

# Funding the Kansas Housing Trust Fund

The Kansas Housing Trust Fund was passed in 1991 and is currently in K.S.A. § 74-8959. This fund could provide funding for housing programs and related services and assist in the rehabilitation and improvement of residential housing; provide accessibility modifications for disabled individuals; grant rental subsidies for low-income citizens; and address other housing needs for the State of Kansas.<sup>1</sup>

## Current Legislative Status

Senate Bill 417 was adopted in 2008 to provide state-funded housing to cities with populations of less than 40,000 in a county with a population of less than 60,000 people. While this bill provides important housing to many people, the areas of the state with some of the worst poverty rates are unable to access these funds. Some of these large Kansas cities have critical poverty rates: Manhattan (24.2%), Lawrence (18.9%), Kansas City (17.1%), Topeka (12.4%), Wichita (11.2%) and Hutchison (12.7%).<sup>2</sup> Fully funding the Kansas Housing Trust Fund could provide much needed housing resources for many of the poorest in our state.

Homeownership is the single largest source of equity for American households.<sup>6</sup> Housing trust funds have been the most impressive advance in the affordable housing field in decades.<sup>5</sup> Given these two facts the benefits of funding the Kansas Housing Trust Fund from a dedicated source are essential.<sup>6</sup>

Currently, the Kansas Housing Trust Fund does not have a revenue source that allows for funding the many possible programs. If a revenue source were designated, there would be many people that could benefit from programs, including homeowners at or below 80% of the area median family income (\$45,585<sup>3</sup>) and renters at or below 60% of the area median family income (\$34,114<sup>3</sup>).<sup>1</sup>

38 states have housing trust funds in order to meet the housing needs of low-income and very low-income families and individuals in their state. When city and county trust funds are included, nearly 600 housing trust funds across the U.S. generate more than \$1.6 billion a year to support critical housing needs.<sup>5</sup>

## Advantages to funding the Kansas Housing trust fund.<sup>7</sup>

1. **Investing in affordable housing is good fiscal policy.** Production and renovation of housing can stimulate the workforce, creating jobs and benefits to related businesses in the community. In addition it can increase tax revenues from, these properties.
2. **Affordable housing builds vibrant neighborhoods.** Renovating vacant, abandoned and deteriorated structures can positively impact surrounding homes, businesses and neighborhoods.
3. **Affordable housing is the foundation for a healthy, stable family.** Factors like poor health care, low education, and homelessness can be alleviated through permanent housing.<sup>8</sup>

Pictured: Strawberry Hill Neighborhood, Kansas City Kansas.

1 *State Housing Trust Fund*. (n.d.). Kansas Housing Resource Corporation: <http://www.kshousingcorp.org/programs/shhf.shtml>

2 *Population Estimates* U.S. Census Bureau, Population Division. <http://www.census.gov/popest/estimates.php>. Annual estimates of the population through 2006-07-01. Released 2007-06-28.

3 [Calculated from] *American Community Survey*. (2005) U.S. Census Bureau.

4 *Kansas State Housing Trust fund*. (n.d.) LISC Greater Kansas City [www.lisc.org/kansascity/KSHTF.htm](http://www.lisc.org/kansascity/KSHTF.htm)

5 *Housing Trust Funds*. (n.d.) Center for Community Change <http://www.communitychange.org/our-projects/hf/housing-trust-funds>

6 *Housing Trust Funds*. (n.d.) CFED [http://www.cfed.org/imageManager/scorecard/2007/policybriefs/housing\\_trust\\_fund.pdf](http://www.cfed.org/imageManager/scorecard/2007/policybriefs/housing_trust_fund.pdf)

7 For examples in other communities see Center for Community Change (n.d.) <http://www.communitychange.org/our-projects/hf/campaigns/making-your-case>

8 *The Cost of Homelessness* (n.d.) National Alliance to End Homelessness <http://www.endhomelessness.org/section/tools/tenyearplan/cost>

# Policy options and possible funding sources

## **Option 1: Do nothing.**

By leaving the Kansas Housing Trust Fund unfunded, no additional financial resources need to be secured, but vulnerable Kansans throughout the state will not have access to resources such as homeless prevention services, residential improvement and renovation programs, and community housing development programs that would be available through a funded Housing Trust Fund. Especially during hard economic times, many low-income families will continue to struggle to provide adequate and affordable housing to their families.

## **Option 2: Annual Appropriation from the State General Fund.**

If the Kansas Housing Trust Fund was funded by annual appropriation from the state general fund, legislators would have the ability to allocate the amount of funds based on the availability of funds. When the state revenue is higher, the Housing Trust Fund would benefit from more funding, but when the budget is tighter, fewer funds would be directed to the Housing Trust Fund.

**Advantages:** The amount of funds directed to the Housing Trust Fund would be directly related to the health of the state general fund. Through the appropriation process, legislators would have control over the amount of funds directed into the Housing Trust Fund.

**Disadvantages:** When the economy is weak, as it is today, and the state general funds are limited, the Housing Trust Fund would have little to no funds appropriated. Kansas families most need the resources provided by the Kansas Housing Trust Fund when economic times are difficult. The Housing Trust Fund would not be adequately funded when Kansans need housing resources the most.

## **Option 3: Dedicate a permanent funding source to the Kansas Housing Trust Fund**

With a dedicated funding source, the Kansas Housing Trust Fund would be funded every year, without relying on the annual appropriations process. In other states revenue for housing trust funds has come from different sources, but in many states including Missouri revenue has come from minimal mortgage fees. In Missouri a \$3.00 fee is added to new mortgage loans to fund the trust. In FY 2007 the Missouri Housing Trust Fund was able to provide \$1.2 million in funds to support homeless prevention, tenant services, home repair and other programs in the Kansas City Metro Area.<sup>9</sup> Another possible source would be an annual allocation from the Economic Development Initiatives Fund (Lottery Funds).

**Advantages:** A dedicated funding source for the Kansas Housing Trust Fund would ensure that housing programs, including homeless prevention programs, Kansas Accessibility Modifications Program (KAMP) grants, and Emergency Repair Program (ERP) grants, would be available to Kansans needing housing assistance. Additionally, a funded Housing Trust Fund would ensure that Kansans in all geographic areas of the state would have access to the programs and funds available by the Housing Trust Fund.

**Disadvantages:** Locating and deciding on the source of the funding and implementing the needed legislation will take a united effort.

## **Recommendations:**

A fully funded Kansas Housing Trust fund would benefit many low-income Kansans throughout the state, regardless if they live in a rural, urban, or suburban area. A permanent revenue source for the Kansas Housing Trust fund is needed. This funding source would assist in ensuring that safe, adequate, and affordable housing is accessible for all Kansans. Kansans rely on federal funds as the main source of assistance to meet housing needs. The use of federal funds is strictly limited in its use and is inadequate to meet the housing needs of individuals and families throughout Kansas.

**The Kansas Housing Trust Fund needs a dedicated source of funding to provide low-income Kansans with the resources they need to prevent homelessness and live in safe and affordable housing.**

Pictured: College Hill Neighborhood, Topeka, Kansas.