



Affordable Housing Best Practices Report

Resolution 240360

Revenue

Across the nation, cities fund affordable housing development through similar mechanisms. However, each funding source can have its own challenges in implementation. Taxes and bonds may require voter approval, and policy choices may require additional staff for adequate support.

Summary of Revenue Stream Options

Option	Type	Description
Taxes	Vacancy	Vacancy taxes can be variable or fixed-taxes. A variable tax is a more equitable model that can vary based on specific criteria (i.e., out of state landowners, revenue).
	Development	Philadelphia City Council passed a 1% residential development impact tax.
	Property	The City of Austin dedicated 8.75 cents of the operations and maintenance portion of the property tax rate to Project Connect, which includes affordable housing.
Bonds	Social Impact (SIB)	A SIB funds the delivery of specific social outcomes. Payments are made by the government or commissioner to investors if agreed-upon social outcomes are achieved. Despite the term "bond," SIBs are not traditional bonds but contracts focused on future social results.
	General Obligation, Industrial Revenue, Essential Services	The City of Austin passed \$460 million in property tax-supported general obligation bonds for transportation improvements and affordable housing. Additionally, the Louisville-Jefferson County Metro Government (LMG) included Industrial Revenue Bonds and Essential Services Bonds through multiple bond issuers in their Comprehensive Housing Strategy Plan.
Improving current funding streams	Fund Redistribution	Review current funding measures to determine if funds could be leveraged more appropriately.
	Increased fees	Increase registration and penalty fees for current programs related to housing (i.e., Healthy Homes registration; vacant unit registration).
	Affordable Housing Set Aside	Increase payment-in-lieu fees to match current rates and increase development of affordable housing stock rather than payment.
Policy	Employer Assistance	Under an employer-assisted housing program, employers finance or otherwise assist in the provision of affordable homes for their employees in our community where their business operates, and their employees live. LMG will actively engage employers in the community to initiate employer assisted housing.
	Private Funds	Cities and quasi-governmental entities can partner with private entities to invest in affordable housing. Philadelphia uses a non-profit housing development corporation to leverage private dollars for development.
	Cross-Subsidization	The Atlanta Housing Development Corporation develops mixed-income housing to cross-subsidize affordable units without incentives.

Offsets

Besides providing financial assistance for affordable housing, the City can offer offset to developers and landlords interested in affordable housing. Offsets help balance the cost and resources developers and landlords may expend when creating affordable units and complying with City ordinances (i.e., affordable housing set aside). Challenges associated with offsets may include county-city collaboration and staffing.

Summary of Offset Options

Option	Type	Description
Landlords	Property Tax Reductions	Minneapolis reduces property tax for landlords keeping at least 20% units affordable.
	Rental Repair and Code Alleviation Program	These programs provide funding to landlords to improve property conditions and increase the efficiency and sustainability of the housing, while requiring units to remain affordable for five to 10 years.
	Marketing	Philadelphia provides rental marketing to landlords that choose to opt into their affordable housing program. The Kansas City Housing Department could offer something similar with its Housing Locator.
Developers	Parking Relaxations	Developers adhere to a zoning code that directs the number of parking spaces; relaxing these requirements provide additional building space and financial resources.
	Pre-approved plans	Pre-approved plans are plans that already meet building codes and other standards to ensure compliance with local requirements.
	Utility Connections/Breaks	Varying assistance for utility connections to developments can help developers cut costs.
	Lien Forgiveness	LMG implements a Lien Forgiveness in Exchange for Affordability Program for developers to acquire and renovate dilapidated privately owned single-family units.
	Permit fee waiver	Varying permit fee waivers can help developers cut costs.
	Density Bonus	In 2015, LMG passed the Mixed Residential Development Incentives (MRDI) that offers incentives through increased density to build developments containing both single-family and multifamily housing, with a certain percentage of units designated as affordable.
	Expedited permitting and approvals	By accelerating the entitlement and permitting process for developers of projects in which some or all the units are reserved for lower-income households, it will reduce overall project development costs and encourage the timely delivery of affordable developments.
	Mixed-Income Housing Bonus	The City of Philadelphia has a Mixed-Income Housing Zoning Bonus Program to encourage developers to add affordable dwellings to their projects or pay into a fund that supports affordable housing. In return, the development gets more floor area, height, and/or units. There are two different bonuses that developers can choose from based on the income level of affordability.

Best Practices for Leveraging Land and Dwelling Vacancies

Affordable Housing Set Aside

The City of Atlanta has a robust public subsidy ordinance like Kansas City's affordable housing set aside ordinance. This policy directs developments receiving public subsidy to provide a certain percentage of affordable units or make a payment-in-lieu.¹ The program has two dedicated full-time staff and is expected to expand. These projects are tracked through the permitting process. If projects do not comply with the ordinance and fail to rectify violations, then their certificate of occupancy can be revoked or suspended. Kansas City should model the affordable housing set aside implementation in a similar manner.

Community Land Trust

A Community Land Trust (CLT) is a nonprofit organization that seeks to maintain the affordability of housing—and, in some cases, non-residential buildings and land uses such as community gardens and commercial spaces—in perpetuity on behalf of a place-based community by acquiring land and removing it from the speculative real estate market. CLTs can be found across the nation improving affordable housing stock. For example, Dudley Neighbors, Inc. (MA) maintains 227 affordable units, while Community Partners for Affordable Housing (IL) has 1,750 units.² Kansas City is currently working with consultants to better understand how the City can support community land trusts.

Data

Understanding the current landscape of land and dwelling vacancies is necessary to best leverage opportunities. The following types of data provide insight into this issue:

- **Housing Needs Assessment** provides municipalities with an in-depth analysis of housing stock to determine what is currently missing in the market and what is needed to provide the right type of housing. This assessment can include a gap analysis and a demand analysis to provide the appropriate data.
- **City-owned land inventories** provide a comprehensive overview of the city's real estate, laying the foundation for a strategic city plan to acquire, sale, and develop land and structures.
- **Vacant property inventories** help localities understand the extent of vacancy and develop a strategic plan for addressing vacant units. Kansas City should create a vacant property inventory to verify and analyze the City's vacant units and registry compliance. After this process, the City can explore policies best aligned with the City's specific vacant unit trends to support affordable housing.

Housing Development Corporation

A Housing Development Corporation (HDC) is a nonprofit real estate company that specializes in revitalizing neighborhoods through the acquisition, development, and management of affordable and workforce housing.³ While HDCs focus on housing unit development, they can include consulting services for other developers and support economic development in targeted areas. HDCs allow municipalities to consolidate publicly owned property, partner with private developers, and build affordable housing for middle- and low-income residents.

¹ See [Public Subsidies Ordinance | Atlanta, GA](#)

² See [Dudley Neighbors, Inc.](#); See [Community Partners for Affordable Housing](#)

³ See [Overview | Housing Development Corporation](#)

Strategic city participation in land acquisition and disposition can reduce affordable housing development project costs and allow a city more control over development. The City of Philadelphia has a robust development corporation that provides community development through housing options, repurposed vacant land, and community assets.⁴ The City of Atlanta recently created the Atlanta Urban Development Corporation to replicate the success of HDCs in other cities.⁵

Additionally, an HDC can support the Neighborhood Equity Model. This model addresses economic, social, and political disparities, particularly those exacerbated by the pandemic. It focuses on rebuilding a more inclusive, participatory, and fair economic system. The model aims to create wealth for all community members by optimizing investments for empathy and agency. The model allows residents to count regular payments (like rent or loan payments) as contributions to community development. These payments earn residents a portable interest in the investment. When investors sell the investment, residents can either purchase it or benefit from the profits. This setup ensures residents participate in the investment's success just by living and paying rent as they normally would.

Land Back and Reparations

Some cities have created programs and initiatives that focus on historic inequities for specific populations. The Land Back movement in the United States includes ongoing initiatives for Indigenous Peoples to reclaim land at local, state, and federal levels.⁶ As part of this initiative, Minneapolis has recently announced a plan to transfer land consisting of a single-story building and outdoor space to be used as a treatment center and community garden to the Red Lake Nation. Additionally, cities are considering and participating in providing land as part of reparations for Black communities.⁷ Kansas City's Commission on Reparations is developing recommendations for the City for past harm and discriminatory practices against Kansas City's Black residents.

Land Bank and Homesteading Authority

Land Bank and the Homesteading Authority can acquire, hold, manage and sale vacant land and dwellings. Cities use various strategies to repurpose vacant land. For example, the Louisville-Jefferson County Metro Government is developing a right of first refusal.⁸ After a buyer purchases property from the Landbank Authority and redevelops it into affordable housing, the buyer would be required to offer it to the Landbank Authority first before selling it on the private market. The Landbank could then re-sell the property as affordable housing. Kansas City's Land Bank and Homesteading Authority can review its current strategies and identify potential ways to increase alignment with the City's affordable housing goals.

Inclusionary Zoning

Atlanta use inclusionary zoning to increase the number of affordable units.⁹ Inclusionary zoning mandates that a certain percentage of new residential developments must be affordable housing units or contribute to an affordable housing fund. Atlanta has three inclusionary zoning

⁴ See [Philadelphia Housing Development Corporation](#)

⁵ See [Atlanta Urban Development Corporation](#)

⁶ See [NDN Collective Land Back Campaign](#)

⁷ See [Task Force to Study and Develop Reparation Proposals for African Americans](#)

⁸ See [My Louisville Home](#)

⁹ See [Inclusionary Zoning | Atlanta, GA](#)

ordinances that target areas with patterns of historic disinvestment and vulnerability to displacement. The units must have a 20-year affordability and applies to multi-family ten or more units within the zoning overlays. There is also a payment-in-lieu fee that is sent to a dedicated trust fund for that specific zoning overlay.

Vacant Unit Conversion

The conversion of vacant units into active dwellings may decrease construction costs. Housing is a Human Right, an initiative powered by the AIDS Healthcare Foundation, rehabilitated 1,400 vacant apartments for \$100,000 each versus the City of Los Angeles spending \$600,000 per new housing unit construction.¹⁰ The City could best leverage this opportunity by developing a dataset of vacant structures and their statuses (i.e., state of deterioration), and then identify developers interested in participating in unit conversion.

¹⁰ See [The Nation's Vacant Homes Present an Opportunity – and a Problem](#)

Current State of Homelessness in Kansas City

Presently, Kansas City faces significant challenges that prevent any meaningful reduction in homelessness due to critical shortcomings in the existing system. The City of Kansas City does not provide direct services and works within a system to mitigate homelessness. Current service gaps include:

Lack of Low Barrier Emergency Shelter: Kansas City does not have [a low barrier emergency shelter](#), which is crucial for providing immediate, accessible support to individuals experiencing chronic homelessness. This absence forces many individuals to remain unsheltered, as existing shelters often have restrictive entry criteria that exclude the most vulnerable populations.

Lack of Full-Time Street Outreach: There are zero service providers in Kansas City who offer full time street outreach, and there is only one individual within the Housing Department whose job is full-time street outreach. Street outreach is the bridge to engagement with (and access to services for) homeless individuals in public spaces. In the current landscape, there are over 200 encampments/2000 individuals rough sleeping. The capacity to reach these individuals is insurmountable.

Note: KCPD is considering building an Outreach Team that, if implemented, would be a great support to progressive engagement efforts.

Insufficient Substance Use and Behavioral Health Beds: Approximately 70% of chronically homeless individuals are living with Severe Persistent Mental Illness, Substance Abuse Disorder, or both. In Kansas City, there are not enough beds for these individuals. This gap leaves many without the necessary support to stabilize and transition out of homelessness.

Note: The Health Department likely has an update on their recent RFP using Opioid Funds which will address some percentage of this need. The Health Levy could also be utilized to support this.

Lack of Data Sharing Among Agencies: Two-thirds of the agencies in Kansas City that claim to work in the homeless serving field are privately funded. Because they are privately funded, they have no requirement to share data. Their data is proprietary and used for organizational excellence rather than as a method of real-time supply and demand information.

The other one-third of the agencies in Kansas City that claim to work in the homeless serving field are funded through HUD. HUD funds are distributed through a governance structure called the Continuum of Care (CoC). The lead agency for the CoC is the Greater Kansas City Coalition to End Homelessness. The City does not have authority over the CoC.

Note: The City is procuring a software called "Show the Way" which was piloted during the cold weather shelter program and will allow the City to begin the process of elevating service providers to this new standard. Show the Way will be required for entities that are city funded, but City funded programs do not constitute a sufficient sample size at this time. In the absence of data, any attempt to project a timeline would be conjecture.

Extended Wait Times for Housing Vouchers: Homeless individuals find permanent housing through vouchers administered by the CoC. On average, the wait time for individuals on the

CoC's list is over 300 days. This delay is a direct result of a severe shortage of affordable housing options and a lack of available units.

Note: The CoC is not adding any individuals to the list until they've been homeless for one year.

Reluctant Landlords: Many property owners are hesitant to rent to individuals experiencing homelessness due to risks associated with damages caused by individuals whose behavior is informed by untreated severe persistent mental illness. Kansas City has little to no wrap-around support services that would support either the property owner or the tenant. These services are critical to ensuring that individuals can maintain stable housing and successfully transition into permanent housing.

Given these factors, Kansas City's current system is inadequately equipped to reduce the homeless population by 75%, even with an indefinite timeline. To move towards this goal, substantial improvements and investments are necessary.

Necessary Improvements and Considerations

While the goal of reducing the homeless population by 75% is commendable, it is imperative to recognize the extensive work and resources required to achieve this. Addressing the current deficiencies in our system is the first step towards creating a realistic and actionable plan. The following time and investment estimations do not assume the City is the sole or even primary stakeholder, funder, or implementation agency. The City's role has been to serve as systems analyst and builder, as well as convening agent. At this time, the City does not provide direct services or majority funding in any area of this work. To accurately determine the timeline and feasibility of reducing homelessness by 75%, we must first address the following key areas:

Development of Low Barrier Emergency Shelters: Establishing low barrier shelters will provide immediate relief and support for chronically homeless individuals, reducing the number of people sleeping on the streets. Reduced visibility of chronically homeless individuals will also create a safer experience for community members who currently have expressed significant concerns about an increase in unpredictable behaviors from unhoused individuals.

ESTIMATED TIME & INVESTMENT: 2 years + \$26M

Increase in Affordable Housing Stock: Kansas City needs to significantly expand affordable housing options. This includes building new units, incentivizing landlords to accept housing vouchers, and ensuring that existing housing remains affordable and accessible. Additionally, utilizing a vacant unit tax/program could reduce the need to build new units and instead activate dormant units already in existence.

ESTIMATED TIME & INVESTMENT: 5 years + \$250M

Enhanced Wrap-Around Services: Providing comprehensive support services, such as mental health care, substance abuse treatment, job training, and case management, are crucial for chronically homeless individuals to achieve and maintain stable housing. These individuals will not be able to maintain housing without these services as their homelessness indicates a lack of life skills commensurate with the requirements of the housing market as it is.

ESTIMATED TIME + INVESTMENT: 2 years + \$10M

Full-Time Street Outreach Teams: Implementing a full-time street outreach presence will ensure continuous engagement and support for homeless individuals, helping them connect with available resources and services, and creating an environment where community members feel safer as direct action is occurring and responsive.

ESTIMATED TIME + INVESTMENT: immediate + \$1M/yr

Expansion of Substance Use and Behavioral Health Beds: Increasing the number of beds available for individuals with substance use disorders and behavioral health needs is critical to providing the necessary treatment and support.

ESTIMATED TIME + INVESTMENT: 2 years + \$10M (Health Levy?)

Improved Data Sharing: We need to establish a system that requires data sharing among all agencies working in the homeless serving field, including those that are privately funded. This will provide real-time supply and demand information, enabling us to make informed decisions and accurate estimates.

ESTIMATED TIME + INVESTMENT: immediate + \$5M

Conclusion

To reduce the homeless population by 75%, it is imperative to address system building as a first step. Current deficiencies in Kansas City's system render it impossible to effectively estimate how long it will take to reduce the homeless population without a thorough assessment of the existing systemic problems. Additionally, following the principles of Built for Zero will help create a framework for solving this issue.