

COMMITTEE SUBSTITUE FOR ORDINANCE NO. 220867

Directing the City Manager to issue a Request for Proposals (RFP) to select a consulting firm to assist the City with the establishment of a Kansas City, Missouri Community Land Trust

WHEREAS, the City of Kansas City, Missouri is committed to supporting the development of permanently affordable housing and expanding opportunities for homeownership; and

WHEREAS, the City faces a number of housing challenges, including access to affordable housing for very low to moderate-income residents, a shortage of public resources for affordable housing, and maintaining long-term affordability; and

WHEREAS, a Community Land Trust is a nonprofit corporation that typically holds legal title to land in trust for the community for the primary purpose of creating and preserving permanently affordable homeownership opportunities for very low to moderate-income individuals and families who are kept out of the traditional homeownership market; and

WHEREAS, the CLT model of homeownership divides property ownership between individuals, who hold title to the home, and the CLT, which holds title to the underlying land; and

WHEREAS, the CLT enters into long-term (typically 99-year), inheritable, renewable ground leases with income-eligible homebuyers for the exclusive use of CLT land; and

WHEREAS, the CLT ground leases place restrictions on the resale of subsidized homes to ensure they will be resold to other limited income households at affordable prices as established by a resale formula; and

WHEREAS, the resale formula in a CLT ground lease determines the homeowner's profit on resale, balancing the competing goals of providing a fair return on the homeowner's housing investment and preserving long-term affordability; and

WHEREAS, the CLT approach to homeownership helps very low to moderate-income individuals and families build wealth through the creation of equity, while at the same time maximizing the benefits from housing assistance dollars and protecting the affordability of subsidized housing for future residents; and

WHEREAS, although the CLT model of homeownership places limits on the ability of a homeowner to capture the appreciated value of a home, it provides many other benefits not available to renters, including mortgage interest deductions, real property tax deductions, stable housing costs, security of ownership, a long-term stake in the surrounding neighborhood, full return of equity acquired through the pay-down of purchase money mortgage debt, and an equitable return on the homeowner's investment; and

WHEREAS, in addition to the foregoing benefits of CLT homeownership, permanent resale restrictions will allow taxing authorities to reduce the assessed value of CLT housing, thus reducing property taxes; and

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WHEREAS, the collection of modest monthly ground lease fees and one-time marketing and resale fees payable by homeowners provide CLTs additional financial stability, with the capacity to monitor and enforce ground lease restrictions, conduct public education and outreach, market affordable units within its portfolio, provide back-up services for first-time homebuyers, and manage the resale of limited-equity homes by minimizing the use of limited public resources; and

WHEREAS, it is in the best interests of the City to provide for the establishment of a citywide CLT as a Missouri not-for-profit corporation having as its primary mission the preservation of long-term affordability of housing units created through public subsidies; and

WHEREAS, the Council believes it is in the best interests of the City to issue an RFP to engage a consulting firm to assist the City with the establishment of the CLT so as best to serve the needs of the City; and

WHEREAS, the Council believes the CLT should prioritize creating housing for those at very low and low household income levels; and

WHEREAS, the Council further believes the governing board of the CLT should be composed of at least two-thirds neighborhood residents; and

WHEREAS, the City intends to pay the costs of the consulting firm from the Housing Trust Fund – Administrative portion pursuant to Section 2-1693(b) of the Code of Ordinances; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby directed to issue a Request for Proposals (RFP) to select a consulting firm to assist with the establishment of a Kansas City, Missouri Community Land Trust.

Section 2. That the RFP will prioritize proposals that emphasize creation of housing for those at very low and low household income levels and would establish a community land trust board composed of at least two-thirds neighborhood residents.



Authenticated as Passed

Quinton L. Heston, Mayor

Marilyn Sanders, City Clerk

OCT 20 2022

Date Passed

Approved as to form and legality:

Julian Langenkamp
Assistant City Attorney