



## Legislation Text

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**File #: 230962, Version: 2**

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### [COMMITTEE SUBSTITUTE FOR] ORDINANCE NO. 230962

Sponsor: Mayor Quinton Lucas

Accepting the recommendations of the Housing Trust Fund Advisory Board with modifications; authorizing the Director of the Housing and Community Development Department to execute various HTF Round III funding agreements and expend up to \$9,840,999.00 from funds appropriated in the Housing Trust Fund; and requiring certain contract provisions.

WHEREAS, on December 20, 2018, by Committee Substitute for Ordinance No. 180719, the City Council established the Housing Trust Fund to implement neighborhood revitalization, housing development, and preservation projects proposed by the City and in coordination with private developers that are undertaking projects in alignment with the City's Housing policy; and

WHEREAS, on June 20, 2019, by Committee Substitute for Resolution No. 190022, the City Council adopted the Five-Year Housing Policy, which set forth five bold ideas to include the creation/preservation of 5,000 additional single family and multifamily housing units by December 2023 and to establish a \$75 million catalytic housing development (trust) fund to create and preserve units; and

WHEREAS, on May 27, 2021, by Ordinance No. 210392, the City Council adopted the City's stimulus spending plan "RecoverKC" in which the City Council allocated \$12,500,000.00 to the Housing Trust Fund; and

WHEREAS, on November 4, 2021, by Committee Substitute for Ordinance 210873, As Amended, the City Council amended Section 2-1693, "Housing Trust Fund" and replaced it with a new Section 2-1693 for the purpose of establishing the Housing Trust Fund Board to review Housing Trust Fund applications, with reporting requirements, funding allocation direction and prioritization of fund use; and

WHEREAS, a special election was also duly held in the City on Tuesday, November 8, 2022 (the "2022 Election"), on the question of whether to issue general obligation bonds of the City in an amount not to exceed \$50,000,000.00 for the purpose of affordable housing through the rehabilitation, renovation, and construction of houses and buildings, including blight removal, to provide affordable housing for very low-to moderate-income households and the question was approved by voters; and

WHEREAS, the City Council adopted Resolution No. 220902 on October 13, 2022, expressing its intent that any sums from the General Obligation Bonds Question No. 2 would be appropriated from the bond fund into the Housing Trust Fund; and

WHEREAS, Ordinance No. 230371, passed on May 11, 2023, estimated bond proceeds and appropriated a transfer to the Housing Trust Fund for the purposes outlined herein; and

WHEREAS, Section 2-1693(c)(3) sets forth the following funding minimum allocations in determining awards to applicants:

(a) A minimum of 20% of awards shall be made for Affordable Rental Preservation, at or below 60% AMFI.

(b) A minimum of 20% of awards shall be made for Affordable Rental Creation, at or below 60% AMFI

(c) A minimum of 10% of awards shall be made to create/support Dedicated Transitional Housing and Permanent Supportive Housing for the Homeless; and

(d) A minimum of 10% of awards shall be made for Homeownership support programs and/or retention programs for residents at income levels below 60% AMFI. Programs that provide a path for resident tenants to transition to ownership shall be eligible; and

WHEREAS, Section 2-1693(c)(4) sets forth the following maximum awards to each project based on percent of total development costs:

(a) The maximum award given to for-profit developers is 20% of the development cost (loan) or 10% for a grant.

(b) The maximum award given to non-profit developers is 30% of the development cost (loan) or 15% for a grant; and

WHEREAS, the Housing Trust Fund Advisory Board was to prioritize projects that maximize:

(a) Total number of months of affordability, with longer periods of guaranteed affordability given higher priority

(b) Affordability threshold, with higher priority for projects at that serve very low income (50% of Area Median Family Income (AMFI) and extremely low income (30% of Area Median Family Income) households;

(c) Number of affordable units created per HTF dollar invested; and

(d) Projects which include a higher percentage of units suitable for families (2 or more bedrooms); and

(e) Social housing opportunities such as cooperatives, community land trusts, and other options that allow for long-term community affordability; and

WHEREAS, 32 applications were received in response to the Housing Trust Fund RFP that was released on July 24, 2023 and closed on August 30, 2023; and

WHEREAS, the Housing Trust Fund Advisory Board met three times between September and October to review and prioritize applications, ultimately reaching a unanimous recommendation for the Council, which

is reflected in this ordinance; and

WHEREAS, in addition to the priorities named in the ordinance, the Housing Trust Fund Advisory Board considered project readiness, creativity, capacity of applicant, financial feasibility, household income requirements, affordability, and the overall impact on the housing stock in their review of applications; and

WHEREAS, the allocation plan recommended by the Housing Trust Fund Advisory Board would support the creation or preservation of 776 affordable homes, for an average investment of \$11,598.00 from the Housing Trust Fund per unit; and

WHEREAS, funding modifications made by the City Council will result in an average investment of \$12,681.70 from the Housing Trust Fund per unit those 776 affordable homes; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the recommendations of the Housing Trust Fund Advisory Board from the Housing Trust Fund Round III RFP that was issued on July 24, 2023, are hereby accepted, with two modifications to the Prospect at 35<sup>th</sup> St and Jazz Hill Homes projects

Section 2. That the Director of the Housing and Community Development Department is hereby authorized to expend up to \$9,840,999.00 from funds previously appropriated to Account No. 24-2490-552045-B in the Housing Trust Fund and to negotiate and execute funding agreements with the following contractors:

<b>Applicant</b>	<b>Project Name</b>	<b>Funding Award</b>
Pedcor Investments, LLC	Trails at Bannister Apartment Homes	\$ 1,000,000.00
Taliaferro & Browne, Inc./Fulson Housing Group	Prospect Summit Townhomes	\$ 750,000.00
Metro Lutheran Ministry & Consolidated Housing Solutions	Prospect at 35th	\$ 1,000,000.00
McCormack Baron Salazar, Inc.	Jazz District III	\$ 1,850,000.00
By Purpose Productions	KC Urban Core Homeownership Fund	\$ 400,000.00
Jerusalem Farm	Northeast Community Land Trust	\$ 230,000.00
Arnold Development Group, LLC	Historic Northeast Lofts	\$ 1,575,000.00
Flaherty & Collins Development, LLC	Jazz Hill Homes	\$ 1,000,000.00
Synergy Services, Inc.	Forest Hill Village	\$ 800,000.00
KCPS	DeLano Youth Housing and Supportive Services Redevelopment	\$ 1,235,999.00
<b>TOTAL</b>		<b>\$ 9,840,999.00</b>

Section 3. That all Housing Trust Fund contracts are to include a requirement that:

(a) projects (and associated spending of Housing Trust Fund dollars) must start within 12 months of contract execution, or else the funds must be returned to the City to be used in future Housing Trust Fund allocations.

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I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

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Tammy L. Queen  
Director of Finance

Approved as to form:

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Joseph A. Guarino  
Senior Associate City Attorney