

Governing Body Special Meeting Minutes – December 28, 2017

CITY COUNCIL CHAMBERS, Topeka, Kansas, Thursday, December 28, 2017. The Governing Body members of the City of Topeka met in special session at 6:00 P.M., with the following Councilmembers present: Hiller, Clear, Ortiz, Jensen, Coen and Harmon -6. Mayor Larry E. Wolgast presided -1. Absent: Councilmembers Emerson, De La Isla and Schwartz -3.

APPROVAL of the Real Estate Purchase Agreement between the City of Topeka and Pioneer Midtown Homes, L.L.C., for the disposal of real property located at 1601 SW Van Buren, 1606 SW Van Buren, 1601 S. Kansas Avenue and the northwest corner of SW 16th Street and S. Kansas Avenue (formerly 1515-1529 S. Kansas Avenue) was presented. (*Contract No. 46484, Deed No. 4269*)

Brent Trout, City Manager, reported approval would authorize the transfer of City real property to Pioneer Group for affordable housing.

Sasha Haehn, Neighborhood Relations Department Director, reported in the summer of 2017, Pioneer Group, Topeka Housing Authority (THA) and the City's Neighborhood Relations Department began discussions regarding the potential for a scattered site affordable housing project and the possibility of a public-private partnership to facilitate the development of the project. She stated Pioneer Group would serve as the developer; THA would serve as the property manager once the project has been completed; and the City would facilitate the development with the contribution of real estate. She noted the project would consist of approximately 81 affordable housing units in the community at an improvement cost estimated at approximately \$10 million. She commented on discussions about a potential affordable housing project in the area with Todd Huston, Monroe Neighborhood Improvement Association President; however, details could not be disclosed at the request of the developer until December

21, 2017, and noted project details would be shared with residents at the Monroe NIA meeting in January. She gave a brief overview of the reversionary interest clause included in the real estate purchase agreement. She stated the clause would allow the properties to revert back to the City if construction of the affordable housing project has not commenced by January 1, 2019.

Councilmember Ortiz asked for clarification on the reversionary clause in regards to January 2019 being the project completion date. She also asked what type of housing would be available.

Councilmember Clear asked what the budgetary impact would be to the City if closing costs are divided equally as stated in the real estate purchase agreement.

Sasha Haehn stated Pioneer Group must start the project by January 2019, and obtain necessary planning, zoning and building permits. She reported the City's share of the closing costs would be approximately \$325. She also reported there were back taxes (approximately \$900) owed on the property at 1606 SW Van Buren Street when the City acquired the property; therefore, the City anticipated paying those taxes before the project was proposed.

Councilmember Harmon spoke in support of the project and the rehabilitation of the historical structures. He expressed concern with the amount of asbestos in the buildings and the costs and liability the City would have incurred if Pioneer Group had not proposed the project. He suggested drafting an ordinance that would require thorough inspection of properties the City may acquire through various means to protect the City's liability and costs.

Sasha Haehn reported the City acquired the property because of the high asbestos removal and demolition costs for the structures that the property owner could not afford. She noted the property has been secure and inaccessible to the public; however, due to the deteriorating condition of the structures the City would have had to demolish the buildings in the very near future.

Brent Trout reported each property the City acquires is evaluated for risks and associated costs to make certain all potential expenses that could be incurred are clearly understood by the City.

Councilmember Hiller spoke in support of the project and stated it would serve as a good example of positive progression in neighborhoods.

Richard D. Kready, Pioneer Group Senior Vice President of Operations thanked the Governing Body for their support of the unique project and public-private partnership between Pioneer Group, Topeka Housing Authority and the City of Topeka. He commented on the changes made by the federal government in regards to historic tax credits and the need to record the properties under Pioneer Group before December 31, 2017 to be grandfathered in for tax credit purposes. He discussed a proposed timeline of approximately six months that would include architect and historic filings, finalizing funding for the project and applying for a PUD (Planned Unit Development) before construction could begin.

Councilmember Jensen asked how many housing units are included in the project and if the reversionary interest clause allows enough time for the project to get underway.

Richard D. Kready reported the project would include approximately 80 units with 50 of the units located at the SW Van Buren property. He stated the one-year timeline would be tight; however, Pioneer Group was committed to moving the project along and agrees with the proposed timeline to begin the project.

Ross Freeman, Pioneer Group President, expressed his appreciation to the Governing Body, City staff and THA for their responsiveness and willingness to provide affordable housing to people in the community. He commented on the affordable housing market in Topeka and stated the project would provide public housing units at a marketable rate. He stated the project would

allow Pioneer Group to purchase the properties, rehabilitate a historical structure, and at the end of the 15-year housing tax credit compliance period THA would have the option to purchase the property.

Trey George, Topeka Housing Authority Executive Director, spoke in support of the public-private partnership as well as the revitalization and the elimination of blight in neighborhoods. He commented on the importance of providing viable options to improve neighborhoods with affordable housing as a good model to move towards the future.

Mayor Wolgast asked what type of housing would be included in the proposed project.

Richard D. Kready stated the project would be similar to the Pioneer Curtis Homes location at 300 NW Grant Street.

Steve Schiffelbei and Jayne Ruiz, JUMP Board members, encouraged the Governing Body to support the project and real estate purchase agreement and establish a Housing Trust Fund.

Teresa Miller, North Topeka West Neighborhood Improvement Association President, spoke in support of the project.

Chris Palmer, Cornerstone of Topeka, Inc., Executive Director, spoke in support of the project. He reported Cornerstone of Topeka will begin building three new duplexes for senior housing in the 1300 block of SW Van Buren Street in spring of 2018.

Councilmember Ortiz questioned the timeline of the project.

Brent Trout stated Pioneer Group would work with the City's Planning Department to begin the zoning change process for a Planned Unit Development, followed by completion of the building plans and permits. He reported the demolition process would begin when all the necessary steps are complete and staff would monitor the project closely and address any concerns quickly.

Ross Freeman reported the construction documents would be completed within three months and filed with the State of Kansas Historical Society to determine financing, with the intent to begin construction in approximately nine months. He noted leases would be initiated once the building has been completed which should occur in the fall of 2019.

Councilmember Hiller thanked staff for their interaction with the neighborhood and looks forward to the Monroe NIA meeting in January.

Councilmember Hiller moved to approve the real estate purchase agreement. The motion seconded by Councilmember Coen carried unanimously. (7-0-0)

NO FURTHER BUSINESS appearing the meeting was adjourned at 6:49 p.m.

Brenda Younger
City Clerk