

Brookings Affordable Housing Task Force  
April 14, 2016 Minutes

A meeting of the Brookings Affordable Housing Task Force was held on Thursday, April 14, 2016 at 1:00 p.m. in the Brookings City and County Government Center. Members present: Patty Bacon, Jacob Mills, Mary Jo Minor, Kelan Bludorn, Angie Boersma, Mike Lockrem, Al Heuton and Ryan Krogman. City staff present: Jeff Weldon, City Manager, Kevin Catlin, Assistant to the City Manager and Mike Struck, Community Development Director.

Chair Bacon call the meeting to order at 1:02 p.m. A motion was made by Boersma, seconded by Krogman, to approve the agenda. All present voted yes; motion carried.

A motion was made by Krogman, seconded by Minor to approve the minutes. All present voted yes; motion carried.

**Next Scheduled Meeting.** Thursday, May 12, 2016 at 1:00 pm.

**Discussion on Affordable Housing Definition.** Struck gave a brief review of the affordable housing definition as agreed upon at the March meeting as a lead in to the next discussion item. The Brookings Affordable Housing Task Force definition of affordable housing is as follows:

Families who pay more than 30 percent of their gross income for housing (principal/rent, interest, taxes, insurance, and utilities) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

**Monthly Income Available for Housing.** Struck provided an overview of household and family income available for housing based upon the definition of affordable housing. Utilizing 30% of gross income, the following tables show what a household or family could afford to spend on housing based upon their income.

INCOME AND BENEFITS (IN 2014 INFLATION-ADJUSTED DOLLARS)	Brookings city, South Dakota			
	Estimate	Percent	30% of Gross Income	Monthly Income Available for Housing
<b>Total households</b>	8,369	8,369		
Less than \$10,000	641	7.7%	\$3,000	\$250
\$10,000 to \$14,999	577	6.9%	\$4,500	\$375
\$15,000 to \$24,999	1,391	16.6%	\$7,500	\$625
\$25,000 to \$34,999	957	11.4%	\$10,500	\$875
\$35,000 to \$49,999	1,265	15.1%	\$15,000	\$1,250
\$50,000 to \$74,999	1,656	19.8%	\$22,500	\$1,875
\$75,000 to \$99,999	732	8.7%	\$30,000	\$2,500
\$100,000 to \$149,999	842	10.1%	\$45,000	\$3,750
\$150,000 to \$199,999	153	1.8%	\$60,000	\$5,000
\$200,000 or more	155	1.9%		
Median household income (dollars)	41,061			
Mean household income (dollars)	55,978			

	Estimate	Percent	30% of Gross Income	Monthly Income Available for Housing
Total Families	4,397	4,397		
Less than \$10,000	103	2.30%	\$3,000	\$250
\$10,000 to \$14,999	111	2.50%	\$4,500	\$375
\$15,000 to \$24,999	500	11.40%	\$7,500	\$625
\$25,000 to \$34,999	522	11.90%	\$10,500	\$875
\$35,000 to \$49,999	671	15.30%	\$15,000	\$1,250
\$50,000 to \$74,999	869	19.80%	\$22,500	\$1,875
\$75,000 to \$99,999	491	11.20%	\$30,000	\$2,500
\$100,000 to \$149,999	822	18.70%	\$45,000	\$3,750
\$150,000 to \$199,999	153	3.50%	\$60,000	\$5,000
\$200,000 or more	155	3.50%		
Median family income (dollars)	54,532	(X)		
Mean family income (dollars)	76,458	(X)		

Boersma pointed out that Total Families could exclude a single person living alone in the data. Consensus of the task force is to find more data on number of families or households by number of children. Additional discussion ensued on the number of houses on the market that would equate to a monthly mortgage consistent with the income tables. Krogman and Bludorn gave a quick overview of the MLS for the Brookings area in specified price ranges consistent with the first time homebuyers program. The market does not have many listings as this time. Historically, the surrounding communities have been able to provide a few listings in these price points, but not seeing the listings so far in 2016.

### **Issues Affecting Affordable Housing.**

Members discussed various issues affecting affordable housing and individuals. Banks qualify applicants for loans that families cannot simply afford in reality. Banks tend to leave out certain liabilities which inflates the loan. Lenders do not count food stamps toward income. Child support is counted toward income.

There are vacancies in the low income subsidized housing market. There may be an issue with substandard housing in this particular market. Applicants simply do not want to live in a substandard residence so they choose to live somewhere else at a higher cost. Some people would rather cost burden themselves rather than be responsible for maintenance costs on a fixer-upper. Since there is a shortage of housing for families (e.g. family has three (3) children, but only house available on the market is a 2 bedroom) they have to consider upsizing to a 3 bedroom at a higher cost. Affordable housing does exist for qualified applicants in the form of voucher (section 8). However, Brookings is having issues with applicants living in the area for one year, then porting the voucher over to a different state.

A list of approximately 26 items were identified as real or perceived issues affecting affordable housing at the March meeting. The following items were discussed:

- Covenants and Restrictions - Increase housing costs by requiring certain square footage on main floor, exterior facade, garage size, etc. The City does not control covenants and restrictions as that is a developer requirement. Developers generally provide covenants and restrictions during the build out phase of a subdivision as a means to provide some protections and assurances to potential homebuyers. Once the development is built out, it is up to a homeowners association or the homeowners to enforce. This can lead to additional costs as well as create conflict when trying to enforce as it often becomes a civil matter.

Suggestion to create a spreadsheet with the issues and have check boxes for who is responsible for enforcing/incorporating (i.e. city, developer, homeowners association, individuals)

- Cost of Undeveloped Land - Market driven. Typically, undeveloped land is agriculture land adjacent to the city or within a reasonable distance of the city and does not have utilities near or to the site. Developers negotiate the price with landowners. Developers also have to keep in mind they are responsible for infrastructure costs. Brookings Municipal Utilities' policy is to require developers to front infrastructure costs on any given development.
- Minimum Lot Sizes and Setbacks - Struck provided a table with the minimum lot area, minimum lot frontage/width, front yard setback, side yard setback, and rear yard setback for each residential district and the various types of residential uses allowed within each zoning district. A copy of the zoning map was made available for the task force to view the various residential zoning districts throughout the community. There have been two new residential zoning districts created since 2011, which were primarily for the protection of single-family neighborhoods (R-1C) and in an attempt to respond to developers' interest in affordable housing (R-1D). Developers are responding to the zoning changes and incorporating the R-1C into new residential subdivision design. The R-1D was recently created and there may be some interest moving forward in this district.
- Carry Costs of Developers - Carrying costs can be a major burden to developers as development takes time and money, yet financial commitments need to be met in a timely manner. Items related to carrying costs include: taxes, interest, engineering, utility improvements, etc. Bludorn mentioned a good rule of thumb is to figure 5% of your lots are annual carrying costs. Mills explained how platting of lots affects carrying costs as well as the discretionary formula provided by Brookings County. These are all items that need to be calculated into individual lot prices.

Action Items: Bacon and Bludorn will work on family household data by number of members in the family. Heuton and Krogman will review housing stock.

Motion to Adjourn by Heuton, second by Boersma at 3:00 pm.