

To: Board of County Commissioners
Penny Postoak Ferguson, County Manager

From: Julie Karins, Deputy County Manager
Becky Jones, Deputy Director of Financial Management & Administration

Date: November 21, 2024

Re: Land Acquisition for Affordable Housing Expansion – Spending Authorization for the Coronavirus State and Local Fiscal Recovery Funding (SLFRF)

Issue: Consider authorizing the allocation of Coronavirus SLFRF received from the United States Department of the Treasury in the amount of \$2,470,000, to Habitat for Humanity of Kansas City to acquire land to build a 50+ home development in Johnson County.

Suggested Motion: I move the Board authorize the allocation of Coronavirus SLFRF received from the United States Department of the Treasury in the amount of \$2,470,000, to Habitat for Humanity of Kansas City to acquire land to build a 50+ home development in Johnson County.

Background: On May 10, 2021, the United States Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, to provide \$350 billion in emergency funding for eligible state, local, territorial, and tribal governments. The Treasury also released details on how these funds can be used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support communities and populations most impacted by the COVID-19 crisis. Specifically, the Treasury encouraged local jurisdictions to use the funds to confront the most pressing challenges the economy and residents face, including expanding the workforce and providing competitive wages, expanding access to affordable housing, and keeping families and communities safe.

Concurrently, the BOCC's Housing Subcommittee spent 2021 to 2023 researching and scoping the issue of housing in Johnson County, ultimately developing the Johnson County Housing Continuum, and recommending staff focus their efforts on three priority areas, addressing homelessness, preserve existing housing and develop attainable housing and homeownership opportunities. The Board adopted the 2023-2024 Strategic Priorities, naming action on housing and homelessness as a major focus area. Approval of this project meets both the broad objectives of the Treasury's guidance and the Board's Strategic Priorities.

On October 17, 2024, the Board directed staff to bring this item to the Board for review and approval awarding \$2,470,000 to Habitat for Humanity of Kansas City to acquire land to build a 50+ home development in Johnson County.

Analysis: One in ten Kansans is spending more than 50% of their monthly income on housing and is cost burdened. This especially impacts those at the are 80% AMI or under. Habitat KC works directly with individuals that fall within this income category to provide home ownership opportunities through their Affordable Home Ownership program. A mortgage and home purchased through Habitat KC creates sustainability with payments being less than 30% of homebuyer's monthly income. Additionally, HUD certified counselors work directly with homeowners to provide post-purchase counseling. If a homeowner falls upon a hardship or unforeseen event putting them at risk of foreclosure, Habitat KC can work directly with them to ensure they stay in their home and get back on track.

Homeownership has a substantial economic impact on families and communities. Habitat KC homeowners experience lower housing costs (average of \$750-\$1,100/month for a 30-year mortgage) with less than 30% of income going to housing; higher disposable income for food, clothing, education, and savings; greater stability; better health due to less exposure to hazardous materials such as lead, asbestos, mold, and mildew; and higher self-esteem and pride in ownership for parents and children alike. Habitat KC homeowners are more invested in the community and neighborhood because they pay property taxes that support schools, public infrastructure, and public services. Children of homeowners are 25% more likely to graduate from high school, 115% more likely to graduate college, will earn 24% higher income in their lifetime, and are far less likely to depend on social services later in life.

Habitat KC has been operating its affordable homeownership program since 1979 and has built more than 900 homes in the Kansas City area. Habitat KC recently broke ground on the Pathways at Heritage Park neighborhood in Olathe. This request would be an expansion of that model. By acquiring larger areas of land, Habitat KC can increase the number of units and families supported. There are not any current single-family developments aside from Pathways at Heritage Park taking place in Johnson County that provide single-family affordable home ownership opportunities.

Habitat KC homeowners get 100% of their equity. They get 25% of market appreciation and have 100% homeownership in the home they are purchasing. Habitat KC will purchase 20+ acres of land with these funds and will maintain the land in a trust. The proposal includes \$2,250,000 for land acquisition and maintenance, and \$220,000 for construction capacity building.

Funding Overview: Federal Funds received in response to COVID-19 shall be used for reimbursement of all eligible COVID-19 expenditure supplies, services, projects, and programs. These funds were included in the 2025 budget as approved by the Board. The County's consultant, Witt O'Brien's, has reviewed this item and determined it is SLFRF eligible.

Alternatives: Not approve the allocation of the Coronavirus SLFRF for this project and (1) reallocate for other projects; (2) Return the federal funds back to the United States Treasury.

Recommendation: Staff requests the Board allocate Coronavirus SLFRF received from the United States Department of the Treasury in the amount of \$2,470,000, to Habitat for Humanity of Kansas City to acquire land to build a 50+ home development in Johnson County.

Purchasing Review: This item does not require Purchasing approval.

Budget Review: Budget and Financial Planning staff have reviewed and approved this item.

Legal Review: The Legal Department has reviewed and approved this item as true to form.