

Frequently Asked Questions About the Proposed 0.05% Sales Tax for Affordable Housing

What is being proposed?

In November, voters in Lawrence will be asked the following:

“Shall the City of Lawrence, Kansas be authorized to impose a special purpose city retailers’ sales tax in the amount of five one-hundredths of one percent (0.05%) in the City of Lawrence, Kansas, for the purposes of providing and improving the quality, availability, and affordability of housing in Lawrence; acquiring land for future affordable housing units; investing in private/public partnerships for the provision of affordable housing; and such other related affordable housing purposes as may be in the best interest of the City, the collection of such sales tax to commence on April 1, 2019 and shall terminate ten years after its commencement, all in accordance with the provisions of K.S.A. 2016 Supp. 12-187 et seq., and amendments thereto?”

How much is the proposed sales tax and how long will it last?

The proposed sales tax is 0.05%. Collection would begin in April of 2019 and the sales tax must sunset in ten years or the end of March 2029.

If approved, how much of the sales tax I pay would go to affordable housing?

For every \$1 of purchase price, \$0.0005, or five ten-thousandths of one cent, of sales tax paid would go to affordable housing. Put another way, you would pay one-cent on a \$20 purchase for affordable housing.

Is this a tax increase?

There is a 0.05% sales tax currently in place for the purpose of funding improvements to the City public transit system. Current projections for the transit system indicate that the 0.05% is not needed to sustain transit operations in the future. Voters are being asked if they want to repurpose this existing sales tax toward affordable housing. If the sales tax is not approved by voters, the existing 0.05% sales tax will sunset in March of 2019, lowering the City’s sales tax rate.

How much money will be generated by the sales tax?

The 0.05% sales tax is projected to generate approximately \$10.5 million dollars over the ten years of the sales tax. If approved by voters, the sales tax won’t take effect until April 1, 2019 so only nine months of sales tax would be collected that year. Similarly, the sales tax must sunset in March of 2029, so only three months of sales tax could be collected that year.

What do we know about the need for affordable housing in Lawrence?

According to the US Department of Housing and Urban Development, a study indicates 21.52% of households in Lawrence are experiencing severe housing cost burden, defined as spending more than 50 percent of monthly income on housing costs. Federal funding for CDBG and HOME programs, which provide housing assistance to low to moderate income individuals, has been reduced each year since 2010. Agencies in Lawrence who provide affordable housing assistance to eligible participants report long waiting lists of people in need of housing assistance.

The City’s Strategic Plan identifies Safe, Healthy and Welcoming Neighborhoods as a Critical Success Factor. Access to safe and affordable housing and other services that help people meet their basic needs is a part of how that is defined.

What could the sales tax be used for?

The ballot language outlines the permissible uses of the sales tax. Examples could include but are not limited to:

- providing and improving the quality, availability, and affordability of housing in Lawrence across the spectrum of housing needs;
- acquiring land for future affordable housing units;
- investing in private/public partnerships for the construction and provision of affordable housing units; and/or
- providing support services aimed at maintaining stable housing for those in need.

What has the City done to address affordable housing?

The City has used housing trust funds to accomplish the following:

- **2005 Housing Trust Fund Projects.** In 2005, the City allocated \$570,000 to emergency rental assistance, a homeless management information system, construction of nine affordable elderly housing units, acquisition/development of property for Habitat for Humanity, the Homeless to Housed program, and to land acquisition for the Community Housing Trust.
- **Housing Demonstration Project.** Through this partnership between the City, Tenants to Homeowners, Habitat for Humanity, Family Promise, Lawrence Douglas County Housing Authority, and Willow Domestic Violence Center, \$100,000 of City funds were leveraged to construct three permanently affordable homes in 2017.
- **Transitional Housing Voucher Program.** Through this program, the Lawrence Douglas County Housing Authority received \$100,000 from the City to provide housing vouchers to help families move from the Lawrence Community Shelter into transitional housing in 2017.
- **Housing Study.** The Affordable Housing Advisory Board is recommending the City conduct a professional, comprehensive housing study this fall to update the 2005 CHAT report and gain more data about the affordable housing needs in Lawrence. This data will be used to develop strategies on how to direct funds to address housing affordability.
- **Low Income Homeowner Cottages.** The Board is recommending funds be awarded to Lawrence Tenants to Homeowners to leverage additional public and private dollars to construct six cottages for households earning under 40% of area median income in 2018.
- **Workforce Housing Development.** The Board is recommending funds be awarded to Lawrence Habitat for Humanity to construct two affordable homes to be sold to families with incomes below 60% of area median income in 2018.

How is affordable housing defined?

In general, affordable housing is defined as housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities. In 2016, the Affordable Housing Advisory Board established additional definitions of affordable housing:

- **Affordable Rental Housing.** Housing units with monthly rent and utilities not exceeding 110% of the HUD defined Fair Market Rent, as determined yearly by the Lawrence Douglas County Housing Authority.
- **Affordable Ownership Housing.** Housing units for those earning up to 80% of Median Family Income, as established yearly by HUD for the Lawrence, KS MSA.

When and where do I vote?

The general election will be held Tuesday, November 7, 2017. Advanced voting begins October 18. You can find more information, including the location of polling places and how to register to vote, at www.douglascountyks.org/depts/voting-and-elections.