

**MINUTES OF THE WORK SESSION
BOARD OF MAYOR AND ALDERMEN
FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
TUESDAY, SEPTEMBER 8, 2015 – 5:00 P.M.**

Board Members

Mayor Ken Moore	P		
Vice Mayor Clyde Barnhill	P	Alderman Dana McLendon	P
Alderman Brandy Blanton	P	Alderman Margaret Martin	P
Alderman Pearl Bransford	P	Alderman Ann Petersen	P
Alderman Beverly Burger	A	Alderman Michael Skinner	P

Department Directors/Staff

Eric Stuckey, City Administrator	P	Lisa Clayton, Parks Director	
Vernon Gerth, ACA Community/Economic Dev.	P	Shirley Harmon-Gower, Human Resources Director	P
Russell Truell, ACA Finance & Administration		Mark Hilty, Water Management Director	P
David Parker, City Engineer/CIP Executive		Paul Holzen, Engineering Director	P
Shauna Billingsley, City Attorney	P	Bob Martin, Interim Planning & Sustainability Director	P
Rocky Garzarek, Fire Chief	P	Joe York, Streets Director	P
Deb Faulkner, Police Chief	P	Brad Wilson, Facilities Project Manager	P
Fred Banner, IT Director	P	Lanaii Benne, Assistant City Recorder	
Chris Bridgewater, BNS Director	P	Linda Fulwider, Board Recording Secretary	P
Becky Caldwell, SES Director	P		

Call to Order

Dr. Ken Moore, Mayor called the Work Session to order at 5:05 p.m.

Citizen Comments

None

WORK SESSION DISCUSSION ITEMS

1. **Consideration of Event Permit for Centennial High School Homecoming Parade on October 1, 2015.**
Deb Faulkner, Police Chief
No questions or comments.
2. **Consideration of Event Permit for Franklin High School Homecoming Parade on October 15, 2015 in Downtown Franklin.**
Deb Faulkner, Police Chief
No questions or comments.
3. **Consideration of Event Permit for Front Street Craft Beer Celebration Sponsored by the Westhaven Foundation in Westhaven on October 3, 2015.**
Deb Faulkner, Police Chief
No questions or comments.
4. **Consideration of Event Permit for Light the Way for Team Elliott at Eastern Flank Battlefield Park on October 11, 2015.**

Lisa Clayton, Parks Director

Mayor Moore invited Alderman Blanton to talk about this event. Alderman Blanton explained the event is a fundraiser for Team Elliott and Rhizo Kids organized by friends and family. Her granddaughter, Elliott Grace Castro, was born May 30, 2015 with a very rare terminal disease, Rhizomelic Chondrodysplasia Punctata (RCDP). Elliott is the 22nd living child in the United States with this disease, which is form of dwarfism. Life expectancy is childhood, and many don't leave the hospital alive. She has already thwarted many of the normal hurdles for RCDP babies, including heart surgery, being on oxygen, and a feeding tube. Elliott has had cataract surgery and been fitted with special glasses. The community has rallied around the family and many have offered to help monetarily. The event is being scheduled

before cold and flu season because Elliott's parents, Brandon and Samantha Castro, want her to be there. The event on October 11th was initially to be private. Friends urged the family to go public because so many people want to help. The event is free, although suggested donations are \$20 for single admission and \$50 for families. There will be events for children as well as entertainment.

Mayor Moore expressed that Alderman Blanton and her family have been in many people's prayers.

5. Consideration of Event Permit for Celebration of Nations Sponsored by Sister Cities in Downtown Franklin on October 10, 2015.

Deb Faulkner, Police Chief

No questions or comments.

6. Consideration of Event Permit for Pumpkinfest Sponsored by the Heritage Foundation in Downtown Franklin on October 24, 2015.

Deb Faulkner, Police Chief

No questions or comments.

7. Review of Inclusionary Housing Initiatives.

**Vernon Gerth, ACA Community & Economic Development
Chris Bridgewater, BNS Director**

J. Edward Campbell, Housing Commission, and Vernon Gerth presented recommended strategies by staff and the Housing Commission for consideration. Eric Stuckey noted this is a work in progress. Mayor Moore told audience members if anyone wished to address this, they should complete a comment card.

Considerations:

Mr. Gerth said the first thing to do is endorse a goal that maintains the current housing mix that exists, or commit to a policy that requires 10%, 15%, or other percentage of dwelling units within new residential developments that fall within the range of workforce housing priced at \$250,000 to \$350,000. Or, increase density.

In response to Alderman Bransford's request to replenish the Housing Reserve and ensure it is self-sustaining, staff proposes an ordinance amendment that:

- Amends City's existing Inclusionary Housing Ordinance to apply to all new development projects with five or more residential units.
- Increases the fee-in-lieu from 2.5% of the appraised value of the lots to \$85,000 per required affordable unit for 10% of all approved units (in a 100 lot subdivision this equates to \$8,500 per unit which equals \$850,000 for 10 affordable units). The \$85,000 per unit, fee-in-lieu figure is based on the affordability of a family of four in the Greater Nashville MSA. A family of four can reasonably afford a dwelling that is priced at \$181,500. Therefore, a \$300,000 home would require an \$118,500 subsidy (\$300,000-\$181,500) if constructed by a not-for-profit. Currently local not-for-profit entities building homes in Franklin require subsidies ranging from \$40,000 up to \$110,000 to build an affordable home which results in a loss for the not-for-profit entity. The \$85,000 fee is within this range and used in a similar ordinance in Chapel Hill, NC.
- Revises the deed restriction for 40 years to 30 years with a renewable clause if the home is transferred prior to the expiration of the 30-year period.

Based on projects approved between January 1, 2012 through December 31, 2014, an Inclusionary Housing Ordinance as described above after full build-out of 100% of the approved units would result in \$19,295,000 (2262 unit x 10% = 227 x \$85,000) deposited into the Housing Reserve if all developers paid the fee as opposed to building units within the affordable or workforce range. Realistically, during this same three year period an average of 754 dwelling units were constructed Citywide, annually. Therefore, until such time an Inclusionary Housing Ordinance is adopted, new developments are vested under the Ordinance, and construction commences it would be several years before any fees-in-lieu are deposited into the Housing Reserve, or developer-built deed restricted affordable housing is realized. This calculation is simply intended to illustrate the fees-in-lieu collected in the event an Inclusionary Housing Ordinance is implemented and all developments are vested under this type of ordinance. It will take many years for existing development to be completed. Equally important, the City's current Inclusionary Housing Ordinance for existing developments has not resulted in a single developer-build deed restricted affordable dwelling.

The Housing Commission recommends consideration of the following strategy:

- An ordinance that attempts to address both affordable and workforce priced housing and pertains to all residential developments of five or more dwelling units.
- It requires at least 15% of the total number of approved units to be priced in the affordable housing price range.
- If a developer elects not to build at least 15% of the required affordable units, on or off-site, a fee-in-lieu is recommended to be established at \$85,000 per each required affordable housing unit. This would result in a fee-in-lieu level of approximately \$12,750 per fee level.
- Those affordable dwellings have a recommended 99-year deed restriction from the initial sale of the dwelling unit. Any and all property transfers occurring prior to the end of the 99 year time period will require a new deed restriction.
- Another element in this recommendation encourages development by right of the "missing middle" i.e. workforce housing units that sell for \$300,000 or less. New developments that include 100% of deed-restricted workforce priced housing units shall be exempt from inclusionary housing requirements.

Staff recommends BOMA endorse the goal of maintaining the current housing mix in our community and adopting measurable benchmarks that are reviewed every two years to assess the effectiveness.

- Staff recognizes the importance of a self-sustaining Housing Reserve that provides funding to entities desiring to construct affordable and workforce housing priced to off-set the cost discrepancy.

- If BOMA decides to amend the existing ordinance, staff recommends the formula be increased from 2.5% of land value to \$85,000 per required affordable unit, and to reassess the ordinance effectiveness every two years.
- Staff supports the Housing Commission's recommendation that attempts to address both affordable and workforce housing with the condition the City closely monitor -- every two years -- the fees-in-lieu collected and housing units developed after the proposed ordinance is adopted.
- Adoption of a revised Inclusionary Housing Ordinance would only apply to existing developments that increase density, and for new developments approved after the effective date of a new ordinance. As a result, it is likely to take several years before construction commences and fees-in-lieu are deposited into the Housing Reserve, or developer-built deed restricted affordable housing is realized.

Discussion:

- Alderman McLendon: Objects to the mechanism. It will cause problems. As he understands it according to the two proposals, the developer either builds 10% or 15% of affordable homes, the price will be set within the range and available to the buyer in that range. The buyer then has a mortgage, but the resale price is controlled for 30 years and is renewable with the next purchase, as proposed by staff. Or, a 99-year deed restriction as proposed by the Housing Commission. This artificially manipulates the market price control for the buyer if built by the developer. The upside for the homeowner is capped. The other is the developer gives a check to the City and the City creates a fund for affordable housing.
Density is run through the wringer for apartments with affordable rates. It makes no sense to him. His problem on one hand is the developer will lose money on this, and now a bureaucracy of monitoring and inspection. And, when the owner gets ready to move, we set the price again. They don't get the full benefit. On the other hand, if they don't build and write a check we are directly in the business of building affordable housing. So the City is the landlord of forever increasing affordable units.
Stop saying we want this and start doing it. Support the private market to build affordable housing. Developers are hundreds of dollars into a project before the City gets in. It is a bad bet for developers to do this. All the while we are paying lip service to affordable housing. He can't support this because it will collapse under its own weight. Bring affordable housing under market conditions. Don't ask developers to do that if we're going to turn it down when they do. He noted that he has said these things every time the subject has come up over the years. There is a lack of political will to do this. It's a "not in my neighborhood" mentality. The eight of us should promote affordable housing
- Alderman Martin: Not everyone needs to own a home. Purchasing a home is just the tip of the iceberg, add to that taxes, maintenance, etc. It isn't right for the developer to pay or ask taxpayers to pay the extra \$8,500. 15% is ridiculous to say a neighborhood has to be affordable. She wouldn't want \$8,500 added to their homes so she could own a home. She will not support this ordinance.
- Vice Mayor Barnhill: In five years he speculates it would create a monstrous department for staff to administer all of this. Can they name any projects with inclusionary and affordable housing that have worked well? This is about deed restriction and artificially depressed prices, yet getting full market at sale, which would take one house out forever.
- Alderman Blanton: Like Alderman Martin, she talked about the low housing prices years ago when she bought her first house. She wants to solve this. We are losing what the City is and its heritage because people who grew up here, like her children, cannot afford to live here. We've made such a wonderful place that firemen, teachers, City workers, etc. cannot afford to live here. We all want affordable and workforce housing, these aren't the answers.
- Alderman Skinner: Would like to find somewhere else in the country that has experienced success with this and get an idea of problems and what works. There is a \$120,000 gap from the average sale.
- Vernon Gerth: The Housing Commission has a charge and it is important to realize inclusionary housing is one of many strategies to affect affordable housing. At the design professionals/developers meeting it was said, "How much longer are we going to talk about this? We've talked about it for 30 years". They are trying and will continue to bring proposals. If inclusionary housing doesn't fit, maybe density does. No one mentioned design that looks like the other housing. This is simply one mechanism.
- J. Edward Campbell, Housing Commission: In 1976 he couldn't find a place to live in Franklin until a \$350/month home was discovered. He wondered how he could afford that since his place in Memphis was just \$97.50/ month. People are weary of talking. Let's do something. At the Housing Summit, the lady from Colorado indicated that for them \$1 million is affordable. It's all relative to where one lives. It pains him that firemen, teachers, and others who serve here can't afford to live here. They will come back and keep going on a solution.
- John Shealy, Executive Vice President of the Homebuilders of Middle Tennessee: If the City wants to have affordable housing it will have to accept density. Homebuyers have to make a choice as to where they want to live. If we take the attitude that whatever we provide people will buy, they may not buy here because of the competition with other towns where they can get more for the money. Think about what would entice a buyer.

- Alderman McLendon: None of the developers has told the City why they aren't coming in and telling us why they can't produce affordable housing. Some of Franklin's regulations drive up prices. Need a candid conversation with a pro forma developer to understand why they aren't coming in. People move to Franklin, build their homes, and then want things to stay the way they are. Our lower wage people can't live here until people come in and realize it is for the greater welfare of the community and allow it in their backyards. The need for diversity in housing is real and not recognized. Policy wise we have eliminated affordable housing in their niche. He really hopes the community can have conversations on why the City needs affordable/workforce housing.
- Alderman Petersen: Appreciated much of what Alderman McLendon said. She hasn't seen anywhere in the nation where this has been resolved. It won't be the people who are already here, it will be the people who come here and can't pay the prices. They can get a lot more land and house somewhere else.
- Alderman Bransford: Think about what the City will look like in 10 years or so. The average costs keep going up. Who will be here and who will work here. She sees help wanted signs in many businesses such as drug stores, restaurants, etc. Those workers can't afford to live in Franklin. There is a shortage of school bus drivers. The pay is \$14/hour and they can't afford homes here. A project off Downs Boulevard and Rucker has homes in the low \$300,000 with no deed restrictions. The developer is doing it on his own. In time these won't be affordable. This is a very desirable community.

Habitat for Humanity said they cannot afford to build in Franklin anymore. In the older neighborhoods property is being bought. One had a \$100,000 house that had to be demolished because of disrepair. \$120,000 was paid and now there is no house on the property.

Developers are here tonight. Those who want to create affordable housing need policies to support it. If we don't make a move on something, 10 years from now it will be the same story. Our community doesn't see the whole story. We can become more elitist and bus our workers in. Are we all okay with over \$400,000 as median priced housing? Is that the will of the community? Over half the folks here now have arrived in the last 20 years and don't know the stories of native Franklinites like Aldermen Martin and Blanton, of when things were different. They come here from California and buy expensive homes and then don't want anybody else around them. Identify areas in the City where density is okay. We'll work with you.

- Mr. Shealy: It's supply and demand and there is lack of supply. Fifty units won't solve it. It takes a lot of political will anywhere in Tennessee.
- Alderman McLendon and Mr. Gerth talked about the number of units that could be built in 24 months if this ordinance were to be approved with the number being 750 homes a year. Would that make a dent? There are thousands of units of deficit. Would 7,500 in five years be enough or too few? This ordinance is going in the wrong direction. We're creating awareness that something needs to happen. If we create a quota the developers will build no more than the quota specified per year. He is ready to go all in, but not this way.
- Vice Mayor Barnhill: If the City were the landlord the City would control the price and how much a person makes to get into affordable house. If it is deed restricted they cannot live the American Dream, it won't allow them to have appreciation on the house. There should be an analysis of fees charged. The \$8,500 would drive the price of the house even higher if the City were controlling every aspect. Starter homes would not be affordable.
- Mayor Moore: There is a connection between housing and transportation: A large inflow of people from other communities come to Franklin to work. Franklin is more competitive in other ways, such as property taxes, but the housing costs throw it over the top. We've had a consultant analyze housing needs and also held the Housing Summits. Let the private sector bring it in and show us what they can do.

8. *Consideration of ORDINANCE 2015-42, To Be Entitled, "An Ordinance to Rezone 2.3 Acres From Specific Development-Mixed Use (SD-X) District To General Commercial (GC) District For The Property Located at 1222 Liberty Pike." Establishing a Public Hearing for October 13, 2015.

Bob Martin, Interim Planning & Sustainability Director

No questions or comments.

9. *Consideration of Addendum Number 1 to City of Franklin Contract Number 2014-0140 in an Amount of \$10,700 for Additional Services for the Parks Comprehensive Master Plan.

Lisa Clayton, Parks Director

Alderman Petersen would like to see all the options, some are not included on this item, such as the trail along Highway 96 East.

Eric Stuckey explained this provides input from the master plan team and a looks at routes as to how they might fit. It will bring it all together.

10. Consideration of DRAFT RESOLUTION 2015-32, "A Resolution to Amend the City's Policy on Water and Sanitary Sewer Availability."

Paul Holzen, Engineering Director

Eric Stuckey noted this policy has been discussed more than once by the Capital Investment Committee. The CIC recommended the policy be forwarded to Work Session for full Board discussion. The proposed revision closely follows the policy developed in 1992 with the addition of an Annexation Agreement to be signed at the time the request is approved, and to be effective when the property becomes continuous to the City's corporate limits, or when not contiguous, as determined by BOMA.

Alderman Petersen wanted a chance to discuss this further than time allows tonight, and asked that the item be brought back to Work Session.

Vice Mayor Barnhill thought there was wording in the 1992 policy that had a five-year limit to annex.

Policy to be discussed further at the September 22nd Work Session.

11. Consideration of COF Contract Number 2015-0261, A Memorandum of Understanding (MOU) between the City of Franklin and the Tennessee Department of Transportation (TDOT) for the State of Tennessee "Open Roads Policy".

Deb Faulkner, Policy Chief

TDOT requested formalization of what is already being done; response to situations when help is needed clearing roadways in the City's jurisdiction.

12. Consideration of RESOLUTION 2015-68, To Be Entitled: "A Resolution of the Board of Mayor and Aldermen for Amendment Number 2 to the City of Franklin Employees' Pension Plan".

Shirley Harmon-Gower, HR Director

Eric Stuckey, City Administrator

Changed to comply with state regulations regarding Qualified Domestic Relations Orders (QDRO's).

13. Consideration of RESOLUTION 2015-72, A Resolution to Adopt Amendment Number 3 to the City of Franklin Employees' Pension Plan.

Eric Stuckey, City Administrator

Russ Truell, ACA Finance & Administration

To comply with IRS regulation that the plan include a "collective trust".

14. DRAFT Consideration of Bid Award to Neely Coble Co., Inc. of Nashville, Tennessee, in the Total Amount of \$109,112 for one (1) Single-Rear-Axle Dump Truck for the Maintenance Division of the Streets Department (Purchasing Office Procurement Solicitation No. 2016-008; \$115,000 budgeted in 310-89520-43100 for Fiscal Year 2016; Contract No. 2015-0302).

Joe York, Streets Director

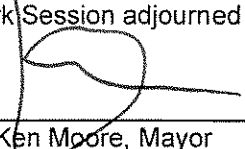
This truck can provide snow removal as well.

Other Business

None

Adjournment

Work Session adjourned @ 6:45 p.m.



Dr. Ken Moore, Mayor

Minutes prepared by: Linda Fulwider, Board Recording Secretary, City Administrator's Office - updated 9/23/2015 8:20 AM