees	0		\$ -	\$ -	-	0		\$ -	\$ -	-
Density/Parking	160	192	\$ 434,340	\$ 41,217	-	16	19	\$ 63,434	\$ 4,122	-
			\$ 434,340	\$ 41,217	-			\$ 63,434	\$ 4,122	-
City Return	Leverage					Leverage				
Affordable \$1500 Goal	160				-					-
Impact Goal Over 5 years	\$ -	infinite			\$ -	infinite				-
Economic Impact	\$ 27,200,000				\$ 2,720,000					-
Property Tax	\$ 2,693,406	infinite			\$ 269,341	infinite				-
Example: 160 units at \$1500 rent for 5 years	in exchange for an extra 32 units (20%), FMR after 5 years									
Developer Incentive										
Density Margin Incentiv. Increase (+5 Yrs)	\$ 617,172				\$ 57,860					

10. Discussion was started on Single Family with preliminary mapping.

SOLUTION MATRIX

First round mapping for Single-Family

Income Cap	Rent Price		Multi-family	Single-family Owner Occupied	Home Price	Income Cap
\$40,000	\$700	Tier 3		State Fund Fund Access Land Trust / Donation Waived Impact Fee Cluster zoning (16 /acre min) Increased density (20%)* By right	\$153K	\$40,000
\$60,000	\$1000	Tier 2		Waived Impact Fee Process priority Cluster zoning (12-16 / acre) Increased density (20%)* By right	\$229K	\$60,000
\$100,000	\$1500	Tier 1		Process priority Zoning (8-12 / acre) Increased density (20%)* By right	\$383K	\$100,000

*Increased density via
Parking, setbacks, utility easement relief, ROW, etc...

Multi-family Single-family

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11. Financials were presented that showed the impact of increased units per acre on home cost. Prices hitting our targets were shown.

SINGLE FAMILY

Single Family Example

	Standard R-2	PRD	Cottage Sample
Sample Neighborhood			
Site Acreage	20	20	20
Total Lots	90	118	320
Lots per acre	4.5	5.9	16
Site purchase, Zoning	5-6 months	5-6 months	4 months
Eng., P. Plat., start construction	8-10 Months	10-13 months	7-10 Months
Construction time to recorded final plat	11-13 months	11-13 months	11-13 months
Total time to close lots to homes	26-32 months	26-32 months	22 Months
Total development cost including developer & sponsor fee	\$ 5,150,000.00	\$ 5,310,000.00	\$ 5,710,000.00
sales per lot	\$ 57,222.22	\$ 45,000.00	\$ 17,843.75
Avg. Home Square feet	2200	1700	850
Avg Home Price per SQFT w/lot	200.00	200.00	200.00
Avg Home Sales price	\$ 440,000.00	\$ 340,000.00	\$ 170,000.00
Credit impact fees			\$ (3,300.00)
Cost share water/sewer/ elec			\$ (1,328.00)
Interest savings cycle time			\$ (400.00)
Home Price to Buyer	\$ 440,000.00	\$ 340,000.00	\$ 164,974.11
With down payment asst.(Cottage) Total P&I per mth - 5%/30yr	\$ 2,362.00	\$ 1,825.00	\$ 861.00
Build time - Home	8 months	8 months	5 months
Total development and home construction time	3.1 years	3.1 years	2.25 years
If homes can be started during development	2.6 Years	2.6 Years	2 years
Completed homes	90	118	320
Avg homes per year	34.62	45.38	160

Cottage example City

1. City allows 16units/ac
2. Small homes
3. Waves fees
4. Cost shares

Developer

1. Agrees to \$165K price
2. Owner occupied for x yrs
Eg: HUD Qualification

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Discussion:

1. A major discussion revolved around how to create more units per acre. Examples were given where zoning may be high (eg 54/acre), yet actual developments weren't necessarily reaching those numbers. So, the point of increasing units per acre is really with respect to actuals that have been built. An example of 16/acre actual do to parking, setbacks, easements going up by 20%, would take that specific development up

to 19/acre, still far under the current zoning level. Further data is needed to understand this in depth (see data request / commitment below).

Commitments by Staff:

1. Within the next two weeks (ie Sept 9):
 - a. 3-year historical data on all developments actual timing from First Bid to breaking ground broken by multi-family and single family
 - b. 3-year historical actual density built/achieved for multi-family and single-family broken by zoning area
2. Development of the following recommendations for next committee meeting (Sept 23):
 - a. How to approach multi-family incentives: eg overlay to existing or density codification "R3-AH".
 - b. How you would recommend we do our "cottage" approach. : eg Black Apple, vs single lots..
 - c. How are we going to get the additional 20% that we can predictably communicate to the developer?

Agenda for next meeting

1. Review current process across the 5 process steps
 - a. What is the espoused time across each?
 - b. What is our actual time based on data above?
 - c. What steps can we take to improve timelines in key process steps?
 - d. Further discussion of solutions by housing type (single family)
2. Preview other financial implications (single-family) if available & time permitting
3. Measures of success (time permitting)

Next meeting - Friday, September 23 at 11:00 am – 12:30 pm Zoom option available.