CITY OF OSAWATOMIE PLANNING AND ZONING COMMISSION

MEETING AGENDA

February 27, 2024 |5:00 pm | Memorial Hall 411 11th Street, Osawatomie KS 66064

1. Roll Call (Chairman Cutburth)
2. Adoption of the Agenda (Chairman Cutburth) **Action Required.**
3. Introduction of new Planning Commission members
    a. Teresa Whitaker
    b. Amy Barenklau
    c. Mike Moon
4. Approval of Minutes:
    3a. Minutes from the Planning Commission Meeting on January 23, 2024 **Action Required.**
    3b. Meeting notes of the Discussion Session on February 13, 2024 **Action Required.**
5. Election of Planning Commission Officers **(10 minutes)**
    a. Election of Chairperson
    b. Election of Vice-Chairperson
    c. Election of Secretary – Mike Scanlon, Our City Planning LLC
6. Comprehensive Plan Document –
    a. Ongoing Calendar for Comprehensive Plan **(10 minutes)**
    b. Review Table of Contents – Opening Chapter **(10 minutes)**
    c. Future Land Use Map – Taking into account Survey Information **(20 Minutes)**
7. Regional Plans/Studies/Assessments - integration into the Osawatomie Comprehensive Plan. **(15 Minutes)**
    a. State Park Planning (Flint Hills Trail)
    b. MARC Regional Bicycle Plan (Flint/KATY Connection and Flint Hills Trail North/South)
    c. MARC Regional Housing Partnership (RHP) Report for 2023.
    d. City of Osawatomie Housing Needs Assessment
8. City / City Council Update **(10 minutes)**
9. Adjournment (Motion of the Body). **Action Required.**

City of Osawatomie – Planning and Zoning Commission
Minutes of the January 23, 2024

Osawatomie, Kansas. **January 23 2024.** Planning Commission Meeting was held at Memorial Hall located at 411 11th Street, Osawatomie, KS 66064. Chairperson Will Cutburth called the meeting to order at 5:02 pm. Planning Commissioners present were: Mr. John Wastlund, Mr. Brian King, Ms. Denise Bradley, and Mr. Dale Samuels. Absent: Mr. Tyler Wright. Also attending were Mr. Michael Scanlon, Our City Planning LLC, Mr. Bret Glendening, City Manager. Public present included; Mr. Derek Henness and Ms. Karen LaDuex.

ADOPTION OF THE AGENDA. Approval of January 23, 2024 Agenda. Chairman Cutburth asked the Agenda be approved as presented. **Motion** made by Mr. Wastlund, seconded by Mr. Samuels to approve the Agenda. Yeas: All.

APPROVAL OF THE MINUTES. The minutes of the meeting of December 12, 2023 were made available to the Planning Commission in their packet and considered for approval. Motion made by Mr. Wastlund, seconded by Mr. Samuels to approve the minutes of the meeting of December 12, 2023. Yeas: All.

FUTURE LAND USE MAP. Chairman Cutburth asked Mr. Scanlon to lead the Planning Commission through this discussion.

Mr. Scanlon stated there are two things he asks the Planning Commission to think about as they think about the Future Land Use Map (FLUM). The first is a question. Why do you love Osawatomie? That question usually has a place(s) or people as the answer. Many of us like communities because of the people we meet and interact with and the unique places that make our community different. The second thing is this, as you think about this map, what could we do to not leave our community less but to leave it better and more beautiful than we found it. Mr. Scanlon stated that this thought is derived from the Athenian Oath. What we love about our community and leaving it better is probably the foundation for not just the FLUM but also for the City's Comprehensive Plan 2040.

Mr. Scanlon also reiterated that the FLUM is not the current zoning map but what we believe the development of our community should look like in the future. Mr. Scanlon then stated that this would be about a 60-minute exercise so that we can maintain our focus.

Mr. Scanlon displayed Version 1 of the FLUM for the Planning Commission to review. He then walked the Commission through several questions starting first with Northland properties and then working towards the core of the City.

Question 1 – Related to the Northland Properties that were identified as I-1 Light Industrial.

The question posed was should the parcels adjacent to the City's Solar Array be shown as two different potential uses. Chairman Cutburth wanted to know the pros and cons of that consideration. Mr. Scanlon stated that it offers potential developers two unique zoning classifications they could consider and might enhance the potential development of some of those parcels. Discussion occurred amongst the members with the feeling that having two potential uses could be beneficial.

Question 2 and 3 – Related to the Northland Properties that were to the east of US 169.

The first question posed was should the larger parcel north of 343rd Street be considered for R-1 zoning. Mr. Scanlon stated that if you looked at this larger parcel and the properties that lie east of Lookout Rd the area has already taken on a R-1 character. Mr. Scanlon then posed the second question which related to the property on the hill where Shoot House Paintball is located. His question was – Should this area be considered for R-3 zoning? Mr. Scanlon argued that this particular parcel has some of the characteristics you see at BlackHawk Apartments at 223rd Street in Spring Hill, KS. The property is highly visible and has easy access to US 169. So maybe some consideration should be given for R-3 for this area. Discussion among the planning commissioners centered around preserving a commercial corridor while also considering residential. Ms. Bradley described a commercial corridor coming off US169 that could then act as a buffer to the residential area that was further removed from US 169. Consensus among the Planning Commissioners is that the FLUM should reflect this idea of a commercial corridor and residential pieces would be behind that corridor.

Mr. Scanlon then showed other areas of the Northland specifically

- Freshly annexed areas around 327th St. and old KC Road. And stated that those areas have been shown as General Business to reflect the current uses of Victory GMC.
- Probable areas of development should annexation occur between the golf course and Plum Creek Road.

Question 4 – Related to the Southland Properties that were identified are currently identified on zoning maps as Agriculture but are actually R-1 low density residential.

The question posed was should the properties on the west side of 6th Street (Plum Creek Road) be considered residential? The consensus of the Planning Commission was that those parcels should be R-1 and all the remaining parcels and uses identified in the Southland area seemed to be proper for the FLUM.

The Planning Commission then moved into a discussion about the City core and the four conflicts that you see in the core area of the City.

Question 5 – Conflict 1 – Looking at the existing R3 - higher density zoned areas of the City .

Mr. Scanlon demonstrated on the map that Vintage Park is currently sitting in an R-1 low density zoning district and really needs to have an R-3 designation. Discussion among the Planning Commissioners centered on how to wrap the R-3 zoning in a way that made sense. Mr. Wastlund suggested that by using the stub (portion of the road depicted in the map) and drawing a line that divided the property north and south you could make a FLUM parcel that in time might work. The consensus of the planning commission was to redraw using Mr. Wastlund's idea.

Question 6 – Conflict 2 – How should we depict development of areas currently designated R-4 trailer homes.

Mr. Scanlon showed the current trailer home areas(designated as areas of R-4 in current zoning), as well as the areas that surrounded the trailers. All of the areas surrounding current R-4 designations were R-2 Residential Medium Density. The consensus of the Planning Commission was that the FLUM should reflect R-4 areas as R-2. Mr. Scanlon stated that people need to remember that FLUM does not change existing zoning. That the trailers currently in these areas can stay.

Question 7 – Conflict 3 – Union Pacific Maintenance Building and Yard.

Mr. Scanlon showed the current designation for the Union Pacific Maintenance Building and Yard as I-1 Light Industrial, but if you look at all the surrounding properties on 6th Street they have been zoned General Business. The question posed to the Planning Commission by Mr. Scanlon was this. Should the I-1 be converted to a General Business District in the FLUM? The consensus of the Planning Commission was that General Business was a more appropriate designation for the Union Pacific property in the FLUM..

Question 8 – Conflict 4 – Main Street to Brown and 1st Street east to US 169.

Mr. Scanlon showed the current zoning map and the penetration of General Business zoning district into what was once a residential area. Mr. Scanlon stated that almost all of Brown is residential in character and posed the question. Should draw a line to the north of Brown and maintain residential character going forward? There was discussion amongst the planning commissioners as to residential vs. commercial uses. Chairman Cutburth made the proposal to the planning commissioners that the entire area as identified above should be shown as General

Business on the FLUM. Consensus among the planning commissioners was to designate the area General Business.

Mr. Scanlon then summarized the actions that the Planning Commission had agreed to and stated that he would update the map to reflect their direction. Mr. Scanlon thanked them for their patience and help on the FLUM and noted that there will be several versions of this map before we get to the end. Mr. Scanlon said he was hoping to get a revised map out, as well as, survey results in the next several days. It was pointed out my Mr. Wastlund that the City's Electric shop also needed to be shown as Civic and not Residential.

PLANNING COMMISSION UPDATE.

Mr. Scanlon reviewed the following with the Planning Commission.

- The City Council considered the expansion of the Planning Commission on January 11, 2024. The expansion was approved.
- The City Council considered a Temporary Moratorium on Zoning Changes on January 11, 2024. The moratorium was approved
- Ongoing Calendar for Comprehensive Plan. We should be able to stay on task with the Calendar we have been working from.

Chairman Cutburth then brought up the Church that was up for auction and sold. Mr. Scanlon stated that there was a Hair Salon that was looking at the parcel and had made offers on other spaces downtown and it appeared they backed away from the church due to the lack of proper zoning. Mr. Glendening stated there was a party that purchased the church and had requested another use that was also not compliant with current zoning.

There being no further action required.

ADJOURNMENT. Motion made by Mr. Samuels was seconded by Mr. King to adjourn. Yeas: All. The chairperson declared the meeting adjourned at 6:10 p.m.

/s/ Michael Scanlon
Michael Scanlon, Our City Planning LLC

City of Osawatomie – Planning and Zoning Commission
Minutes of the February 13, 2024 Discussion Session

Osawatomie, Kansas. **February 13, 2024.** The Planning Commission Meeting was held at Memorial Hall located at 411 11th Street, Osawatomie, KS 66064. Because of a lack of quorum Mr. Brian King presided over the discussion session. The discussion session began at 5:10 pm. Planning Commissioners present were: Mr. John Wastlund, Mr. Brian King, and Mr. Dale Samuels. Absent: Chairperson Will Cutburth, Mr. Tyler Wright and Ms. Denise Bradley. Also attending were Mr. Michael Scanlon, Our City Planning LLC and Mr. Bret Glendening, City Manager. There was no public present.

DISCUSSION SESSION. Mr. Scanlon stated that because a quorum wasn't present we would carry over the action items from this meeting to February 27, 2024. Mr. Scanlon stated that his recommendation would be to discuss items 4 - 6 on the Agenda, and then he would develop Discussion Session Minutes that could be approved at the February 27th meeting in addition to the minutes of January 23, 2024.

INTERVIEW FOR PLANNING AND ZONING COMMISSION. Mr. Scanlon shared with the Planning Commission the seven proposed questions for potential Planning Commission members. Mr. Scanlon walked through the scoring of the seven questions and the basis or reason that each question was being asked. Mr. Scanlon asked the Planning Commissioners to forward any additional questions they would like to ask potential Planning Commissioners and to also include the rationale so that they could be scored appropriately. Mr. Scanlon thanked Mr. King for volunteering and shared the dates and times of the proposed interview – (City Hall – 4:00 to 6:00 pm on February 20-21). Mr. Scanlon said the hope was to complete the four interviews and have a recommendation for the City Council to consider on February 22, 2024.

COMPREHENSIVE PLAN DOCUMENTS. Mr. Scanlon then went through the following items.

- **Ongoing Calendar for Comprehensive Plan (Updated).** Mr. Scanlon stated there were a couple of changes but that the time-frame continues to stay on track. Mr. Scanlon alerted the commissioners to two dates that will be important for them to attend – those would be the Public Input Sessions on April 23, 2024 and May 14, 2024.
- **Review Table of Contents (TOC) – Opening Chapter.** Mr. Scanlon then went through the TOC and highlighted several elements of the table of contents. Mr. Scanlon noted that there are several state-wide and regional plans that will feed into the final document. Mr. Scanlon then talked about the Historic National Park status which the City is seeking and the role of the federal delegation in helping us. Mr. Glendening then shared the two requests for Congressionally Directed Spending (CDS) that the City submitted. Mr. King asked specifically who was making the request. Mr.

Glendening said it was the City going through the congressional delegation. Mr. Glendening then summarized the requests being made. First request is for infrastructure infrastructure investment through Congresswoman Davids. Second request is for investment in a Visitor's Center that would be a companion building to the Cabin Museum. Mr. Scanlon then briefly shared the opening chapter of the Comp Plan and the goals that we are attempting to meet with that chapter which are,

    - *Summarize Historical Significance*
    - *Demonstrate a positive can do attitude*
    - *Lay the groundwork for future work*

- **Future Land Use Map (FLUM) – Taking into account Survey Information.** Mr. Scanlon stated that one of the items the Planning Commission needs to contemplate both in the FLUM and Comprehensive Plan are the survey responses and what to include/exclude in finalizing the plan. Mr. Scanlon then walked the commissioners through several areas he wanted to highlight specifically.
    - **#1 related to** walkability of downtown with 68% of survey respondents saying that **walkability was Extremely or Very Valuable.** Mr. Scanlon then stated that if you compare that to the survey response that 52% of the respondents rarely or never walk or use a bicycle for transportation you would think it's a conflict. Mr. Scanlon stated this is not that unusual. People can appreciate and support projects that they feel make the community better even though it might not be something they do. We all have an appreciation bias for things we might not do but feel are important.
    - **#2 related to 78%** of the respondents saying that the City of Osawatomie **should promote homeownership** (over rental properties). So it begs the question should we expand the amount of R1 and restrict other future R2 & R3 land uses?
    - **#3 related to a contradiction to #2 above in that 76% of respondents** support the City's encouragement of apartments. While contradictory it would seem to support the 48% of respondents that say housing in Osawatomie fits their price range. Which means a majority don't believe the housing fits their price range. Mr. Scanlon stated that issues of affordability will need to be thought through as we complete the Comp Plan. It's an issue regardless of where your community is situated that is driving discussions nation-wide – Housing Affordability.
    - **#4 related to 79% of respondents saying that property maintenance and neighborhood preservation is extremely important or very important** to the quality of life. Mr. Scanlon stated this seems to support the idea of home ownership and maintaining property values.

- ○ **#5 98% of respondents feel that maintaining streets, sidewalks and city utilities are important.** With 73% saying they strongly agree. Mr. Scanlon stated this sentiment is in part driven by the City and community's investment in replacing the aging infrastructure and was not surprised at such a strong response.

Mr. Scanlon completed his presentation by stating that 71% of respondents believe that National Historic Parks status for John Brown Memorial Park is important to the quality of life in Osawatomie.

REGIONAL PLANS AND INTEGRATION INTO THE OSAWATOMIE COMPREHENSIVE PLAN. Mr. Scanlon shared with the Planning Commission the various planning documents that need to be referenced in the City's Comprehensive Plan, including

- State Park Plans (Flint Hills Trail)
- MARC Regional Bicycle Plan (Flint/KATY Connection and Flint Hills Trail North/South)
- MARC PSP Plans that have been adopted by the city. Oz Commons / The Hub

Mr. Scanlon shared with the commission the MARC Regional Bike Plan specifically pages 33-35 which show the interconnection from the Kansas City metropolitan area to Mile 0 in Osawatomie.

Mr. Scanlon stated that these various planning documents allow the City to compete for grants and allows us to communicate not just a local vision but a regional vision as well.

ADJOURNMENT. Mr. Scanlon thanked the Commission for staying engaged and helping with the Comp Plan. The Discussion Session concluded at 5:50 p.m.

There being no further action required.

/s/ Michael Scanlon
Michael Scanlon, Our City Planning LLC

COMPREHENSIVE PLAN 2040 UPDATE

ITEM		DATE
Feedback from Public Input – Integrating it into the Plan		February 13, 2024
Future Land Use Map (second public version)		February 27, 2024
Historic District (Planning Commission discussion)		March 12, 2024
Other Special Districts (Planning Commission discussion)		March 26, 2024
Draft 1 – Comprehensive Plan 2024		April 9, 2024
Public Input Session #1		April 23, 2024
Public Input Session #2		May 14, 2024
Comprehensive Plan submitted to City Council for review		May 28, 2024
Comprehensive Plan set for Recommendation to City Council		June 13, 2024
ADOPTION OF THE COMPREHENSIVE PLAN 2024		**June 27, 2024**

Survey Results

293 Responses
97.27% **work or live** in the City of Osawatomie.

Respondent Ages:
25-34 = 18.43% of responses
35-44 = 20.48% of responses
45-54 = 21.84% of responses
55-64 = 24.23% of responses
65+ = 12.29% of responses

69% say **it's important to allocate funds** to repair and install sidewalks and trails.

86% say that **walkability is valuable to a vibrant downtown**. With 68% saying it's **Extremely or Very valuable.**

42% say that we have either **high or very high-quality parks and trails.**

54% say that our greatest areas for economic development are **1. Historic Downtown (28%) and Northland Properties (26%).**

78% say that **the City of Osawatomie should promote homeownership** (over rental properties).

48% feel the housing offered in **Osawatomie fits their price range.**

88% say we should **provide a mix of housing** to attract people at various life stages.

76% say they **support** the City's encouragement of **apartments.**

67% support the city **passing building code changes that increase the energy efficiency** of newly constructed residential properties.

67% say that the **quality of life in Osawatomie is average to excellent.**

65% say that **they believe the quality of life in Osawatomie will improve over the next five years.**

72% believe **improving downtown will increase the quality of life** in Osawatomie.

71% believe that **improving sidewalks and trails will improve the quality of life** in Osawatomie.

98% **feel that maintaining streets, sidewalks and city utilities are important.** With 73% **strongly agreeing.**

62% say that **during the annual budget cycle** that some money should be allocated to bicycle infrastructure.

52% say **they rarely or never walk or use a bicycle as transportation.**

90% feel that **having a full-service grocery store is important with** 56% saying it's **extremely important.**

60% **said they would frequent a full-service grocery store if the prices were 10-15% higher than other competing stores.**

79% say that **property maintenance and neighborhood preservation is extremely important or very important to the quality of life** in Osawatomie.

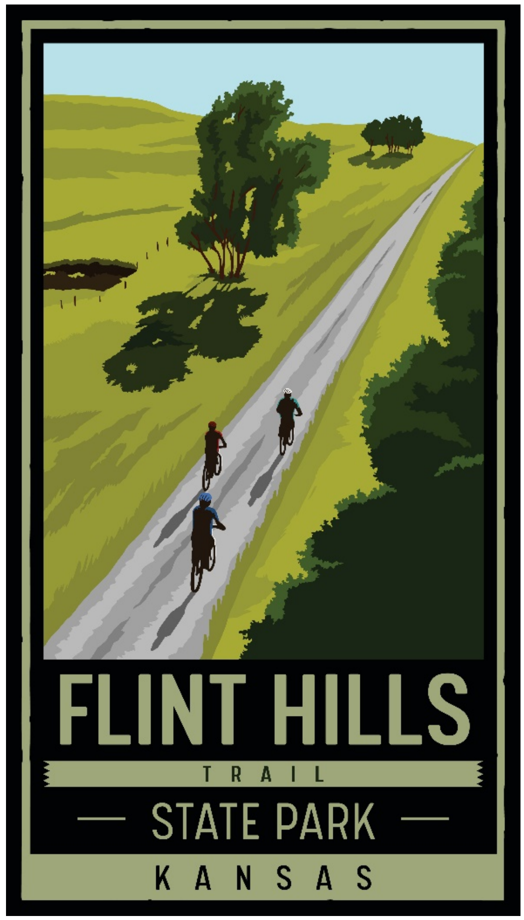
71% believe that **National Historic Parks status for John Brown Memorial Parks is important to the quality of life** in Osawatomie.

76% believe that of the public property being maintained – **Infrastructure (Water Lines, Streets etc.) need the most improvement.**

54% think that **creating a better trail connection to the city lake is an idea worth considering.**

83% believe that the **city should spend less than $10,000 annually** on public art.

Flint Hills Trail State Park



Master Plan 2021

The purpose of this master plan is to guide current and future operations and development at Flint Hills Trail State Park. Reference to this plan will ensure that operations at Flint Hills Trail State Park meet the needs identified in the Statewide Comprehensive Outdoor Recreation Plan (SCORP) 2020. This plan is required by the Land and Water Conservation Fund (LWCF); accepting such funds dedicates the park in perpetuity to outdoor recreation. Grant funding from LWCF, the Recreational Trails Fund, and many others are critical to development of recreational opportunities in all Kansas state parks.

Guidance from this plan also ensures that development will be in alignment with the Department mission statement:

- Conserve and enhance Kansas's natural heritage, its wildlife and its habitats—to ensure future generations the benefits of the state's diverse, living resources;
- Provide the public with the opportunity for the use and appreciation of the natural resources of Kansas, consistent with the conservation of those resources;
- Inform the public of the status of the natural resources of Kansas to promote understanding and gain assistance in achieving this mission.

The Flint Hills Trail began in the late 1860's as the Council Grove, Osage City and Ottawa Railroad, a branch of the Missouri Pacific. Sections of the trail west of Council Grove roughly follow the route of the Santa Fe Trail. In the 1980's the Missouri Pacific (MO Pac) discontinued service. The railroad then became part of the Union Pacific.

In 1995, with assistance from the Rails-to-Trail Conservancy, the corridor was rail-banked by the Kansas Horsemen's Foundation. In 2003 the corridor was transferred to the Kanza Rail-Trails Conservancy. Since that time, the Conservancy has worked to develop and maintain the corridor as a rail-trail, but were unable to overcome some development issues due to the scale of the project.

Recognizing the economic, tourism, and outdoor recreation potential of the trail, the Kansas Department of Wildlife Parks and Tourism (KDWPT), in 2014, partnered with the Kanza Rail-Trails Conservancy to assist with development and completion of the trail.

In partnership with Kansas Department of Transportation (KDOT), the Department has utilized federal Transportation Enhancements (TE) and federal Transportation Alternatives (TA) grant funding to continue the development, repairs, and construction of the trail infrastructure at a faster pace.

On-site surveys of trail conditions were made in early 2014. Also at that time, planning began. In 2018, the Kansas Legislature named Flint Hills Trail a state park, bringing it under the management of KDWPT.

Flint Hills Trail State Park crosses the Flint Hills, one of the last remaining tallgrass prairie ecosystems in the world. It also traverses the corridor of the Marais des Cygnes River, intersects with the Freedom's Frontier aspect of the Underground Railroad, coal mining areas, and cattle ranches of the Flint Hills. The trail will eventually connect Osawatomie in the east and Herington in the west, passing through the towns of Rantoul, Ottawa, Pomona, Vassar, Osage City, Allen, Bushong, Council Grove, Wilsey and Delavan. All of the trail is open to hikers and bicyclists; many portions are open to equestrians. E-bikes of Class 1 and 2 are allowed on the trail, making it more accessible to a greater number of users. It will be the longest rail-trail in Kansas at 117 miles when completed and the seventh longest rail-trail in the Unites States.

Currently, thanks to Transportation Alternatives grants from the Kansas Department of Transportation and Recreational Trail Program grants, the trail is open and usable on the 93 miles from Osawatomie to Council Grove.

Approximately 62 miles have been redeveloped to a high level of standards meeting Americans With Disabilities (ADA) and American Association of Highway and Transportation Officials (AASHTO) standards for shared use paths. During construction, the trail surface is centered in the middle of the railroad right-of-way. To date, twenty-nine bridges have been replaced, refurbished or improved to meet safety and ADA requirements with aggregate or concrete decks and metal railings and safety approaches. Numerous pipe and box culverts have been replaced or repaired, and other drainage structures improved. Farm crossings are accommodated in each construction phase. At crossroads, safety bollards, metal half-gates and signage is installed per Manual on Uniform Traffic Control Devices (MUTCD) standards. At highways, additional safety measures are installed. Surfacing is completed with at least six inches of compacted limestone aggregate to a width of ten feet, and in many areas the base is built up for improved drainage. Trailhead parking lots have been developed in six areas at Pomona, Miller, Admire, Allen, Bushong, and Council Grove. Restrooms, shelters, and other amenities are being developed at Pomona, Miller, Admire, and Bushong trailheads. Additionally, the Osawatomie Trail Task Force has developed a trailhead at the beginning of the trail in Osawatomie and will be installing a restroom and other amenities there.

The office and shop for the Flint Hills Trail are located in Garnett, Kansas, the center point of the Prairie Spirit Trail State Park, which intersects the Flint Hills Trail at Ottawa. Both trails are managed as a unit.

Staffing for the trail is very lean. At present, a manager and park ranger are stationed in Garnett and a second ranger works from the Tuttle Creek area and a naturalist works from the Pomona area. Seasonal workers and AmeriCorps members are essential to the often manual hand labor of keeping the trail free of hazards such as low hanging tree limbs, trees downed by weather events, trail washouts or cracking due to weather extremes, as well as to monitor and host events on the trail. Volunteers also assist with routine maintenance such as mowing and weed eradication, as well as advocacy for the trail.

The park has obtained some equipment to make development and maintenance of the trail less labor intensive including a New Holland 130-hp tractor with mounted boom mower, one small dump trailer, one truck, and a mini MT85 stand-on Bobcat.

Significant equipment and replacement needs:

¾-ton Law Enforcement truck
1-ton dump truck
Mini excavator
Dump trailer that can haul excavator

From its beginning, the trail has called for vision to bring it to its full potential. Staff has interacted with the management of Missouri's Katy Trail for information, advice, and potential solutions. This, as well as lessons learned from management of the Prairie Spirit Trail, have provided development and management vision for Flint Hills Trail. When complete, the Flint Hills Trail will rival the Katy. It has the potential to be just as popular.

More and more communities are seeing what an asset a long distance, connected trail is to their community. For some communities, the presence of such a trail has revitalized them.

Businesses, such as bike shops, cafes, campgrounds, and hotels locate along the trails to serve trail users. Trail users bring economic opportunities to the communities the trails pass through.

Future Developments

Future plans call for expanding events and interpretive programming on the trail.

Because of the advantages offered by the trail, the City of Ottawa, Franklin County, and the Osawatomie Trail Task Force and City of Osawatomie are engaged in trail-side developments that enhance the trail and offer conveniences for its users. The Osawatomie group acquired and constructed the eastern-most .75 mile of the trail. Osage City, in Osage County, is constructing the trail through the entire town limits.

More and more communities are seeking linkages to the trail from their trail systems. Already, the Flint Hills Trail intersects with the Prairie Spirit Trail in in Ottawa. Eventual plans are for the Flint Hills Trail to connect through a series of other linking trails to the Katy Trail, the Landon Trail, and more. Someday, this growing network of trails will enable travelers to travel to and from any number of destinations and communities in Eastern Kansas and beyond. The trail passes through six counties: Miami, Franklin, Osage, Lyon, Morris, and Dickinson.

In 2021, the trail was awarded $5.5 million in a TA grant to construct a railway overpass 1.5 miles west of Ottawa, Kansas, to safely direct trail users over a high-use BNSF railway. This railway is one of the most significant obstacles to safe trail use. The completion of this phase will eliminate the need for a current 3.5-mile detour onto county roads.

Phases of development have been as follows:

Phase 1 (2015) 6.28 miles from Pomona at Colorado Rd. east to Iowa Rd.

Phase 2 (2016) 4.84 miles (including detour on county roads) from Ottawa west to Louisiana Terrace.

Phase 3 (2016-17) 5.39 miles Pomona to Quenemo and from Ottawa east to I-35

Phase 4 (2017-18) 26.38 miles Quenemo to Vassar and from Allen to Council Grove

Phase 5 (2019-20) 18.8 miles from Allen east to Admire, Miller, and Osage City

TO DATE COMPLETED:

62 miles (including detour on county roads)
3 concrete box culverts new
1 large signature bridge modified
25 other bridges modified, 3 new bridges
Numerous metal culvert pipes replaced and boxes rebuilt
6 trailhead parking areas- Pomona, Miller, Admire, Allen, Bushong, Council Grove
Surfacing, gates, bollards, signs, road crossings, farm crossings

UNDER CONSTRUCTION:
PHASE 6: (2020-2021) 4 miles from Osage City east to Lewelling Rd.

NEXT FUNDED PHASE:

PHASE 12 (2022-2023) 2.3 miles Louisiana Terr. To Iowa Rd. crossing 2.3 miles

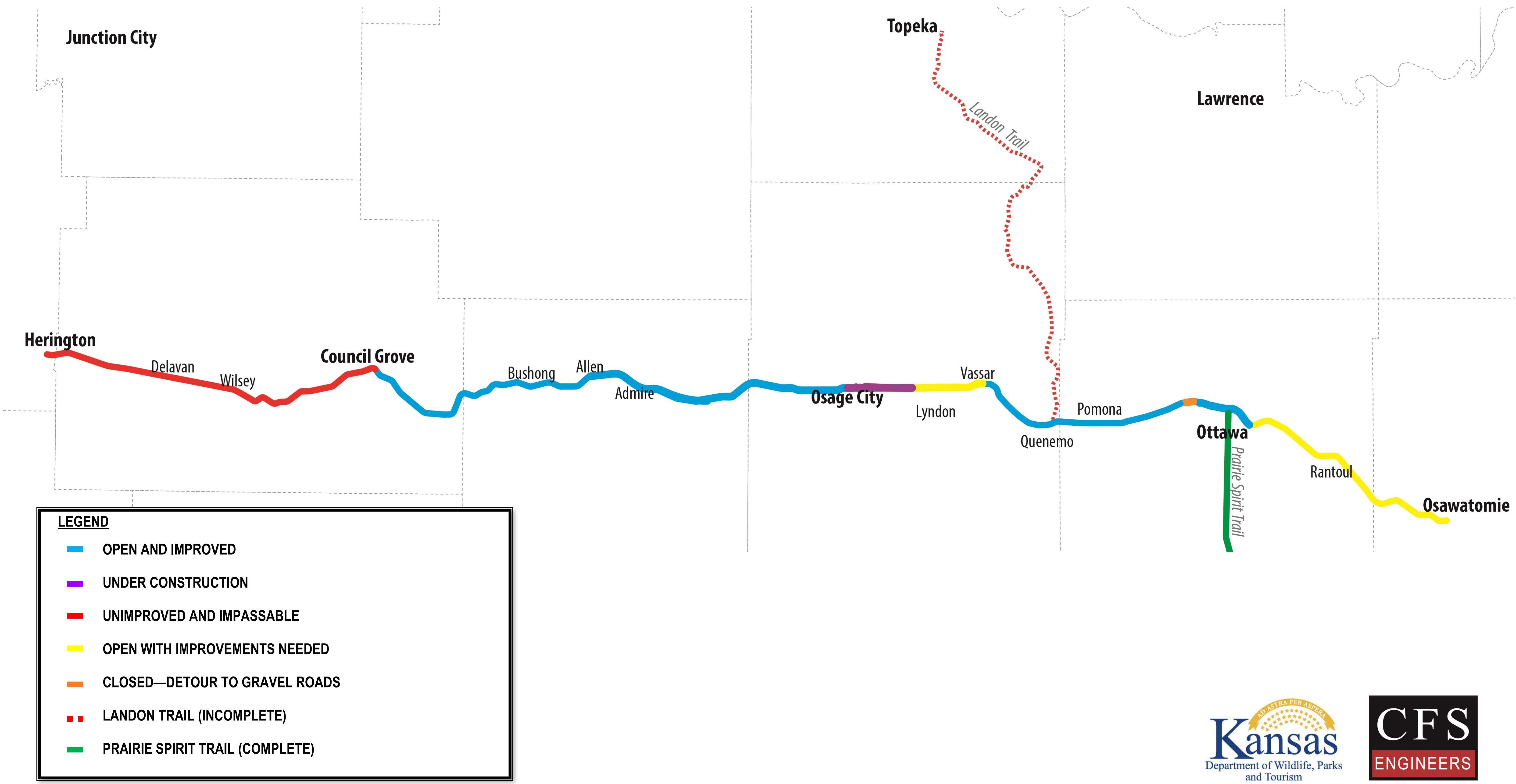
FUTURE PHASES:

7	Lewelling Rd. east to Vassar 5.6 miles
8	Ottawa I-35 to Kingman Terrace 4.8 miles
9	Kingman Terr. to Vermont Rd. 3.6 miles
10	Vermont Rd. to John Brown Rd. 6.7 miles.
11	John Brown Rd. to East end 1.3 miles
13	Council Grove west to Herington 26.8 miles

Flint Hills Trail State Park

FLINT HILLS TRAIL

Osawatomie to Herington



Kansas Department of Wildlife, Parks and Tourism

CFS ENGINEERS

20200924

MARC

MID-AMERICA REGIONAL COUNCIL

Greater Kansas City Regional Bikeway Plan

Toole Design Group vireo Sprinkle Consulting Active Transportation

Project Steering Committee

Deb Ridgway	City of Kansas City, Missouri, Bicycle and Pedestrian Coordinator — Missouri co-chair
Greg Ruether	City of Overland Park, Director of Park Services — Kansas co-chair
Allison Smith	KDOT, MPO Transportation Planner
Becky Pepper	KDOT, State Bicycle and Pedestrian Coordinator
Bill Heatherman	Unified Government of Wyandotte County, City Engineer
Brian Nowotny	Platte County, Parks and Recreation Director
Brian Shields	City of Overland Park, City Traffic Engineer
Bruce Wilke	Jackson County, Landscape Architect
Cliff Middleton	Johnson County, Planning and Development Manager
James E. Fisher	Clay County, Former Director of Parks and Recreation
Janet McRae	Miami County, Economic Development Director
Jeff Joseph	Leavenworth County, Director of Community Development
Jim Kraatz	Leavenworth County, Planner 1/Environmental Technician
Justin Wieberg	Cass County represented by Pleasant Hill, Parks and Recreation Director
Luke Miller	MoDOT, Transportation Planner
Mario Vasquez	City of Kansas City, Missouri, Planner
Mark Trosen	Jackson County, Deputy Director of Park Operations
Matt Tapp	Clay County, Director of Planning and Zoning
Michael Latka	City of Olathe, Park Project Coordinator
Michael Park	City of Lee’s Summit, City Traffic Engineer
Mike Gotfredson	Miami County on behalf of Paola, City Planner
Noel Challis	Platte County, Parks and Recreation Planner
Paul Greely	Johnson County, Planning Deputy Director
Paul Krueger	City of Olathe, Park Project Coordinator
Randy Johnson	MoDOT, District Planning Manager
Rob Richardson	Unified Government of Wyandotte County, Director of Planning
Steve Casey	City of Lee’s Summit, Assistant Superintendent, Park Planning and Construction
Todd Spalding	Cass County represented by Belton, Parks and Recreation Director
Tom Garland	City of Independence, Park Contracts Manager

MARC
MID-AMERICA REGIONAL COUNCIL

MARC staff

Ron Achelpohl, Director of Transportation

Aaron Bartlett, Senior Transportation Planner

Andrea Repinsky, GIS Specialist II

Barbara Hensley, Public Affairs Program Director

Chris Depusoir, Public Affairs Coordinator

James Hubbell, Senior Transportation Planner

Marlene Nagel, Director of Community Development

Stephen Lachky, Transportation Planner II

Tom Jacobs, Environmental Program Director

Cover photo: BikeWalkKC, 2014

Study produced by:

Toole Design Group   Vireo   Sprinkle Consulting Active Transportation

Bicycle Pedestrian Advisory Committee

Thank you to all the local government and public stakeholders who participated in the planning process.

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Figure 1 | Bicycling activities, such as the 2013 Tweed Ride, draw bicycling enthusiasts from around the Kansas City region.

EXECUTIVE SUMMARY

The Greater Kansas City Regional Bikeway Plan envisions a cohesive regional network of bikeways, connected across city, county and state boundaries, that promotes active transportation.

Bicycling provides a wide range of benefits, including economic benefits from lower transportation costs; environmental benefits from reducing auto dependence and auto emissions; and health benefits from increased physical activity. The Regional Bikeway Network proposed in this plan will make it easier for people across the metro to use bicycling not only for recreation, but as a viable transportation alternative to reach a wide variety of destinations.

When fully implemented, this plan will expand active transportation choices for area residents over a 2,000-mile network of on-road and off-road facilities that spans eight-counties in the bistate Kansas City region.

The plan was developed over a year-long process that included public engagement and input from city and county officials. Residents from across the region participated in open house workshops and used an online mapping tool to help identify important, priority corridors. Local government officials provided information on current planning efforts and existing facilities to help develop the network. Additionally, city, county and state personnel participated in Steering Committee sessions and Bicycle and Pedestrian Advisory Committee meetings to review priority corridors, current planning efforts and the direction of the plan.

The Regional Bikeway Plan evaluates current conditions and discusses gaps and barriers that exist in the system today. It introduces a new GIS-based demand model that was used to identify and prioritize corridors and connections, both within the region and to larger state and national trail networks. The plan also includes per-mile cost estimates for constructing a variety of bicycle facility types, ranging from wayfinding signage to paved shoulders. Costs will vary widely, depending on the type of facility and whether it is constructed independently or as part of a larger roadway project. The plan estimates implementation costs for the entire system at approximately $603 million.

Figure 2 | Transportation/Recreation Riding
During the development of Regional Bikeway Plan study, it became clear that there should be no differentiation in the level of bikeway implementation for recreational riders versus transportation-oriented riders. They are often one and the same.

The plan also identifies a variety of potential funding options and best practices for implementation. Recognizing that implementation of the Regional Bikeway Network will rely heavily on local funding, the plan outlines a number of federal and state funding programs that can potentially support construction of bikeway facilities.

Finally, the plan shares recommendations for:

- **A prioritized network of regional bikeways** to support regional and local planning and investment in active transportation.
- **Regional planning and coordination** to help implement the Regional Bikeway Plan by creating and sustaining necessary partnerships.
- **Data collection and technical capacities** to update and maintain GIS information on constructed, programmed and planned bikeways and trails, obtain accurate user counts and monitor crash data.
- **Education and encouragement campaigns** to raise public awareness of bikeway and trail resources in the region and educate the public about safe driving, walking and cycling behaviors.
- **Enforcement efforts** to allow all users to share a safe roadway system and address roadway safety issues.
- **Encouraging national designation applications** to support communities that apply for Bicycle Friendly Community and Walk Friendly Community recognition.

In short, the plan strives to link regional and local destinations with bikeways, increase transportation choices for residents, promote active and healthy living and preserve the environment for residents of all ages and abilities. The Kansas City metro area has a great opportunity to enhance active transportation through the adoption and implementation of this plan.

Figure 3 | Bicyclists enjoy bicycling on-street in Lee's Summit, Missouri.

INTRODUCTION

The Greater Kansas City Regional Bikeway Plan is designed to help local governments better coordinate on-street bicycle facilities — particularly their alignment as they pass from one jurisdiction to another, crossing city limits, county borders and state lines. This plan will help create a cohesive, regional system of bikeways with long-distance corridors that serve users of non-motorized, active transportation. While the focus of the plan is primarily on-street facilities, such as bike lanes and shared-use markings, it can also help with implementation of various facility types within local government rights-of-way, including cycle tracks and shared-use paths.

Regional planning

While many local governments have their own bikeway plans, no regional bikeway plan has existed until now. This plan brings elements of local plans together in a way that will inform and strengthen other regional transportation plans.

Over many years, previous planning efforts across the region have guided local jurisdictional bike plans. All of these local efforts have informed the development of this regional, eight-county bikeway plan.

TRANSPORTATION OUTLOOK 2040

The Regional Bikeway Plan informs the 2015 update to *Transportation Outlook 2040*, the region's long-range Metropolitan Transportation Plan (MTP). Key strategies and recommendations from the Regional Bikeway Plan will be incorporated in the policies and strategies outlined in the Active Transportation Chapter of *Transportation Outlook 2040*.

Once formally adopted as part of regional transportation policy, the Regional Bikeway Plan can be used to identify priorities for phased network development.

METROGREEN

MetroGreen, the regional vision of a system of interconnected trails and greenways first conceived in 1991 by the local chapter American Society of Landscape Architects and updated in 2002, has a long history of success in guiding trail development. MetroGreen has functioned as a greenway plan, protecting and restoring streamways with stream setback ordinances and coordinating bicycle and pedestrian connections through these corridors.

The Regional Bikeway Plan supplements MetroGreen in three ways.

1. The plan recommends adding 128 miles of stream and river corridors in Miami County, Kansas to the MetroGreen System.
2. The plan expands the concept of MetroGreen Type 5: Bike & Pedestrian Facilities in Right-of-Way to a complete-streets approach using new recommended design guides.
3. Once fully implemented, the plan will substantially expand the MetroGreen system, adding hundreds of miles of roadway corridors.

As a part of the update, MetroGreen's Type 5 trail category, which effectively illustrated trail provisions within road rights-of-way, is modified. The category's cross-section is amended to include on-street facilities that are now recommended as state-of-the-practice complete street bicycling solutions by the National Association of City Transportation Officials (NACTO). More information on these facilities is included later in this document.

How the plan works

The Regional Bikeway Plan serves as a guide for planners, providing a conceptual vision of a network of regional connections. Implementation of the plan will require further refinement of priorities. The plan provides a new tool — the Regional Bikeway Demand Model — to identify those segments of the Regional Bikeway Network that could provide the greatest regional impact by connecting activity centers that serve more people and providing links to key destinations beyond the metro. This model can also help communities with their own processes as they identify priorities. Ultimately, it will help local governments move from planning to design and construction of regional bikeway corridors.

A three-step process is proposed:

1. Adopt the vision for a Regional Bikeway Network (this plan).
2. Identify the best opportunities in the region for further study.
3. At the city and county level, investigate the corridors that provide the greatest opportunity.

This is a conceptual plan that will adapt over time. A set of recommendations is provided to guide the implementation of the plan.

Figure 4 | Transit extends the reach of the bicycle commuter in Kansas City by providing bicycle racks on Metro buses.

Intended users

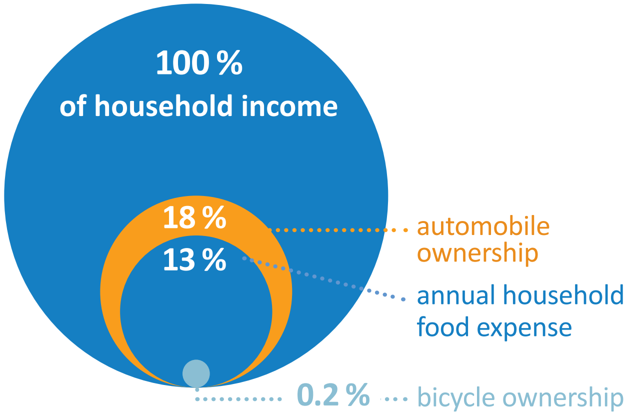
This plan functions as the guiding document for the Mid-America Regional Council (MARC) as it works to help cities and counties implement their local plans, coordinating with the regional plan to emphasize connections and continuity of facility types along long-distance corridors.

The plan also provides best practices and guidance for local governments in the Greater Kansas City region to use as a resource at any stage of bicycle infrastructure implementation.

Planning and implementation take into account the needs of the full range of skills and desires among the cycling community. The plan promotes cycling as an alternative form of transportation to the automobile.

This document will also serve MARC programming committees that select and recommend projects for sub-allocated federal funds, providing information that will help them evaluate the connectivity potential of submitted projects.

Figure 5 | The average American household spends 18 percent of its income on automobile ownership, compared to 13 percent on food. In comparison, owning and maintaining a bicycle can cost as little as 0.2 percent of the average American household income.



Benefits of a Regional Bikeway Plan

SOCIO-ECONOMIC

The yearly cost of owning and operating a vehicle is more than $9,000, or 18 percent of the average U.S. household's annual spending. That is significantly more than the 13 percent of income typically spent on food for the family.[1] Comparatively, owning and maintaining a bicycle can cost as little as $120 per year.[2]

Cycling can provide disadvantaged groups with a means of transportation and a greater sense of independence. In areas of the region where household incomes are below the national average, there are more households without cars. These households are often dependent on alternative modes of transportation such as transit, walking and bicycling. Effective cycling infrastructure provides low-cost transportation for everyone, particularly the young and those without access to a driver's license or to a car. Cycling also extends the reach of public transit by allowing people to ride short distances to a transit stop and then use transit for the rest of their trip (Figure 4).

Bicycling also provides economic benefits to the community as a whole. The city of Sydney, Australia, conducted a study that found adding 200 km (124 miles) of bikeways would deliver at least $500 million in economic benefits to the city over a 30-year period, a return of $3.88 for every dollar spent.[3] Those gains are enjoyed by all people in the city, not just those who cycle.

HEALTH

With over 60 percent of the population categorized as overweight or obese,[4] the nation is suffering from an epidemic often attributed to sprawling development, a dependence on cars and unhealthy diets. Studies suggest the more time Americans spend in their cars, the higher their obesity rate. In fact, one study concluded that if American adults each drove one mile less per day, it would reduce the adult obesity rate by 2.16 percent over six years — leading to 5 million fewer obese adults.[5]

Researchers from the Center for Disease Control report that Americans who exercise three or more times per week for 30-minutes have, on average, 25 percent lower annual medical expenditures compared to those who do not exercise.

The health consequences of obesity include hypertension, coronary artery disease and type 2 diabetes, all of which cost the U.S. billions in health care annually. Increasing participation in cycling enough to reduce obesity by about 3 percent would reduce national medical expenditures by $6 billion.[6]

The annual individual medical cost of inactivity ($622) is more than 2.5 times the cost per user of bike and pedestrian trails ($235).[7] Providing active transportation choices — through complete streets and the built environment — is a public wellness strategy to combat inactivity and thereby reduce health care costs.

Figure 6 | Communities enjoy an economic return of $3.88 for every $1.00 spent on bikeway improvements, based on a study in Sydney, Australia.

People who cycle regularly in mid-adulthood typically enjoy a level of fitness equivalent to someone 10 years younger[8] and a life expectancy two years above the average.[9] Additionally, bicycle commuters report lower stress and greater feelings of freedom, relaxation and excitement than car commuters. [6, 10]

SAFETY

Increasing the number of cyclists on the road increases safety. Where cyclists are more visible, automobile drivers are more aware of their presence and respond accordingly. A review of 23 studies of on-street bicycle transportation infrastructure and bicyclist safety concluded that on-street, bicycle-specific facilities reduce crashes and injuries among cyclists. The data suggest that sidewalks and multi-use trails pose the highest crash risk to cyclists; major roads are more hazardous than minor roads; and the presence of bicycle facilities (e.g., on-road bike routes, on-road marked bike lanes, and other bike-only facilities) is associated with the lowest risk.[11]

AIR AND WATER QUALITY

The choice of cycling (or another non-motorized mode), instead of driving, leads to less air pollution, by reducing vehicle miles traveled (VMT) in the region. Even modest changes in personal travel choices are beneficial. Short trips made in single occupancy vehicles can be replaced with cycling or walking. An Environmental Protection Agency (EPA) analysis found that of all contributing factors currently monitored, motor vehicles are the second greatest contributor to atmospheric warming (electricity generation is first) because of the pollutants and greenhouse gases they release during operation.[12]

Additionally, there are 800 million car parking spaces in the U.S., totaling 160 billion square feet of concrete and asphalt. The environmental impact of all car parking spaces adds 10 percent to the CO_2 emissions of the average automobile.[13]

Reducing the surface area of pavement allocated to parking can have a positive impact on the heat-island effect in urban areas. Less pavement means less heat storage from solar radiation, which can reduce outdoor temperatures and save energy costs to cool surrounding buildings. Less pavement also reduces stormwater runoff, which can lead to healthier waterways in the region.

By cycling, rather than driving, to work just two days a week, one person can reduce carbon pollution by an average of two tons per year.[14]

Figure 7 | The cost of inactivity far outpaces the investment in facilities that encourage activity.

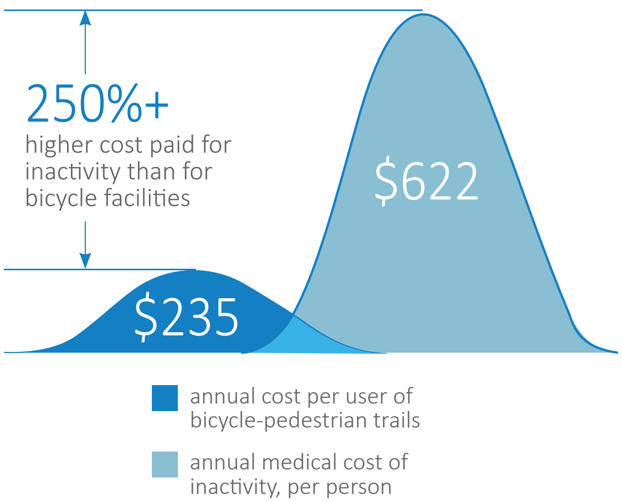


Figure 8 | The safest place for a bicyclist is in a designated bicycle facility like an on-road bike route, bike lane or separated bicycle-only path; the least safe is on a sidewalk.[11]

Public and Stakeholder Input

The Regional Bikeway Plan was developed over a 12-month period that included extensive public and stakeholder engagement.

From the project's inception, staff and project consultants met bimonthly with a plan-specific Steering Committee and the MARC Bicycle Pedestrian Advisory Committee (BPAC). Members of both groups reviewed plan progress and evaluated the plan's direction as it evolved. The Steering Committee, representing area cities and counties, also engaged in several activities to help mold the identity of the plan and make it a joint document between MARC and the local governments.

The planning team held stakeholder meetings for constituents in often underserved areas of the eight-county region, and facilitated a series of four county-wide, open-house public meetings to unveil the first draft corridor plan and gain public feedback.

A WikiMap public survey, widely publicized before and during the first series of public meetings, allowed interested parties who were not able to attend the meetings to provide feedback from the convenience of their own homes. The planning team used Wikimapia.org, which offers an online collaborative forum that allows participants to map their knowledge of a place in an interactive way. Information gathered included routes currently bicycled, routes people would like to bicycle if there were facility improvements, barriers to bicycling, and high- or low-stress experience of the routes mapped.

During the time the WikiMap was available, 380 people logged into the website and created accounts. The majority of participants (370) completed the Intro Survey, and 172 people provided input on the map itself. Those 172 people entered 1,759 comments on the map. This rate of participation by registered users is consistent with the consultant team's prior WikiMap experience, and the total number of comments far exceeds that observed in similar projects. Appendix A supplies additional information and a report of the WikiMap results.

As the plan approached final draft status, meetings were held with local government officials in each county to ask them to vet the network from a local perspective, especially as it pertains to local planning efforts already underway.

The final draft of the Regional Bikeway Plan was presented at a public open house and at a joint meeting of the Steering and BPAC committees, before submission to the Total Transportation Policy Committee and the MARC Board of Directors for final approval.

As a result of this extensive process, the Regional Bikeway Plan shares ownership among many interested stakeholders. Its development as a joint product of MARC and the local governments in the region will be beneficial as implementation — also a joint effort — continues in the coming years.

Figure 9 | **Bicycling advocates who attended public meetings were enthusiastic about plans for facilities that will help them travel to their desired destinations.**

Existing conditions

THE KANSAS CITY REGION

The Mid-America Regional Council serves as the association of local governments and Metropolitan Planning Organization for the bistate Kansas City region. Eight counties are included in the transportation planning boundary and the Regional Bikeway Plan: Leavenworth, Wyandotte, Johnson and Miami Counties in Kansas, and Platte, Clay, Jackson and Cass Counties in Missouri. These eight counties cover 3,849 square miles and include 109 separate municipalities.

With so many jurisdictions involved, the Regional Bikeway Plan is an important tool for spanning boundaries through planning and implementation to ensure that a fully aligned, contiguous and consistent network is available for bicycle transportation.

The total population in the planning boundary, according to 2010 census figures, is 1,895,595. Of this number, 25.7 percent are under the age of 18, 62.6 percent between the ages of 18 and 65, and 11.7 percent aged 65 or older. The region's population is following an aging trend, with the median age expected to increase by 3.8 percent — from 36.2 to 37.6 years — by 2019.

WikiMap survey results, which offer a snapshot of 370 bicyclists within the region, suggest the majority of current cyclists:

- Rate themselves as confident cyclists.
- Are male.
- Are between the ages of 26 and 65.

However, a full, statistical survey of the region's population would provide a clearer picture of who the region's bicyclists are; what percentage of people bicycle and for what reasons; and their perceptions of the current bikeway system.

EXISTING FACILITIES

Local governments have already constructed 1,282 miles of bicycle facilities — including bicycle lanes, signed bicycle routes, signed and unsigned share-the-road routes, and shared-use paths — in the region. Figure 12 lists the number and types of facilities currently in place by city or county, as of August 2014.

PROPOSED FACILITIES

This plan's development included extensive review of proposed bikeway and trails information from local authorities. Research information included area plans and corridors studies along with open-space, park, master streets and comprehensive plans. These plans vary from conceptual to advanced planning efforts. The map in Figure 11 illustrates both built and planned facilities in the region.

BIKEWAY GAP ANALYSIS

To be most useful for both transportation and recreation, a bikeway need to be continuous and connected across city, county and state boundaries so that bicyclists can count on the facility to get where they want to go. However, because bikeways are generally developed at the municipal level, they commonly end at municipal borders. This problem is particularly acute because some of the 109 municipalities in the planning boundary are as small as two of square miles. A bicycle trip may pass through a half-dozen or more cities, and bikeways may appear or disappear from one to the next. It is important that the Regional Bikeway Network form a continuous network of bikeways across jurisdictional boundaries.

An analysis of gaps in the existing and proposed bikeway network was performed as part of the planning process. The analysis used GIS software to examine where existing and planned bikeways end at municipal and county borders. The results of this analysis are shown in Figure 14.

Looking at the mapped results, it is clear that gaps primarily occur where a local government has planned or existing bikeways that lead up to its border, but do not continue into the adjoining jurisdiction, either because that city or county has not planned for bikeways at all, or has not worked with neighboring jurisdictions to plan connecting routes. This bikeway gap analysis is one of the factors used to develop the Regional Bikeway Network recommended later in this plan.

PHYSICAL BARRIERS

Physical barriers such as challenging bridge crossings of rivers or freeways can deter bicyclists from making a trip to a specific destination if they are intimidated by the traffic they will encounter. Physical barriers can add unreasonable distance to trips if safe and comfortable crossings are not provided at regular intervals. For the purposes of this project, physical barriers to bicycling are divided into three primary categories: topographical barriers (hills), water barriers (rivers), and roadway barriers (freeway crossings). Each barrier type is examined in more detail below.

Toole Consulting developed a bridge “bikeability” rating system and applied it to all bridge crossings of the Missouri and Kansas rivers, as well as existing and planned bikeway crossings of limited-access freeways at bridges or underpasses. Details of this analysis and its findings can be found in Appendix B.

Assessing barriers at the regional level often presents a different picture from assessments at the local level. At the regional level, a much larger area is examined and the likelihood for barriers increases.

The policy framework for *Transportation Outlook 2040*, the region’s long-range Metropolitan Transportation Plan, calls for future transportation investments to consider including accommodations for bicyclists and pedestrians.

TOPOGRAPHICAL BARRIERS

Topographical barriers to bicycling primarily include steep or lengthy hills, or a combination of the two. Each bicyclist has his or her own threshold for hills, and that threshold will vary widely. Hills can be overcome with multiple gears and electric pedal assistance, but exertion by the bicyclist is still necessary. Generally, any grade of more than 5 percent can deter bicycling, especially if the hill continues for more than a city block (500 feet). Even grades of less than 5 percent can cause problems if the grade continues for more than a quarter mile. Although most people react most negatively to the exertion required by the uphill grade, some bicyclists are also unnerved about steep downhill segments and the hard braking often required.

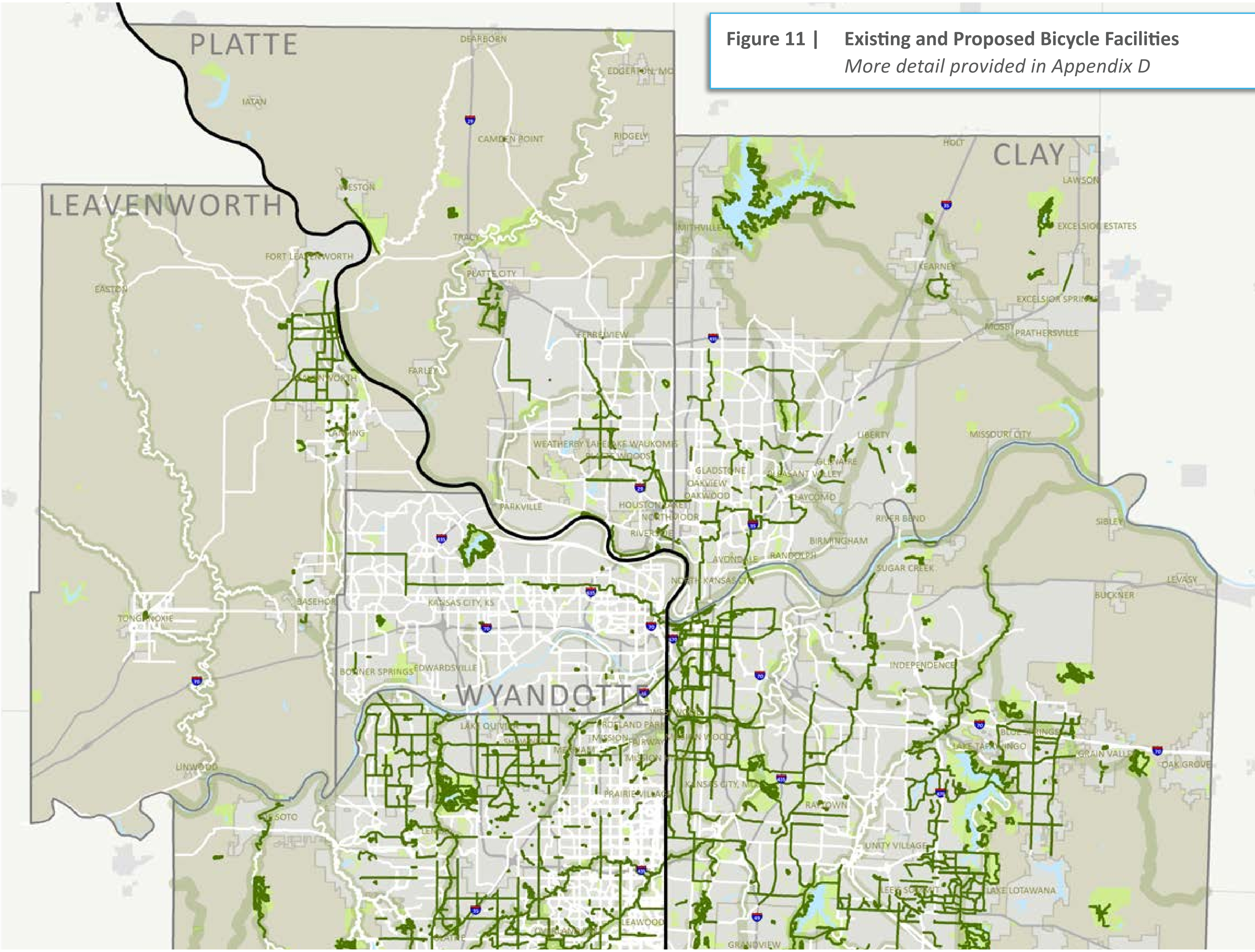
The Kansas City metro area has gently rolling terrain with moderate hills throughout the region. However, there are some significant hills rising up from the Missouri River flood plain. Because the geography of the region is relatively consistent, with rolling hills throughout the eight-county area, mitigation of topographic barriers should be made through use and evaluation of alternate routes and design solutions, whenever possible. Closer evaluation is needed for these areas during the planning and implementation processes.

Figure 10 | Physical barriers can deter bicyclists.

WATER BARRIERS

Water barriers in the Kansas City metro region are primarily rivers and streams. A number of large lakes exist within the planning area, but they are not in the heavily urbanized areas and tend to serve as destinations for bicyclists rather than barriers. The region also has a large network of streams; these minor waterways are frequently bridged, and are not typically major barriers to bicycling. Additionally, many of these minor waterways have had shared-use paths constructed within their corridors, serving to increase bikeway connectivity throughout the region.

Figure 11 | **Existing and Proposed Bicycle Facilities**
More detail provided in Appendix D



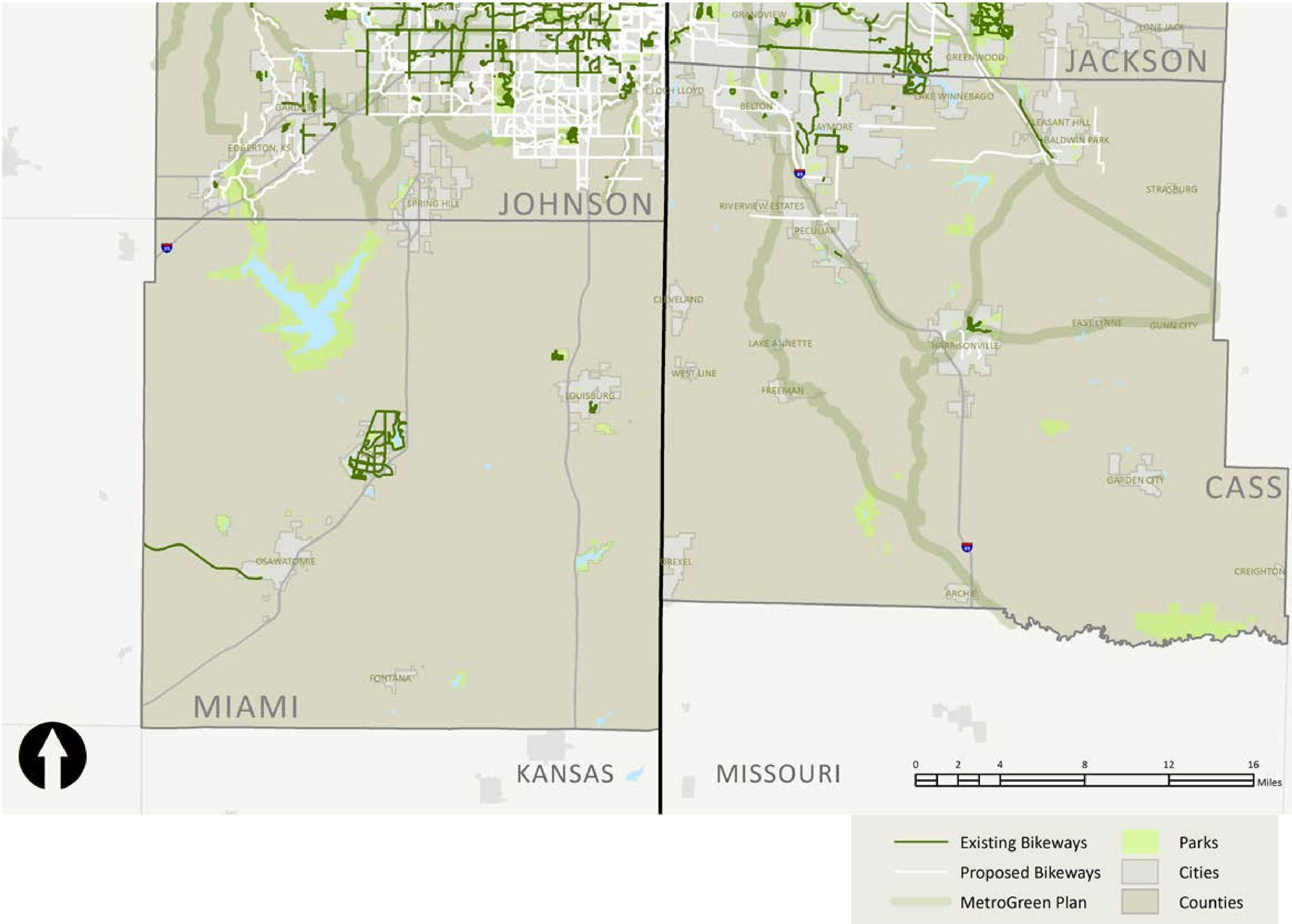

JOHNSON
JACKSON
MIAMI
CASS
KANSAS
MISSOURI
GRANDVIEW
GREENWOOD
LONE JACK
LOCH LLOYD
BELTON
LAKE WINNEBAGO
RAYMORE
PLEASANT HILL
BALDWIN PARK
STRASBURG
EDGERTON, KS
GARDNER
SPRING HILL
RIVERVIEW ESTATES
PECULIAR
CLEVELAND
LAKE ANNETTE
HARRISONVILLE
EAST LYNNE
GUNN CITY
WEST LINE
FREEMAN
LOUISBURG
GARDEN CITY
OSAWATOMIE
DREXEL
ARCHIE
CREIGHTON
FONTANA
0 2 4 8 12 16
Miles
Existing Bikeways
Proposed Bikeways
MetroGreen Plan
Parks
Cities
Counties

Figure 12 | Center-line Bicycle Facilities by City/ County Government
Updated August 2014

Facility types:

BL	Bicycle Lane
SBR	Signed Bicycle Route
SR	Share the Road*
SRNS	Share the Road, No Signs
SUP	Shared Use Path

* Share the Road miles include both roads with share the road signs and those with shared lane markings.

City/County	Facility Type	Miles
Basehor	SUP	0.5
Belton	SUP	1.9
Blue Springs	SR	28.7
	SUP	16.7
De Soto	SUP	3.0
Excelsior Springs	SBR	2.0
	SUP	0.7
Gardner	SUP	8.8
Gladstone	BL	1.2
	SUP	3.7
Grain Valley	SUP	1.7
Grandview	SUP	8.4
Harrisonville	SUP	0.8
Independence	SBR	1.7
	SR	9.0
	SUP	32.8
Jackson County	SR	1.5
	SUP	6.9
Johnson County	SUP	11.6

City/County	Facility Type	Miles
Kansas City, Kan.	BL	0.9
	SRNS	24.6
	SUP	8.0
Kansas City, Mo.	BL	20.3
	SBR	173.7
	SR	29.8
	SUP	78.9
Kearney	SBR	1.6
	SUP	4.5
Lake Tapawingo	SUP	0.4
Lansing	SUP	6.7
Leavenworth	SR	27.2
	SUP	16.3
Leawood	BL	1.1
	SUP	15.9
Lee's Summit	BL	37.9
	SBR	15.5
	SR	15.4
	SRNS	0.9
	SUP	57.2
Lenexa	SR	4.7
	SUP	41.9
Liberty	SUP	11.1
Merriam	SUP	7.6
Mission	SUP	1.8
Mission Hills	BL	0.9
North Kansas City	SBR	2.2
	SUP	0.4

City/County	Facility Type	Miles
Olathe	BL	16.4
	SR	36.9
	SRNS	6.3
	SUP	43.4
Overland Park	SRNS	137.6
	SUP	88.3
Parkville	SUP	8.3
Platte City	SUP	8.3
Platte County	SUP	4.4
Pleasant Hill	SRNS	0.6
	SUP	2.7
Prairie Village	BL	0.7
	SUP	1.4
Raymore	SR	1.2
	SUP	11.6
Raytown	BL	4.2
	SR	5.4
	SUP	2.1
Riverside	SUP	6.4
Roeland Park	SUP	0.4
Shawnee	BL	9.7
	SR	73.1
	SUP	16.7
Smithville	SUP	40.1
Sugar Creek	SR	2.2
Tonganoxie	SUP	1.7
Weston	SUP	3.4

Figure 13 | **Bridge crossings over freeways and rivers without bicycle facilities can intimidate bicyclists and prevent them from making a bicycle trip to a destination. This bridge on Lamar Avenue has lower car traffic volumes than others and is currently bicyclists' choice for crossing over I-435.**

An 88-mile stretch of the Missouri River passes through the planning area. It is a very significant barrier to bicycling in the region, as the river has relatively few crossings and most of those crossings carry high volumes of motor vehicle traffic. Additionally, the river's flood plain is quite wide, which results in lengthy bridge spans. There are only 10 river crossings in the region (not including a number of railroad bridges), four of which are interstate bridges which do not permit bicycles. This limits bicyclists to only six possible places to cross the Missouri River. Of those six crossings, only the Heart of America Bridge and the North Chouteau Trafficway Bridge offer acceptable conditions for bicycling.

Approximately 50 miles of the Kansas River flows through the planning area, merging with the Missouri River at the state line. The Kansas River and its flood plain are not as wide as the Missouri River, and have more frequent crossings. However, most of the crossings provide a low level of service for bicyclists, and, in general, only the most skilled and confident bicyclists are willing to use the on-street crossings. The sidewalks on the South 12th and South 7th Street bridges provide crossing opportunities for less confident bicyclists and youths, but they are narrow and are not ideal for use as bikeways. For most bicyclists, the only crossing of the Kansas River considered to be good is the shared-use path under the I-70 bridge.

FREEWAYS

Freeways and major highways can present a significant barrier to bicycling where the roadway is grade-separated from the rest of the street network. Grade-separated freeways serve as a barrier in three ways. First, they break up the existing street network and typically have infrequent crossings, which may force bicyclists to ride significant distances to access a crossing of the highway. Second, the limited crossings of freeways often carry high traffic volumes, and may have interchanges that are difficult or hazardous for bicyclists to navigate. Third, the limited crossings are often bridges or underpasses that were not originally built with bicycle or pedestrian accommodations in mind and often lack the space to add such accommodations.

In general, bridge and underpass bikeway crossings of freeways in the planning area rate very poorly for bikeability. Bikeway crossings tend to occur at bridges or underpasses that serve as freeway interchanges, which typically have high traffic volumes and speeds. Additionally, interchange crossings often require crossing multiple ramps, which may not be controlled by signals. Even if shared-use or bike lanes are provided at these crossings, theses often provide a uncomfortable, intimidating experience for the majority of bicyclists. To address these issues, careful mitigation planning and design efforts should be made. When designating future bikeways in the Kansas City area, every effort should be made to use non-interchange crossings of freeways rather than crossings that involve an interchange.

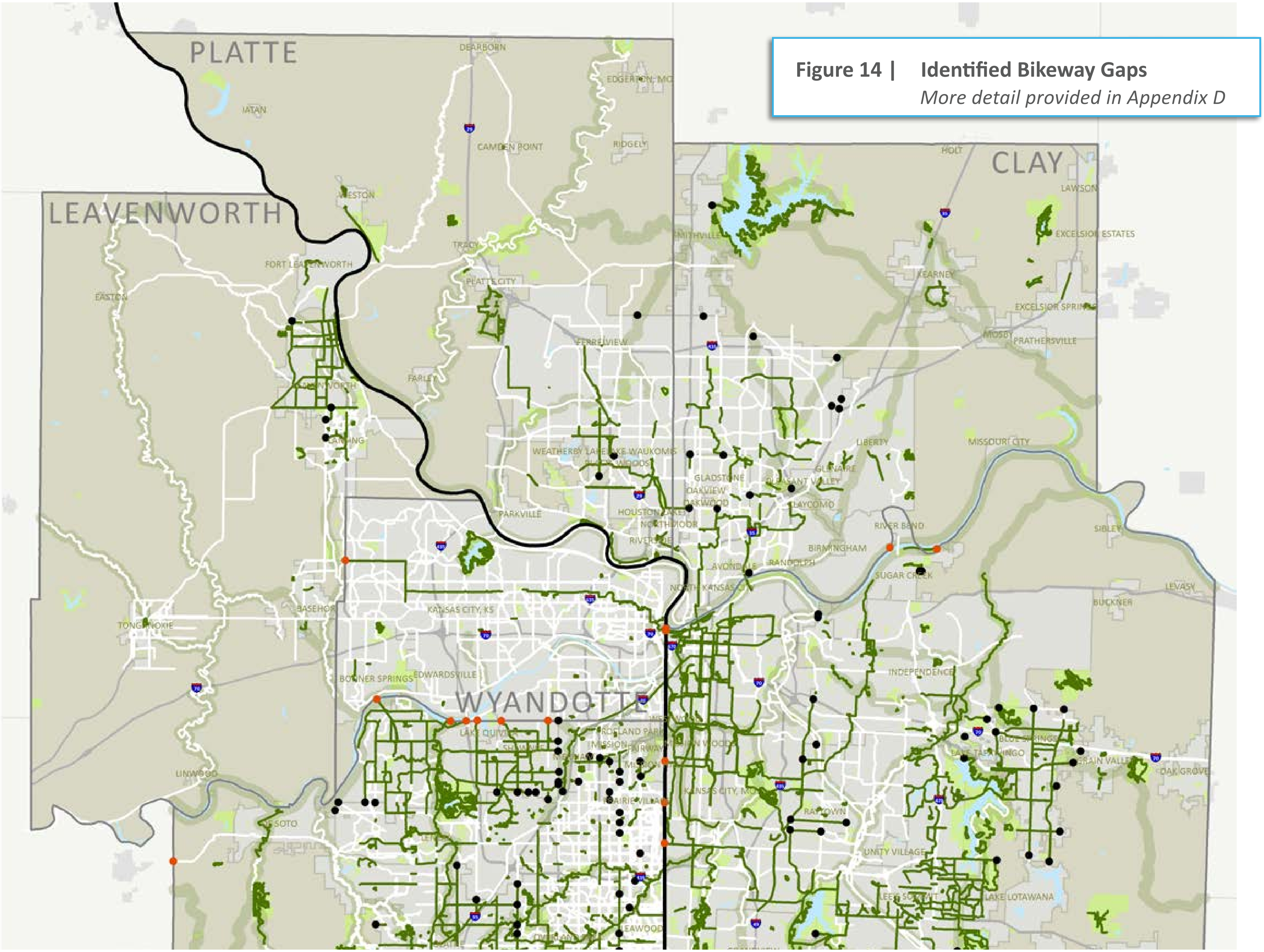


Figure 14 | **Identified Bikeway Gaps**

More detail provided in Appendix D

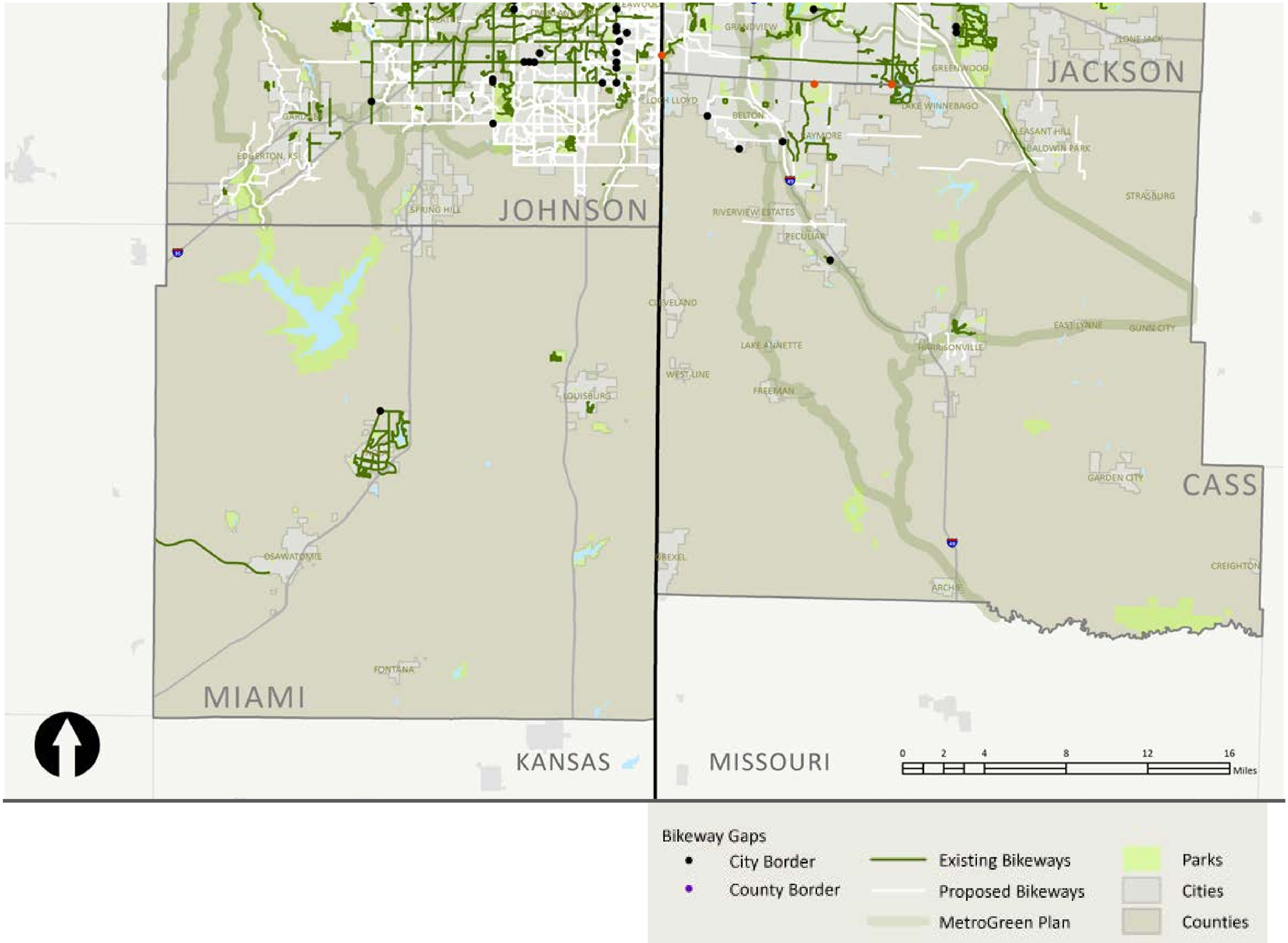

JOHNSON
MIAMI
JACKSON
CASS
KANSAS
MISSOURI
GRANDVIEW
GREENWOOD
LONE JACK
LAKE WINNEBAGO
BELTON
LOCH LLOYD
BALDWIN PARK
STRASBURG
EDGERTON, KS
SPRING HILL
RIVERVIEW ESTATES
PECULIAR
CLEVELAND
LAKE ANNETTE
WEST LINE
FREEMAN
EAST LYNNE
GUNN CITY
HARRISONVILLE
LOUISBURG
GARDEN CITY
OSAWATOMIE
DREXEL
ARCHIE
CREIGHTON
FONTANA
0
2
4
8
12
16
Miles
Bikeway Gaps
City Border
County Border
Existing Bikeways
Proposed Bikeways
MetroGreen Plan
Parks
Cities
Counties

Figure 15 | Without provisions for bicycles like this protected lane on the Heart of America Bridge over the Missouri River, bridges often become barriers to bicycle traffic.

Photo credit: BikeWalkKC

The Kansas City region will use the adopted Kansas City Major River Crossings policy (approved by the MARC Board on April 25, 2006) and the Regional Complete Streets Policy (approved by MARC Board on March 27, 2012) to guide decisions concerning the planning and design of all surface transportation projects.

Appendix B provides more detail about the bikeability of both water and freeway crossings.

SAFETY

A safety analysis was conducted to review regional bicycle crash trends, identify temporal and demographic characteristics associated with crashes, and conduct a more detailed spatial analysis to identify hot spots where bicycle crash densities occur. A brief overview is provided below, and the full bicycle crash analysis is available in Appendix B. The findings were also used in recommendations for increasing safety for bicyclists found later in this report.

REGIONAL BICYCLE CRASH TRENDS

Bicycle crash trends in the planning boundary were analyzed over a four-year period, from 2009 to 2012. MARC provided a dataset that combines Missouri and Kansas data, although not all data fields are available for each jurisdiction. The analysis covered 590 bicycle crashes that occurred in the region over the study period.

FINDINGS

A comparison of bicycle fatality data in the Kansas City region as well as the two states, Kansas and Missouri, shows that each has a lower percentage of total fatalities than the national average with no distinguishable trend from year to year.

In comparing bicycle fatalities to total population, rates are also generally lower than the national average with no distinguishable trend from year to year.

Appendix B provides significantly more detail about the bicycle crashes that were reported, including analysis of the time of day, severity of crashes, and a number of other factors.

SPATIAL ANALYSIS

In addition to the tabular analysis of bicycle crash data, a geographical analysis of crashes within MARC's regional planning boundary area was conducted.

Using GIS coordinates, bicycle crash locations (shown as dots in Figure 16) were mapped for the eight-county region.

Crash densities were also mapped (shown by colored hot spots), with a focus on the majority of crashes located in the downtown Kansas City area. A large concentration of crashes occurred in the urban core, with events generally decreasing relative to distance from downtown.

The highest concentration of crashes was found in northwestern Jackson County, Missouri. Notable high crash concentrations also include the areas around Independence, Lee's Summit, Gladstone, Raytown and Grandview, Missouri. Notable high crash concentrations in Kansas include the cities of Leavenworth, Overland Park and Olathe. Many of these cities are located near major highways, suggesting a relatively high volume of bicyclists and motor vehicles.

More information about crash locations and densities is provided in Appendix B.

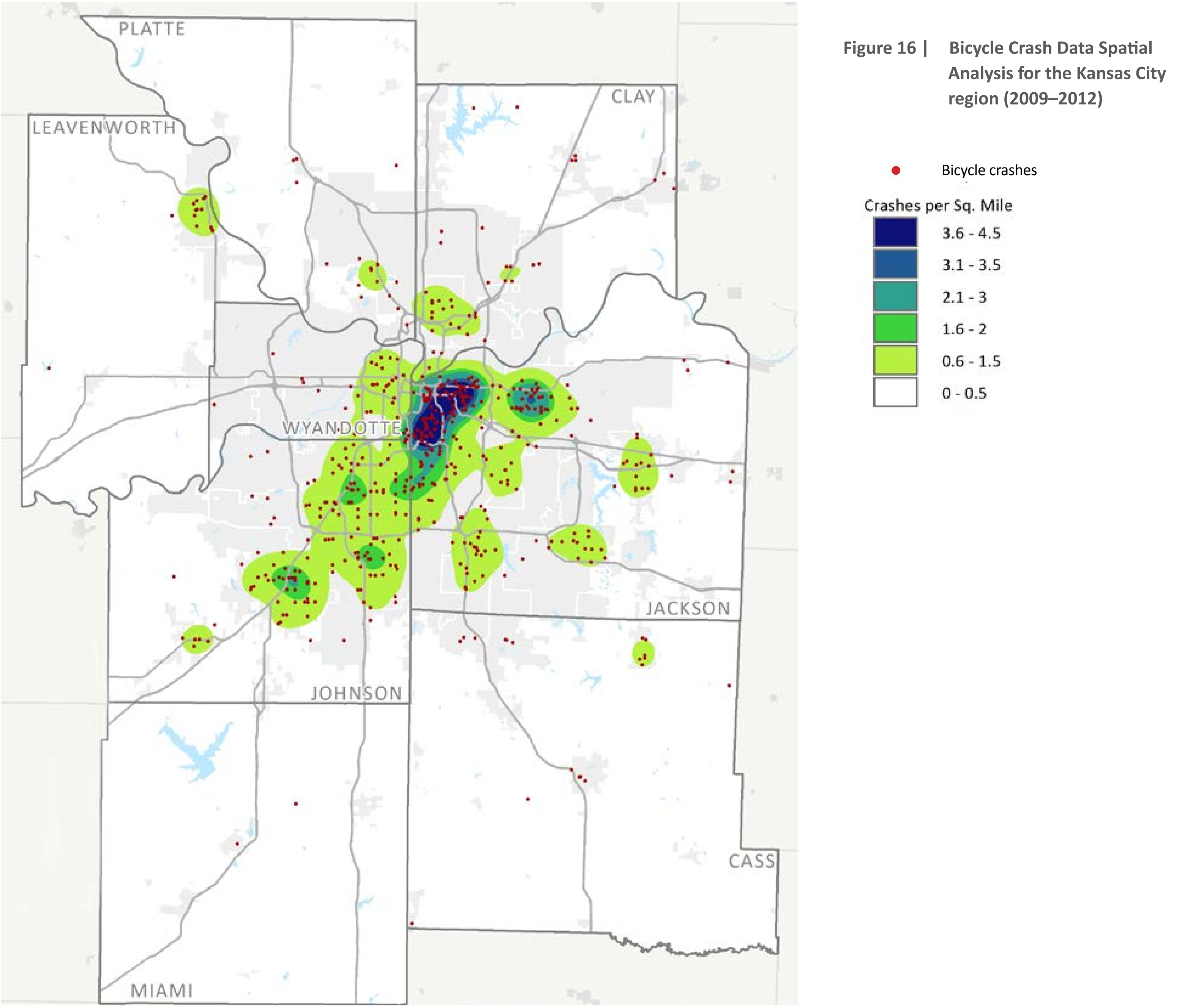


Figure 16 | Bicycle Crash Data Spatial Analysis for the Kansas City region (2009–2012)

Figure 17 | **MARC developed a printed map and web app of the Kansas City region's trails and bikeway. In future updates this map will include constructed bicycle facilities informed by the Regional Bikeway Network.**

marc.org/bikemap

Regional active transportation programs

MARC's active transportation programs include three components:

1. Public outreach to educate and encourage human-powered transportation.
2. Monitoring to evaluate shifts in active transportation traffic counts.
3. Focused technical assistance for walking and bicycling programs.

The role of active transportation in the total transportation system is significant. MARC promotes walking and bicycling as healthy, economical and environmentally friendly modes of travel that reduce congestion and fuel consumption, and protects air quality. Program goals are to:

- Increase the number of citizens who bike or walk to work, school and other destinations.
- Increase opportunities for physical activity.

EXPLORE KC

The Active Transportation Program funds Explore KC, a MARC public outreach campaign that encourages exploration of the Kansas City region by foot or bicycle. This work includes development of a regional bikeway and trails map and distribution of educational materials directed at pedestrians, bicyclists and motorists. Each year, spring and fall campaigns provide local governments with resources to promote walking and biking in their communities. The Explore KC campaign has remained a popular regional resource since its 2002 inception. It has changed over time to take advantage of new communication technologies and a growing community of walking and biking enthusiasts. The campaigns include paid advertising in print publications, billboards, local radio and social media.

Educational materials include the Regional Bikeways and Trails map (provided online, in print and through a web app) and promotional giveaways such as safety lights and reflective bands.

BICYCLE AND PEDESTRIAN COUNTS

In 2012, MARC purchased automated bike and pedestrian counters used to collect data with the assistance of partnering local jurisdictions. Demand for the equipment has been high and continues to grow. Using this compiled data, MARC can provide a leadership role in developing data collection standards and establishing long-term data sharing agreements.

Counts provide valuable information to planners, and may be used to evaluate safety; quantify crash exposure rates and facility use rates; reveal travel patterns for annual, monthly, daily and hourly trends; enhance travel demand forecasting; and assess air quality benefits.

Anticipated ongoing operating and capital expenses include:

- Automated counters (PYRO-boxes and pneumatic tubes).
- Subscription credits (Miovision).
- Technical training workshops.

TECHNICAL ASSISTANCE

In partnership with local governments, MARC and BikeWalkKC, a key nonprofit partner, provide technical assistance to communities seeking the Walk Friendly Community or Bicycle Friendly Community designations.

The Walk Friendly Community and Bike Friendly Community programs use comprehensive approaches that have been proven effective to increase walking and bicycling mode sharing.

LOCAL GOVERNMENT PROGRAMS

Many cities and counties have programs with dedicated staff and advisory boards that support local cycling and pedestrian programs.

Three communities in the region are recognized with bronze-level the Bicycle Friendly Community designation by the League of American Cyclists — Lee's Summit and Kansas City, Missouri, and Shawnee, Kansas. Lee's Summit is also recognized as a bronze-level Walk Friendly Community by the Pedestrian Bicycle Information Center. These designations represent significant local commitments to cycling and walking programs in the metro area.

KANSAS CITY B-CYCLE

B-cycle is a bike sharing program that allows people to check out bikes for short trips between any stations and provides a low-cost option for transportation, recreation and fitness. The Kansas City B-cycle program launched in 2012 and has grown from 12 to 20 stations located in the Downtown Kansas City area, Westport and the Country Club Plaza areas. This program is an active transportation program that expands choices, reduces motor vehicle travel, encourage physical activity and support placemaking programs. Both private and public funding were used to build and expand the B-cycle program.

Figure 18 | Public works staff installs pneumatic tube equipment to capture bicyclists counts in Independence, Missouri.

A Kansas City B-Cycle, bike-sharing station is part of a program that helps encourage alternative transportation. The program is operated by BikeWalkKC.

Figure 19 | **The plan enhances bicycling safety for people of all ages and abilities.**

Photo courtesy of Deb Ridgway, Kansas City, Missouri Public Works

The Regional Bikeway Plan is a plan for people of all ages and abilities to safely live, work and play using bikeways that link regional and local destinations, increase transportation choices, promote healthy, active living and improve the environment throughout Greater Kansas City.

Kansas City Regional Bikeway Plan Vision Statement

THE PLAN

Planning Directive

Guidance for the development of this Regional Bikeway Plan came from the project's Steering Committee, whose responsibility it was to develop a vision for the Plan. The vision statement was created, reviewed and approved by the Steering Committee and MARC staff as the guiding directive for the Regional Bikeway Plan.

The plan was developed during the *Transportation Outlook 2040* update process. The Regional Bikeway Plan works to inform regional long-range transportation plans and advance the goals outlined in *Transportation Outlook 2040*.

Plan Methodology

The MARC Regional Bikeway Network was developed using a multi-step process that took into account existing and planned bikeways, destinations and connections, barriers, public input, and other factors. This section describes the process that was used to develop the recommended network.

REGIONAL BIKEWAY FRAMEWORK

A regional bikeway network should have a clear framework for defining a regional bikeway versus a local bikeway. The MARC regional network relies on bikeways that have been planned primarily by individual municipalities and counties, but will consider their importance in the regional context. This section provides the generalized framework that was used to designate the Regional Bikeway Network.

NETWORK SPACING

Land use is an important consideration when proposing network spacing and can identify and usefully include incorporated and unincorporated areas. The network forms a grid of north-south and east-west corridors. In some case, a “spoke and hub” network forms where north-east and south-west corridors meet.

- In developed areas of urban or suburban land use, the regional bikeway should continue about every two to four miles on a north-south and east-west grid. A tighter network may be desired as the density of destinations increase.
- In undeveloped (rural) land use, the regional bikeway should maintain a four to eight mile interval on a north-south and east-west grid. The network serves to connect small communities and link to national and statewide systems. Limits to major barrier crossings may affect network spacing in undeveloped or rural areas.

NETWORK CONNECTIONS

The Regional Bikeway Network should seek to connect the following types of features and land uses:

- City centers.
- Outlying communities.
- Activity centers (employment districts, regional shopping districts).
- Major recreation attractions.
- Transit corridors and centers.
- National and statewide bikeway and trail assets.

NETWORK DIRECTNESS

Whenever possible, the Regional Bikeway Network should use the most direct connections between locations. This will often mean that an on-street bikeway is designated as part of the regional network over a nearby off-street bikeway that may not provide a very direct connection between points or is very short.

In special cases, dual-parallel routes may be appropriate along corridors separated by major waterways or freeways barriers with better access to destinations. Parallel routes may be proposed if accommodation within the desired right-of-way is not possible or alternate routes provides better connectivity. Decisions should consider the ability of alternate routes to provide direct access to destinations and continuity in neighboring communities.

BIKEWAY TYPES

The Regional Bikeway Network will comprise both on-street and off-street bikeways (shared-use paths). On-street bikeways that include signage and pavement markings may consist of one or more of the following:

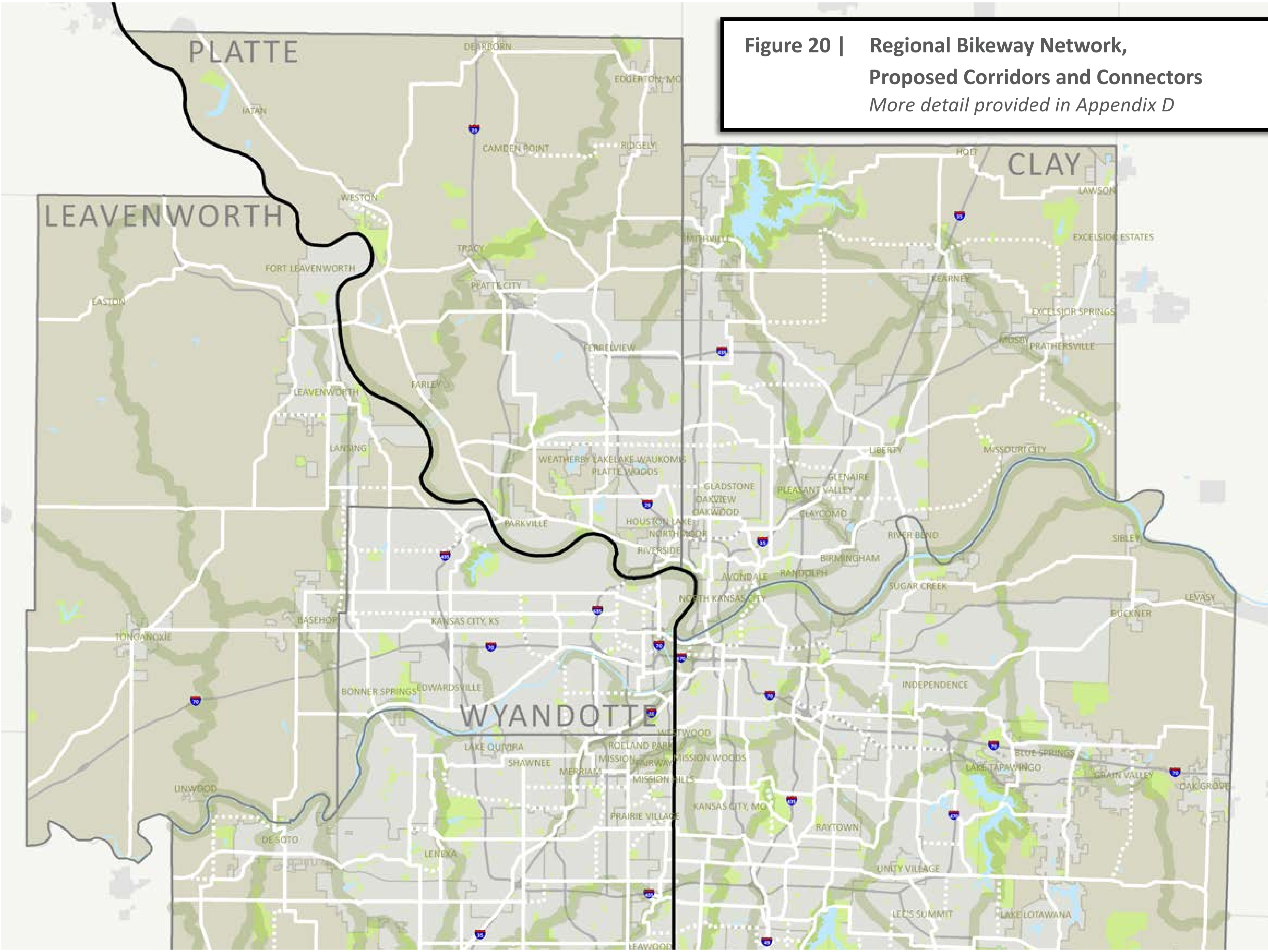
- Cycle tracks.
- Bicycle lanes/paved shoulders.
- Bicycle boulevards/neighborhood greenways.
- Shared roadways with or without bicycle route signs.

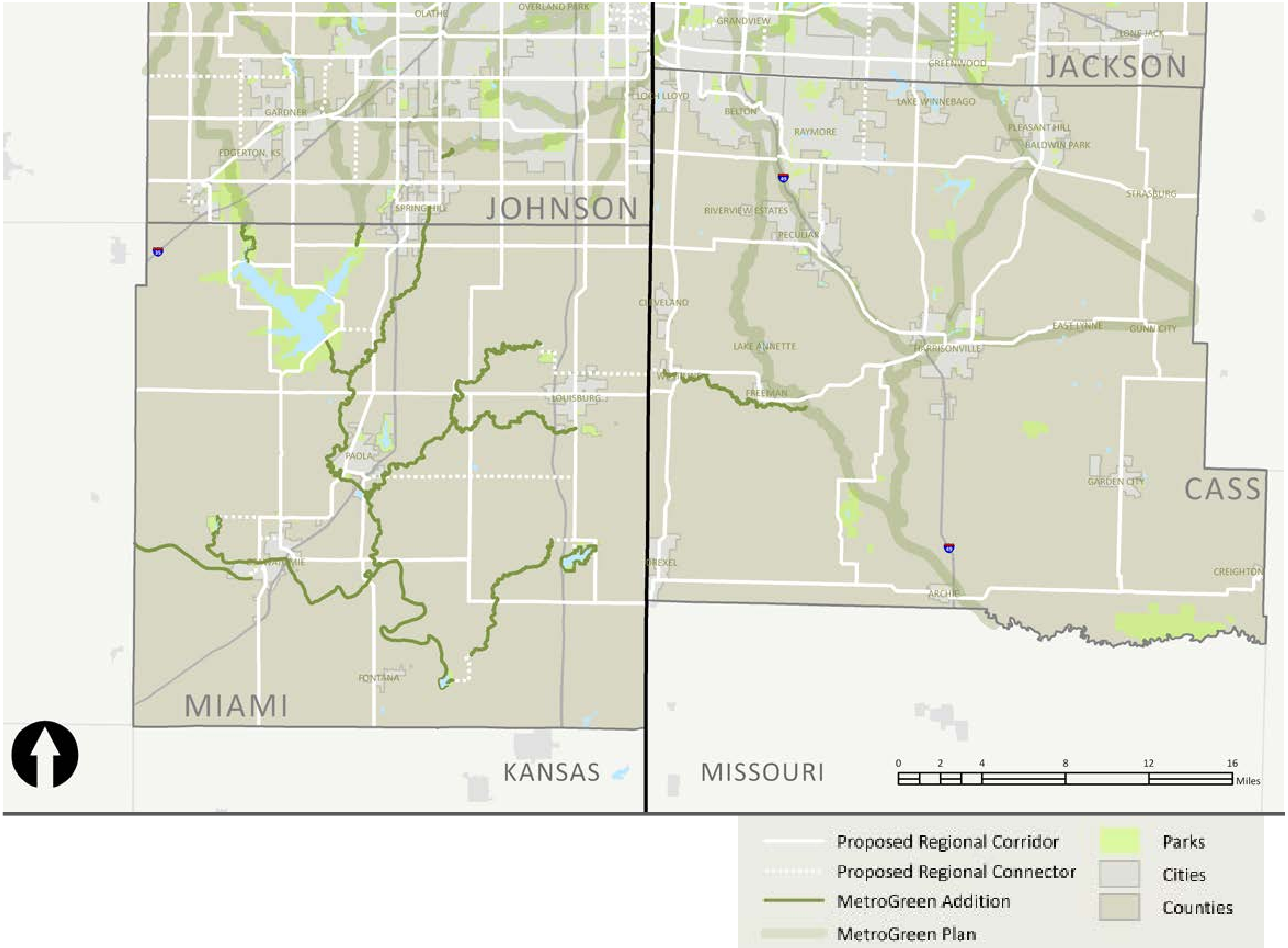
Many regional routes may be located on shared roadways that do not have an official bicycle facility, particularly early in the process of implementing the Regional Bikeway Network.

THE CRITERIA CONSIDERED IN DEVELOPING THE DEVELOPMENT OF FRAMEWORK INCLUDE THE ABILITY OF THE REGIONAL NETWORK TO:

- Overcome barriers and close gaps.
- Connect identified regional destinations.
- Integrate bikeways identified in local plans.
- Use major bikeways identified as arterial or primary bikeways.
- Form connections to bikeways identified in neighboring county, regional or state bikeway plans.
- Accommodate and encourage bicycling among a broad range of bicyclists.
- Provide a reasonable distribution of bikeways among communities and counties.

Figure 20 | Regional Bikeway Network, Proposed Corridors and Connectors
More detail provided in Appendix D




OLATHE
OVERLAND PARK
GRANDVIEW
LONE JACK
GREENWOOD
JACKSON
GARDNER
EDGERTON, KS
LOCH LLOYD
BELTON
LAKE WINNEBAGO
RAYMORE
PLEASANT HILL
BALDWIN PARK
SPRING HILL
JOHNSON
RIVERVIEW ESTATES
PECULIAR
STRASBURG
CLEVELAND
LAKE ANNETTE
EAST LYNNE
GUNN CITY
HARRISONVILLE
FREEMAN
LOUISBURG
PAOLA
GARDEN CITY
CASS
DREXEL
CREIGHTON
ARCHIE
FONTANA
MIAMI
KANSAS
MISSOURI
0
2
4
8
12
16
Miles
Proposed Regional Corridor
Proposed Regional Connector
MetroGreen Addition
MetroGreen Plan
Parks
Cities
Counties

Regional Bikeway Network

The map in Figure 19 displays the Regional Bikeway Network. The network was developed using the criteria listed under page 26, Plan Methodology, in particular connecting outlying communities and activity corridors in the urbanized area. The map displays more than 2,000 miles of regional bikeways and proposed MetroGreen streamway corridors which includes 1,797 mile of current, unimproved roadways as follows:

- Cass 234 miles
- Clay 245 miles
- Jackson 426 miles
- Johnson 420 miles
- Leavenworth 136 miles
- Miami 316 miles
- Platte 206 miles
- Wyandotte 144 miles

Corridors vs. Connectors

Figure 19 illustrates two levels of hierarchy for the network: regional corridors and regional connectors. Regional Corridors are primary, continuous routes that travel the longest distances with minimal jogs. Regional Connectors are routes that offer regional significance as ties between two regional corridors, or bridge between communities and regional corridors. Both types are equally viable components of the Regional Bikeway Network. Regional corridors hold a primary position in the network, while connectors should be viewed as holding a supporting role. As the Regional Bikeway Network is updated, these role designations may change when corridor alignments change.

Figure 21 | A commuter-bicyclist arrives at work in North Kansas City, Missouri.

Timelines and Priority

Bikeway construction is already underway in the Kansas City region. The Regional Bikeway Plan is intended to join existing planning efforts to give local planning vision a broader lens. As local governments plan for the development of their bikeway systems, the Regional Bikeway Plan is intended to highlight the bikeway corridors that provide the greatest regional impact; those that make connections between cities, counties and states.

These regional corridors potentially offer the greatest opportunity for bicycle commuting to and from destinations, and therefore are the priorities in bikeway development. A regional vision like this is intended to shift local planning priorities to well-informed target areas for bikeway development, but not replace the planning and construction efforts of the locally important facilities.

Build-out of the Regional Bikeway Plan could span 30 years or more and is wholly dependent upon the efforts of local communities, county and state agencies. MARC will provide guidance and distribute fiscal support where appropriate and when available to support local municipalities and counties as they build out the Regional Bikeway Network. The proposed process is a fair, efficient and systematic way to align local priorities and timelines.

Proposed Prioritization Process

PURPOSE

The vision for a Regional Bikeway Network encompasses more than 2,000 miles of roadway corridors. Development of the network, which will be built incrementally by local governments, will benefit greatly from an established prioritization process. Prioritization will help identify those corridors that demonstrate the greatest potential to increase bicycling and improve connections among trail systems. Prioritization also helps guide the allocation of limited federal, state and local resources. Building on the momentum of this plan, regional partners can investigate these corridors further to determine their viability and advance project implementation.

The proposed prioritization process uses three objectives to identify high-priority corridors. These objectives emerged out of discussions with local stakeholders, who wanted a process that would:

- Maximize connections between population and employment centers along multi-jurisdictional corridors.
- Connect the regional system to national and statewide trail systems.
- Provide connections across the region between urban activity centers and smaller communities.

Evaluating cycling demand along corridors helps determine the extent to which they meet transportation needs, as illustrated on the Demand Score map, Figure 22. The National and Statewide Routes map illustrates connections throughout out the region and beyond. Together, these two maps identify proposed high-priority corridors connecting all counties within the region.

DEMAND MODEL

The Regional Bikeway Network Demand Model was created to address the first objective. It is intended to aid local governments in the prioritization of planned infrastructure improvements. The Demand Model was created using geographic information systems (GIS) software. Bikeway corridors were scored objectively and consistently to establish a demand score for each segment across the region in an equitable way.

SOURCE

The project team researched working GIS-based prioritization models used by other MPOs and major cities, gleaning information about how these models are used to inform decision-making processes. Using this research and feedback from the Steering Committee, MARC developed a first-generation working model, the Regional Bikeway Network Demand Model.

The model is adapted from two similar processes previously employed in alternative transportation plans for Phoenix and the Mid-Ohio region, and modified to fit the Kansas City region.

The following information describes how the model works and the resulting demand scores.

METHODOLOGY

The methodology employs a GIS-based scoring system that evaluates short segments of each corridor for effectiveness at meeting public demand, connecting with transit routes and stops (including the SmartMoves transit network), connecting people to a density of destinations, and supporting areas of the region most dependent on and/or most desiring of alternative transportation.

The plan team found a strong relationship between identified demand and crash locations within the regions.

The prioritization process uses these steps:

1. Regional corridors are segmented at corridor intersections.
2. These segments are broken into shorter (1,000-foot) segments in order to show where demand changes along the corridor in greater detail, based on changing geospatial data.
3. Each corridor segment is assigned points using criteria and point ranges listed in Figure 21.
4. Points are totaled for each segment to establish its priority. More points equate to higher priority. The range of possible points is 0-50.
5. After each segment is assigned a score, the segment scores are grouped into ranges of demand — low, medium and high.
6. These three tiers of scoring are then graphically displayed to show a map of the system's bicycling demand. (Figure 22)

Figure 22 | The Regional Bikeway Network Demand Scoring system

Criteria	Class	Points
Proximity to parks	Inside a park	10
	0–.25 miles	8
	.25–.50 miles	6
	.50–1.0 miles	2
	Over 1 mile	0
SmartMoves *Flyovers and underpasses do not count as connections.*	On corridors	8
	Connected to corridors	4
Proximity to transit stops	0–.25 miles	8
	.25–.50 miles	6
	.50–1.0 miles	2
	Over 1 mile	0
Proximity to transit center	0–.25 miles	10
	.25–.50 miles	8
	.50–1.0 miles	4
	Over 1 mile	0

Criteria	Class	Points
Households with zero motorized vehicles per square mile — *2010 U.S. Census data, American Community Survey (ACS) 5-year tract data*	1,201–2,228	10
	601–1,200	8
	301–600	6
	51–300	4
	1–50	2
	Zero	0
Density of destinations — *Density of businesses weighted by importance or popularity as a destination.*	High	10
		8
		6
		2
	Low	1
Percent of workers using a bicycle as transportation to work	5% or greater	6
	3%–5%	4
	1%–2.99%	2
	Less than 1%	0
Environmental Justice Tracts	Inside EJ tracts	8
	Outside EJ tracts	0

MODEL RESULTS

Demand model scores were grouped as low (1–5), medium (6–14) and high (15 and above) scoring categories. The model determined existing bikeways of about 203 miles and 1,797 miles of unimproved bikeways. The model helps prioritize unimproved segments of the network and identify manageable corridors for planning and implementation.

The model shows about 372 miles of high-demand segments and just under 375 miles of medium-demand segments. The high-scoring segments may be evaluated to identify system gaps between existing bikeways and illustrate opportunities to connect existing bikeways. Additional information about the existing facilities is needed to develop a cohesive network of connecting corridors. Together high- and medium-demand segments total about 40 percent of the 1,797 miles of unimproved roadways.

The majority of the proposed segments produced low-demand scores. This represents the about 886 miles roadway segments, or 48 percent of the 1,797 miles of network.

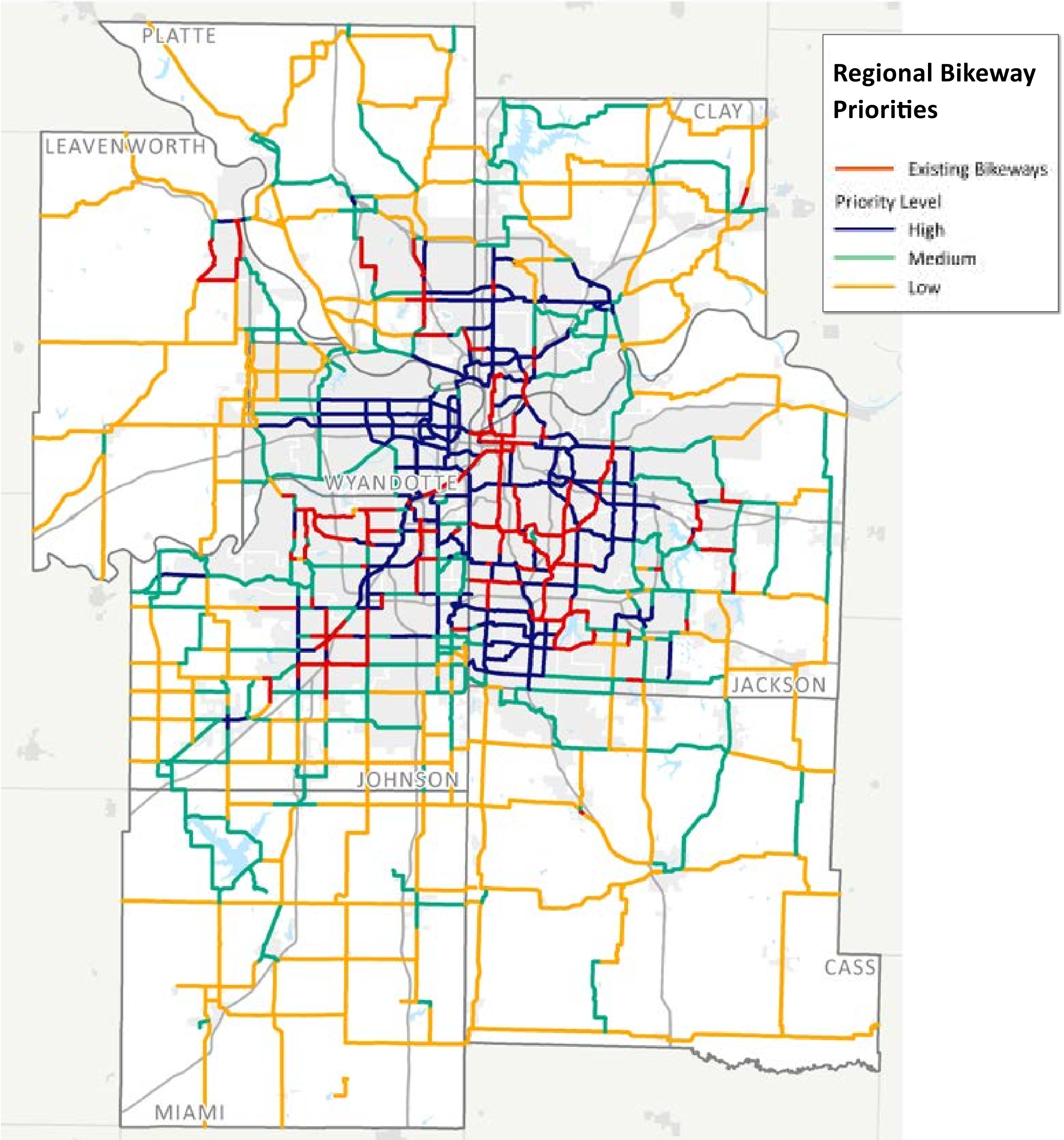


Figure 23 | **The Demand Score Map was created through use of the plan's Demand Model and helps identify priority, unimproved bikeway corridors in the region.**

Demand	Miles
Low	868
Medium	558
High	371

PROPOSED CONNECTIONS TO NATIONAL AND STATEWIDE ROUTES

Evaluating the ability of corridors in the Regional Bikeway Network to provide connections to trails systems of national and statewide significance uses criteria outlined rather than a GIS-based model. This process addresses the second and third objectives listed on page 31, and is intended to aid local governments in the prioritization of planned infrastructure improvements.

SOURCE

The project team collected information about national and statewide significant routes near the Kansas City metropolitan area. Information was gathered from the National Rails to Trails Conservancy, the Kanza Rails-to-Trails Conservancy, the Missouri Department of Natural Resources and the Adventure Cycling Association. Existing plans, including the Quad-State Trails Plan and U.S. Bicycle Routes System, were also consulted during the development of proposed routes.

National and Statewide Systems

American Discovery Trail

www.discoverytrail.org

The American Discovery Trail includes 6,800 miles of non-motorized trail connecting wilderness to city, mountains to prairies, and deserts to ocean.

The American Discovery Trial Society currently manages the ADT and requires a formal process to propose alteration to its current route.

Flint Hills Nature Trail

kanzatrails.org/flint-hills-nature-trail

The Flint Hills Nature Trail stretches for 117 miles across east-central Kansas, beginning in Osawatomie. It is the seventh-longest rail-trail in America, and the longest trail in Kansas. It follows the general route of the Santa Fe National Historic Trail and forms a component of the coast-to-coast American Discovery Trail, west of Ottowa, Kansas.

Rock Island Trail

mostateparks.com/park/rock-island-trail-state-park

Rock Island Trail State Park is a hiking and biking path currently under development. When complete, the rail-trail will connect Pleasant Hill with Windsor, Missouri, a link of approximately 45 miles. The Rock Island Trail State Park will curve through gently sloping farmland and woodlands, providing an abundance of recreation and wildlife viewing opportunities.

Ameren has officially submitted a letter indicating its plans to rail bank 145 miles of the Rock Island line stretching from Windsor to near Washington, Missouri, where it will eventually connect with the Katy Trail, the nation’s longest rail-trail, at 240 miles. When the Katy and Rock Island trails are completed, they will span 453 miles.

Lewis & Clark Bicycle Trail

www.adventurecycling.org/routes-and-maps/adventure-cycling-route-network/lewis-clark

The Lewis & Clark Bicycle Trail was created to celebrate the anniversary of the Corps of Discovery’s 1804-1806 historic journey and offers cyclists the opportunity to follow the path of explorers Meriwether Lewis and William Clark. The main route of the Lewis & Clark Bicycle Trail is made up of approximately 4,686 miles of paved roads, bike paths, and unpaved rail-trails, with occasional short sections of gravel roads.

METHODOLOGY

The entry and exit points of systems served as a both beginning and end points of proposed routes. Corridors were selected for their ability to make connections. Directness to major destinations and critical bridge crossing points also strongly influenced the process. Routes were selected to provide every county with access to at least one of the proposed routes. The resulting proposed routes are mapped below. This process does not preclude the addition of more routes. The entire proposed system identifies approximately 277 miles of corridors within the Regional Bikeway Network.

Proposed route connections provide communities in the Kansas City region with opportunities to link in to facilities beyond our area. Routes may change or even take on new names after further consideration. The proposed network is 277 miles of routes or 13 percent of the 2,000-mile bikeway network.

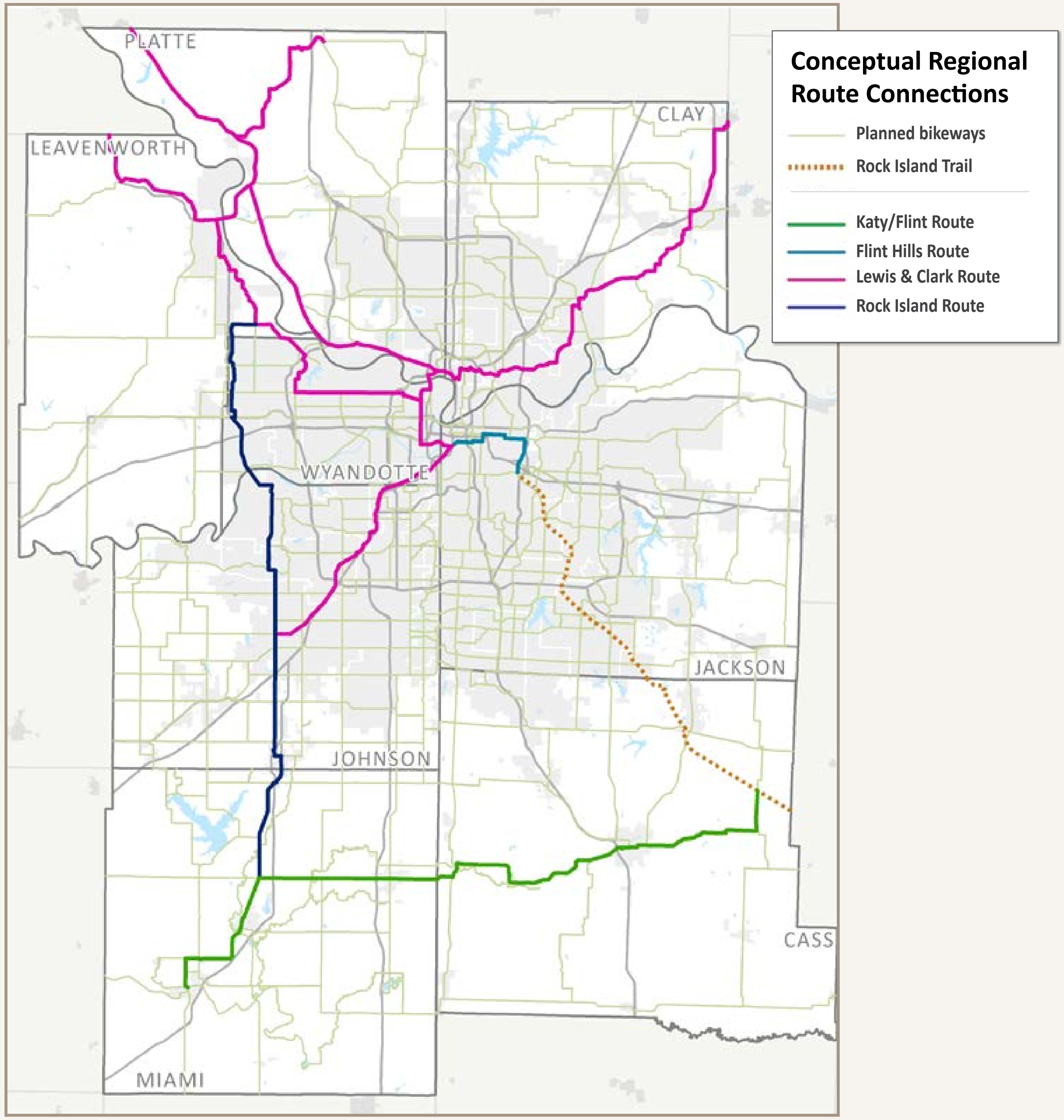
Katy/Flint Route — approximately 56 miles

The proposed route follows roadway corridors that connects from the Rock Island Trail traveling west through the Missouri communities of Harrisonville, Freeman and the Kansas communities of Louisburg, Paola and Osawatomie before it completes a connection to the Flint Hills Trail.

Flint Hills Route — approximately 47 miles

The proposed route follows roadway corridors that connect on the north end Kansas communities of Leavenworth, Lansing, Kansas City, Bonner Springs,

Figure 24 | **The Kansas City region offers several important connection opportunities to national and regional trail systems.**



Shawnee, Lenexa, Olathe, Spring Hill and Paola. The route joins the proposed American Discovery Route, completing the connection to Osawatomie, Kansas, and the Flint Hills Trail.

Lewis & Clark Route — approximately 165 miles

This collection of routes connects the northeast portions of Clay County, traveling southwest to the confluence of the Missouri and Kansas Rivers. This part of the route connects the Missouri communities of Lawson, Excelsior Springs, Liberty and Kansas City. Gladstone, Claycomo and North Kansas City are all within a few miles of the route. North of the Missouri River, the communities of Kansas City, Riverside, Parkville and Weston are connected. South of the Missouri River, the proposed route connects the Kansas communities of Kansas City, Lansing, and Leavenworth. The proposed routes link to connections beyond the region, including Atchison, Kansas, and St. Joseph, Missouri. A route is also proposed traveling southwest through Wyandotte and Johnson Counties, connecting the communities of Kansas City, Mission, Roeland Park, Merriam, Lenexa and Olathe, where it connects to the proposed Flint Hills Route.

Rock Island Route — approximately 9 miles

This is a high priority rails-to-trails corridor for the region. The proposed route would provide a roadway connection from the Lewis & Clark Route east to the northern end of the Rock Island Trail.

Figure 25 | **Costs can vary based on whether facilities are created as part of larger projects or as stand-alone plans.**

Average cost: the cost to construct bicycle facilities independent of other projects.

*Although the **average cost** to build paved shoulders to accommodate bicyclists is presented at $462,800 per mile, **the marginal cost** to add the same set of paved shoulders would be substantially less than this cost if the shoulders were added as part of a new street construction project.*

Marginal cost: The cost to construct bicycle facility improvements as subsidiary components of roadway projects.

Estimating Costs

This section provides planning-level cost estimates for implementing the bikeway recommendations included in this report. These estimates are intended to provide a general idea of the costs associated with implementing bikeways; while they may serve as a baseline, each jurisdiction should develop it's own detailed cost estimates.

The cost estimates provided were arrived at using a combination of national and local costs for street and path construction, marking and signage. The table in Figure 25 displays the planning level cost estimates per mile for the bikeway types included in this report.

Accurately estimating costs for projects is one of the most difficult tasks involved in developing a report of this nature. However, providing some general cost estimates is worthwhile, as it can help local jurisdictions project funds needed for capital budgeting purposes and prioritize projects.

There are three primary challenges in estimating costs:

- **Determining all factors affecting costs.** Gathering and assessing all of the factors that might impact bikeway costs is difficult. Many costs may not be known until preliminary engineering work is done.
- **Determining the true marginal cost of adding bicycle facilities.** In some cases, this is straightforward, such as the added costs for marking bicycle lanes. In other cases, it becomes much more complex. For instance, adding paved shoulders to new construction projects where adequate shoulder width already exists or would be added as part of the project, would result in a very low marginal cost attributable to bikeways. Conversely, adding bikeways to a project that does not already have sufficient roadway width for adequate accommodations would be considerably more expensive.
- **Accurately attributing costs and benefits when bicycle accommodations benefit a multitude of users.** Cost/benefit studies have conclusively shown that motorists, transit users and even pedestrians benefit when bicycle lanes or paved shoulders are added to a project, but there is no formula available to help parse the costs and benefits to each mode of travel.

The costs in Figure 25 are averages for constructing facilities independent of other projects. The marginal cost for many of these facilities may actually be much less if they are implemented as part of a broader project.

For example, the cost to build paved shoulders to accommodate bicyclists is estimated at $462,800 per mile, but the marginal cost to add the same set of paved shoulders would be substantially less if the shoulders were added as part of a new street construction project.

One approach to reduce costs would be to implement bicycle accommodations that adds facilities when a street is constructed or reconstructed. This will save money in two ways. First, adding these types of bicycle accommodations as part of a larger project takes advantage of the economies of scale of the larger project. Second, if the street project includes the necessary width for the bikeway (such as gravel shoulders for the paving of bicycle lanes), the true marginal cost for the bikeway is significantly less.

Figure 26 | Planning-level, Per Mile (Both Sides of Street), Estimated Costs*

Estimated costs include expenses for maintenance of traffic (rerouting during facility installation) and other lump-sum costs where appropriate. The cost figures also include a 25 percent contingency amount. Estimates do not include potential costs such as intersection geometric improvements, signal timing or utility relocation.

Facility Estimated Cost per Mile (Average cost, independent of other projects)	
Signed Route / Add signs	$2,900
Wayfinding Signage	$8,000
Shared Lane Marking (Sharrows), No major action/add markings and signs	$10,000
Bicycle Lanes (Conventional) — Paint (No major action/add striping and signs)	$11,800
Bicycle Lanes (Conventional) — Thermoplastic (No major action/add striping and signs)	$19,100
Bicycle Lanes (Conventional) — (Widen road 4’ each side and add signs)	$470,700
Bicycle Lanes (Buffered) — Thermoplastic (No major action/add striping and signs)	$31,900
Striped Shoulders (Add thermoplastic pavement marking and striping to paved shoulders)	$15,500
Paved Shoulders (Build shoulders — 4’ each side, and stripe)	$462,800
Road Diet (4-lane undivided to 2 lanes with two-way left turn lane and bike lane/shoulder)	$100,000
Road Diet (6-lane divided to 4-lane divided with bike lane/shoulder)	$80,000
Sidepath (Construct new 10’ asphalt, one side of the street only)	$452,300
Sidewalk (Construct new 5’ concrete, one side of the street only)	$150,000

Source: Toole Design Group, Vireo, 2014

**Figures are in 2014 dollars, include materials and construction and are based upon national averages tempered by local construction data from various project-related sources. Actual construction costs will vary with site conditions, economic climate, bidding conditions, economies of scale and other variables. Construction costs do not include engineering, right-of-way acquisition, maintenance and similar non-construction expenses.*

Does not include eradication of existing striping.

For protected bike lanes, duplicate bicycle lanes “buffered” but add flex-posts as a feature.

Figure 27 | Bike Lane — Conventional

Figure 28 | Bike Lane — Buffered

Corridor Classification
(The New MetroGreen Type 5)

As an extension of the MetroGreen Plan, the Regional Bikeway Plan builds upon MetroGreen's five trail types. Within MetroGreen, Types One through Four indicate trail facilities that might be present in areas outside of road rights-of-way. "Type Five: Bike and Pedestrian Facilities in Rights-of-Way" is modified with the introduction of this Regional Bikeway Plan.

Modifications indicate the inclusion of new facility types that were not a common part of the practice of bikeway planning at the time MetroGreen was developed. However, those typologies are now in use in communities across the United States, warranting inclusion in this Plan.

The plan recommends six primary resources that are commonly used for planning and design, more information under *Engineering* on page 47. Commonly understood terminology is necessary to coordinate and communicate effectively between jurisdictions. The plan strongly encourages local governments to use the standardized definitions from the *2012 Best Practices Local Bikeway Planning and Design Guide*.

Bikeway and facility designs identified as the Type Five classification include, but are not limited to, the following:

BICYCLE LANE — CONVENTIONAL

- Designates an exclusive space on street for bicycles with pavement markings and signage. Located adjacent to vehicle lanes; bicycles travel in the same direction as motor vehicles.
- Typically on the right side of the street between the motor vehicle travel lane and curb, edge, or pavement or parking lane.
- Used on medium and high volume streets.

BICYCLE LANE — BUFFERED

- Conventional bicycle lanes paired with a designated painted buffer space.
- Buffer may separate the bicycle lane from the adjacent vehicle travel lane, the parking lane, or both.
- Increases operating space and comfort for bicyclists.
- Typically used on medium and high volume streets.

CYCLE TRACK

- A facility physically separated from motor traffic and distinct from the sidewalk.
- Shared design elements provide space for exclusive or primary bicycle use and separated from motor vehicle travel lanes, parking lanes and sidewalks.
- Figure 28 shows example of on-street parking allowance with adjacent, curb-side cycle tracks, in contrast to bike lanes. (NACTO)

PAVED SHOULDERS

- Provide a variety of safety, operation and maintenance purposes and can be used by cyclists.
- May include designation as bicycle route withs signs or markings for use similar to bicycle lanes.
- Should range from four to eight feet.

BICYCLE LANE – PROTECTED (CYCLE TRACK)

- Bicycle facility within the street right-of-way that provides physical separation from the adjacent travel lane.
- Separation may be provided with curbs, bollards, parked cars or other means.
- Cycle track may be at street level, sidewalk level or an intermediate level.
- Typically used on medium- and high-volume streets with few intersections or driveways.

SHARED LANE MARKING (SHARROW)

- Street markings that indicate a shared lane for bicyclists and motorists.
- Sharrows indicate to bicyclists where they should position themselves in a lane.
- Sharrows reinforce to motorists that bicycles belong in the lane.
- Typically used on low- and medium-volume streets where bicycle lanes cannot be accommodated.

Figure 29 | Bike Lane —Protected / Cycle Track

Figure 30 | Sidepath

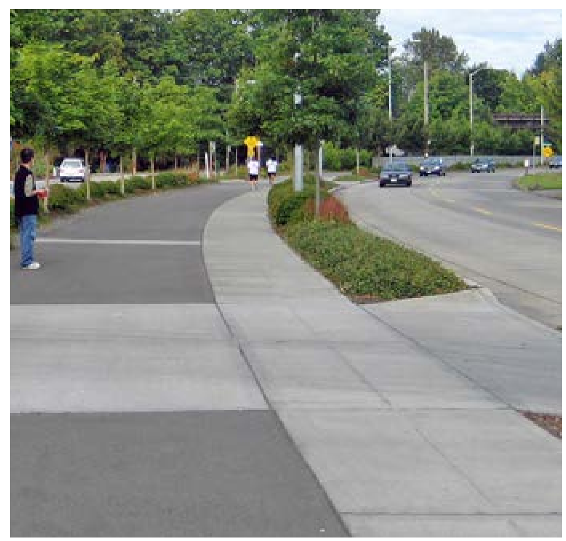


Figure 31 | Sidewalk

Figure 32 | Wayfinding Signage

BICYCLE BOULEVARD/NEIGHBORHOOD GREENWAY

- Streets with low motorized traffic volumes and speeds designated to provide priority to bicyclists.
- Designed to discourage speeding and cut through traffic.
- Often used to connect schools and parks and as an alternative to a nearby busy street.
- May include traffic-calming devices such as speed bumps or traffic circles.

SIDEPATH

- Shared use paths that are located adjacent to a street or roadway.
- Allow bicyclists to avoid bicycling on streets with high traffic volumes or high speeds.
- Require careful design at driveway crossings and intersections to reduce conflicts with motor vehicles crossing the path.

SIDEWALK

- The pedestrian facility adjacent to most streets.
- Typically concrete and five feet wide.
- Sidewalks may be used by some bicyclists who are not comfortable bicycling in streets where it is legal to do so.
- Bicyclists should always yield to pedestrians when using sidewalks and should travel at lower speeds than they would on the street or a path.

WAYFINDING SIGNAGE

- Signage to indicate to users the direction to specific locations.
- May include distance and approximate travel time.
- Placed at key intersections and decision points.

Figure 33 | Cost estimate scenario for the Regional Bikeway Network*

	Average cost per mile**	High Priority		Medium Priority		Low Priority		Total System	
	Cost	Miles	Cost	Miles	Cost	Miles	Cost	Miles	Cost
On Street Facilities (i.e., signage, sharrows, bike lanes, paved shoulders, road diets)	$121,270	167	$20,246,027	251	$30,450,897	391	$47,368,062	809	$98,064,986
Off Street Facilities (shared-use paths)	$452,300	204	$92,291,815	307	$138,810,870	477	$215,928,020	988	$447,030,705
Proposed MetroGreen corridors (new)	$452,300							128	$57,894,400
Total		**382**	**$115,965,544**	**380**	**$115,380,105**	**1156**	**$350,656,994**	**1,925**	**$602,990,091**

* The scenario estimate includes some assumptions (based on historical data and information), however, should not serve as a recommendation for a build-out scenario.

**2014 prices, assuming construction independent of other projects

Cost and Funding Evaluation

The planning team used average per-mile costs of different on-street and off-street improvements (listed previously in Figure 25) to develop build-out estimates for the Regional Bikeway Network. While costs may vary widely, depending on facility type and other variables, these estimates provide a baseline that can be compared to forecast revenues.

The Regional Bikeway Network will include a variety of improvement types; each local government will determine the appropriate design and timeline for development, often in cooperation with state agencies and MARC committees. The following assumptions were used to arrive at an overall cost estimate for adding bicycle facilities to the unimproved bikeways in the regional network.

- In a 2013 inventory of the existing 1,014 miles of bikeways in the region, we found that 459 miles (45 percent) are on-street facilities and 555 miles (55 percent) are off-street. We assume that similar percentages are likely for the 1,894 miles of currently unimproved bikeways in the network.
- For off-street facilities, we used the average cost per mile of $452,300 per mile to construct a new 10’ asphalt shared-use path.
- For on-street facilities, covering a wide range of options from signage to paved shoulders, we averaged the costs per mile listed in Figure 25 to arrive at an estimated cost of $121,270 per mile.
- The estimate uses 2014 dollars. The system will be built over time, and costs are likely to increase with inflation.
- The estimate uses costs per mile for improvements made independent of other projects. Actual costs could be much lower where bikeway facilities are added as part of roadway reconstruction or other projects.

Using these assumptions, building the entire network of 1,925 miles would cost an estimated $603 million. Adjusting for inflation, this same system would cost $720 million to build in 2020, $968 million in 2030 or $1.3 billion in 2040.

The update to Transportation Outlook 2040, underway at the same time as the Regional Bikeway Plan was developed, includes preliminary forecasts of $987 million in federal suballocated funds and $22.2 billion dollars local revenue.

Bikeway projects compete against many other types of projects for federal funds, so local government funding will be essential to complete the Regional Bikeway Network. Project prioritization, using tools such as the demand model described earlier, will help make the best use of limited resources.

Figure 34 |

The Five Common Traits of Successful Bicycle Programs

1. **Commitment to bicycling and walking**

   A clear commitment provides the necessary passion to affect the changes that support bicycling and walking.

2. **A well-honed plan**

   Most community efforts to improve bicycling conditions begin with a plan that forms the backbone of implementation decision-making.

3. **The ability to move plans into practice**

   Once the plan is established, communities can work with consultants for implementation and/or follow the steps outlined in documents such as BikeWalk.org's "Creating a Road Map for Producing & Implementing a Bicycle Master Plan."

4. **An understanding of funding processes**

   Know what funding is available and how to put it into play.

5. **Public involvement and political support**

   Public input begins with the planning process and continues throughout implementation with the oversight of an advisory committee.

Best Practices and Strategies

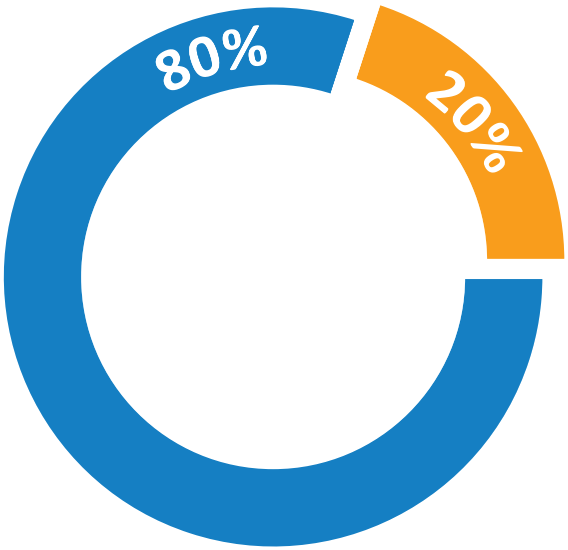
The five common traits of successful bicycle programs are provided below, followed by specific best practices that research indicates are strongly associated with a successful Metropolitan Planning Organization (MPO) bicycle and pedestrian program. A complete memorandum on the research is included in Appendix C.

COMMON TRAITS OF SUCCESSFUL PROGRAMS

These traits were first identified in a report entitled "Taking Steps: An Assessment of Metropolitan Planning Organization Support for Bicycling and Walking" from the National Center for Bicycling and Walking. The wording is tailored to fit this plan.

1. **Commitment to bicycling and walking:** A clear commitment provides the necessary passion to affect the changes that support bicycling and walking.
2. **A well-honed plan**: Most community efforts to improve bicycling conditions begin with a plan that forms the backbone of implementation decision making.
3. **The ability to move plans into practice**: For communities developing their own plans or hiring consultants to help with the work, "Creating a Road Map for Producing & Implementing a Bicycle Master Plan"[15] offers a multi-step process and a complete planning approach. It contains an important chapter on the steps involved in putting the plan into action, including how to get the plan adopted, establishing annual work plans, seizing opportunities to incorporate bicycle projects, and more.
4. **An understanding of how funding works and a means to direct it to bicycle and pedestrian projects**. Four main types of funding for bicycle facilities are:
    - **Incorporation, mainstreaming, complete streets**. This approach incorporates bike facilities as part of larger street and highway projects and is the most important funding strategy.
    - **Budget set aside**. Communities budget funds from their own general revenue sources to fund smaller projects like painting bicycle lanes, installing wayfinding signs or bicycle racks, and to match larger grants.
    - **Federal and state funds**. State and federal funds can sometimes cover up to 80 percent of project costs. More information on this is provided in the funding section of this document.
    - **Other funding sources**. These opportunities may take a variety of forms, including recreational trails and park funds, private foundation funding, and public and private utility funding. Consider partnerships with power transmission companies, fiber optic carriers and other utilities that are often willing to construct or reconstruct paths for the opportunity to share corridors.
5. **Public involvement and political support**: Public input often begins with the planning process of a successful bicycle program and continues throughout implementation with the oversight of an advisory committee.

Figure 35 | State and federal funding sources can typically cover up to 80% of a project's cost leaving just 20% to be covered by local funds.



LEADERSHIP AT THE REGIONAL LEVEL

At the regional level, MPOs provide several important functions related to bicycle planning:

- Coordinate bicycle planning between jurisdictions.
- Develop regional bicycle plans.
- Establish regional project priorities.
- Provide technical assistance to communities.
- Create overall regional plans that coordinate transportation with land use, which can have a significant impact on creating an environment that supports the practicality of bicycling for transportation.
- Oversee the competitive funding requirements of federal grants.

Every MPO is required by federal transportation rules to plan for bicycles. Many MPOs have developed detailed bicycle plans, often with pedestrian elements included. Although this produces capable and comprehensive bicycle plans, the network component and other recommendations from these plans must still be included in the MPO's long-range Metropolitan Transportation Plan. Like most MPOs, MARC includes bicycle planning as part of its long-range transportation plan, *Transportation Outlook 2040*.

Best practices for improving bicycling conditions in any given jurisdiction include planning, public involvement, institutionalization/complete streets, design standards and consideration of funding. For MPO-scale implementation, efforts should focus on regionally significant routes, considering bicycle projects that are multi-jurisdictional, cross major barriers, and connect existing facilities. As currently indicated in *Transportation Outlook 2040*, "Regional bicycle and pedestrian facilities link jurisdictions, mitigate major barriers to non-motorized travel such as rivers or highways, or connect gaps between existing facilities. These facilities could also provide connections to regional activity centers, livable communities and transit routes."

TECHNICAL ASSISTANCE

With planning, design standards and prioritization in place, the MPO's role is to provide technical assistance to counties and cities in the region.

Not all counties in the MARC region have established bikeway planning committees. Many corridors within the Regional Bikeway Network require coordination among multiple jurisdictions and stakeholders. MARC recommends that each county develop such a committee to coordinate local bikeway planning efforts. Cities in the region often coordinate bikeway planning with MARC through their parks and recreation or public works departments.

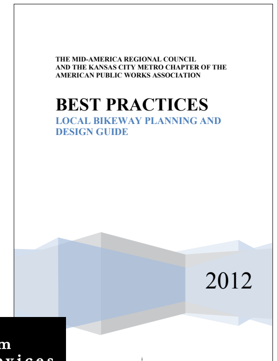
A list of recommended best practices for technical assistance that MARC, as the region's designated MPO, can provide includes:

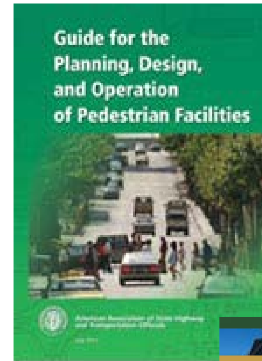
- **Guidelines**: MARC may provide guidance on how to design bicycle facilities. This plan sets forth recommended guidelines for the MARC region.
- **Workshops and conferences**: MARC is poised to help inform communities about current and best practices in bikeway planning, design, education and enforcement by hosting conferences, workshops and webinars.
- **Technical tools**: MARC helps local governments assess their system's bicycling demand rankings through GIS modeling and translates data into recommendations for first phase construction.
- **Planning coordination**: While MARC focuses on regional bikeway routes, cities and counties also work on locally significant routes that tie into the regional network. MARC helps coordinate this work in order to achieve a more complete bikeway system and provide opportunities for communities to learn more about the Regional Bikeway Plan and resources available through MARC.

Figure 36 | Successful implementation of the MetroGreen plan has resulted in a vibrant system of off-street bicycle/pedestrian paths. The Regional Bikeway Plan is set to continue this success and provide on-street facilities to address active transportation needs.

Figure 37 | Recommended Design Guides

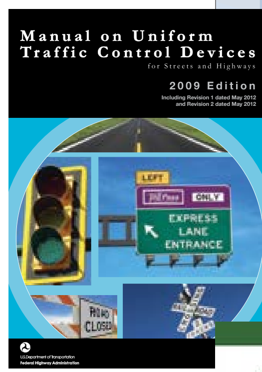
MARC Best Practices, Local Bikeway Planning and Design Guide, 2012



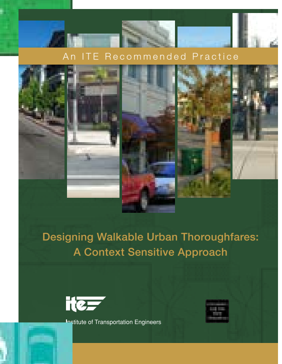


AASHTO Guide for Planning, Design and Operation of Pedestrian Facilities.

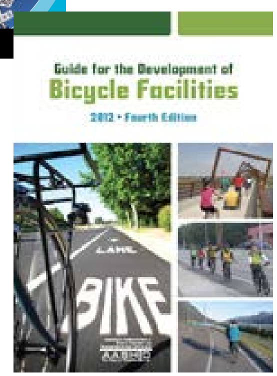
Manual on Uniform Traffic Control Devices (MUTCD), 2009

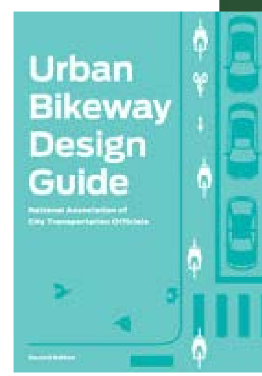


ITE Designing Walkable Urban Thoroughfares



Guide for the Development of Bicycle Facilities, 2012





NACTO Urban Bikeway Design Guide

The FIVE Es of Transportation Implementation

As with traditional transportation implementation methodologies, the five “E”s of **Engineering**, **Education**, **Enforcement**, **Encouragement** and **Evaluation** apply in bicycle infrastructure construction programs. The following are the Regional Bikeway Plan recommendations for each category.

ENGINEERING

There are six primary resources for bicycle and pedestrian facility design information. These sources are commonly used to properly engineer bicycle facilities in the MARC region.

1. *Best Practices Local Bikeway Planning and Design Guide,* MARC and the Kansas City Metropolitan Chapter of the American Public Works Association — This guide to fosters multijurisdictional uniformity in the planning, design and construction of bikeways through the establishment of common definitions, design guidelines and system marking devices. The resource is free and available to download at http://kcmetro.apwa.net/content/chapters/kcmetro.apwa.net/file/Specifications/2012_MARC_Local_Bikeway_Best_Practices.pdf.

2. *Manual on Uniform Traffic Control Devices (MUTCD),* Federal Highway Administration — The MUTCD is the national standard for signing, markings, signals and other traffic control devices.

3. *Guide for the Development of Bicycle Facilities,* American Association of State Highway and Transportation Officials (AASHTO) — This document presents information on how to accommodate bicycle travel and operations in most riding environments. Most state and local bicycle design guidelines are based on this document, which in many jurisdictions is considered to set the minimum values for bicycle design.

4. *Guide for the Planning, Design, and Operations of Pedestrian Facilities,* AASHTO — This document presents information on how to accommodate pedestrian travel and operations, primarily in roadway environments. Most state and local pedestrian design guidelines are based on this document, which in many jurisdictions is considered to set the minimum values for pedestrian design.

5. *Designing Walkable Urban Thoroughfares: A Context Sensitive Approach,* Institute of Transportation Engineers — This document’s development was supported by the Federal Highway Administration. It helps designers understand the flexibility for roadway design that is inherent in the AASHTO guide, “A Policy on the Geometric Design of Highways and Streets,” with a focus on balancing the needs of all users.

6. *Urban Bikeway Design Guide,* National Association of City Transportation Officials (NACTO) — FHWA has issued a memo supporting the use of this document to further develop non-motorized transportation networks, particularly in urban areas. Many of the designs in this document have been used successfully in urban areas. However, care should be exercised when applying the treatments described in this document to suburban or rural areas.

All six of these resources were consulted to develop Regional Bikeway Plan design guidelines for the following facilities, which are set forth in detail in Appendix C:

- Sidewalks.
- Curb ramps.
- Bike lanes.
- Shared lane markings.
- Bike boulevards.
- Buffered bike lanes.
- Cycle tracks.
- Mid-block crossings.
- Wayfinding signage.

Figure 38 | Educational Billboard Campaign

Figure 39 | Example Horizontal Sign

EDUCATION

Educating motorists and bicyclists about safe driving habits can help reduce the risks of crashes. Numerous educational programs are aimed at students. Younger children often participate in bike rodeos. For older youths, driver's education classes should promote safe motorist and bicycle interaction. Unfortunately, most adult motorists and bicyclists are not in a school environment where they can have lectures on bike safety. Consequently, other methods must be used to deliver safety messages. Billboard campaigns promoting safe passing distances or "same-road, same-rules, same-responsibilities" programs have been used in numerous jurisdictions around the country. Working with employers to provide bicycle commuter training is another technique that is often used to educate bicyclists. Driver safety courses for those who receive traffic tickets can be used to promote bike safety messages. Other programs can range from television and radio news items to fliers inserted into utility bill envelopes.

TARGETING COMMON CAUSES OF CRASHES

The most common contributing cause of bicycle crashes at the national level (local data is unavailable) is motorists turning right from a side street or driveway and failing to first look for traffic coming from their right on the sidewalk. Two potential countermeasures may be appropriate to address this behavior:

- Horizontal signing (messages painted on the sidewalk). Horizontal signing could be used at driveways to alert bicyclists and pedestrians to the dangers of drivers turning right. Signage like this has been recommended to mitigate similar crashes in other parts of the country. Such a treatment, if installed, should be evaluated for its effectiveness.
- Public information campaigns to heighten awareness. An education campaign including fliers or advertising on bus shelters and/or benches may be an effective way to alert bicyclists and drivers about unsafe practices and encourage them to be aware of each other.

Some crashes involve bicyclists riding on the roadway against traffic. This is not legal and educational campaigns on this topic should be supplemented by law enforcement.

Educational campaigns could also help improve the night time visibility of bicyclists. People often believe themselves to be more visible than they are. Bicyclists assume that because motorists have headlamps they can see bicyclists at great distances. By letting cyclists know how hard it is for motorists to see them, bicyclists may be induced to improve their visibility.

IMPROVING CRASH DATA

There are opportunities to improve the safety data used for program evaluation in the MARC region by educating emergency response and medical professionals in the roles of reporting injuries and educating the public.

It may seem that emergency responders and medical professionals, because they are involved after a crash, are not in a position to prevent crashes. However, like law enforcement, medical professionals fill out reports that describe the reasons for injuries and the severity of injuries. This data, when accurately and thoroughly entered into databases such as the National Electronic Injury Surveillance System (NEISS) or other hospital discharge or trauma registries, can help researchers identify behaviors that lead to crashes or increase their severity.

LAW ENFORCEMENT TRAINING

Some targeted training of law enforcement may also be appropriate. Some questions that could be covered in this training include:

- "When is it okay for bicyclists to 'claim the lane?'"
- "What width constitutes 'traffic lanes too narrow for a bicycle and a vehicle to travel safely side-by-side within the lane?'"
- "Why is it important for a bicyclist to use headlamps and tail lamps?"
- "Why is riding against traffic such a problem?"

By answering these and similar questions, and discussing what infractions are most likely to lead to bike crashes, trainers can encourage law enforcement to help promote bike safety by targeting the most dangerous behaviors. Some communities educate local law enforcement at standing roll-call meetings, while others send officers to the League of American Bicyclists' Traffic Skills 101 courses.

Medical and law enforcement personnel can also play a significant role in educating the public about safe bicycling and driving behaviors. They are often called upon to give presentations at schools, civic organizations or other venues where their opinions and advice are respected, making them excellent spokespersons for bicycle safety.

See the Crash Analysis and Effective Promotion and Marketing reports in Appendix C for more detailed information on educational programs.

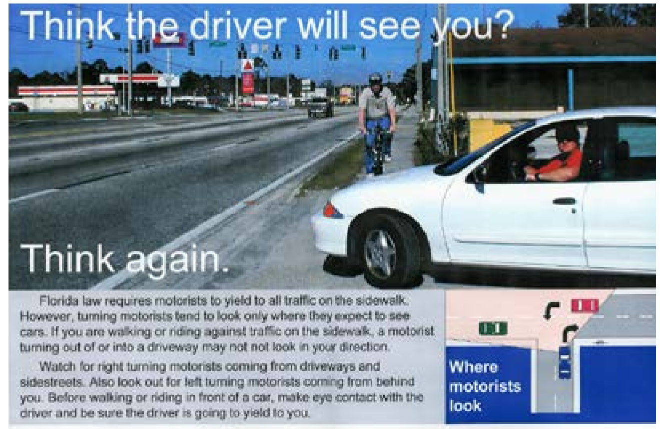


Figure 40 | Example Educational Flyer

Figure 41 | Night Time Visibility Campaign

Figure 42 | Educating bicyclists on how to use the lane in a roundabout increases safety.

ENFORCEMENT

The effort to enforce traffic laws as they relate to bicycle safety should be addressed in an area-wide, coordinated, bicycle enforcement campaign. Sporadic enforcement will not result in significant changes to motorists' or bicyclists' behavior and will likely result in resentment of law enforcement personnel. Behaviors to be targeted should be determined at the outset of the enforcement campaign. These behaviors include:

- Violating traffic signs and signals.
- Illegal turns on red.
- Failure to make complete stops at stop signs.
- Unsafe passing (emphasis on 3-foot passing rules, which require motorists to keep a 3-foot buffer when passing bicyclists)
- Riding at night without lights.
- Riding on sidewalks in downtown areas.
- Texting or using headphones.
- Riding against traffic on the roadway.

These eight behaviors were chosen for two reasons. First, they represent particularly hazardous behaviors which result in many crashes. Second, the dangers caused by these behaviors are easily understood by the public, especially when coupled with a large-scale education campaign.

Not all enforcement needs to result in a ticket — many law enforcement agencies provide bike lights to cyclists they stop at night. To others they may issue a warning and educational materials.

Enforcement of 3-foot passing laws has been sporadic around the country. Austin, Texas, has used police officers on bikes in a sting operation to ticket drivers violating the 3-foot rule; they issued more than 100 citations. Palm Beach, Florida, implemented a multimodal law enforcement campaign which included enforcement of motorist yielding and passing behaviors, resulting in 175 citations and 148 warnings.

Motorist speeding is not listed as a contributing cause for bicycle crashes. This does not, however, mean that speed is not a contributing cause of crashes. The probability that a crash will occur increases with the speed of motorists, and the risk of serious injury or death to bicyclists and pedestrians increases dramatically at speeds above 25 miles per hour. Targeted speed enforcement should be considered on crash hot spot corridors.

Another key role enforcement professionals play in reducing bicycle crashes is filling out crash reports. By accurately identifying the conditions surrounding crashes and contributing circumstances, law enforcement professionals can help transportation professionals identify specific countermeasures to prevent future crashes. See "Standardizing Crash Reports" inset on page 55 for more about this.

ENCOURAGEMENT

Encouragement programs focus on creating a welcoming bicycling community that invites people to participate in cycling. These programs provide incentives, recognition or services that make cycling a more convenient and desirable mode of transportation. Encouragement programs that are recommended for implementation at the regional and/or local level are listed below. Some of these programs are already in place in the Kansas City region, but could be expanded.

Figure 43 | Expanding Safe Routes to School will make bicycling to school safer for children in the metro.

- **Bike sharing programs**. Major cities around the world offer bike sharing stations that successfully encourage more bicycling trips and reduce car commutes. In Kansas City, Missouri, the B-Cycle program is enjoying great success in its first two phases, with 20 bicycle sharing stations in Downtown, the Crossroads, Crown Center, and now Westport and the Country Club Plaza.

- **National Bike Month**. Recognize those who commute by bike and encourage people to become new bicycle commuters or increase their bicycle trips during National Bike Month in May. This program features a month-long calendar of events that offers organized rides for different ages and abilities, bike-handling skills and maintenance workshops, and a Bike to Work Day commuter challenge. The program is most successful when led by a community-based organization with financial support from the region and business community. In the MARC region, that organization is BikeWalkKC.

- **Bicycle ambassadors**. Organize a group of bicycle ambassadors to attend community-based events and present information, teach bicycling skills, offer helmet fits, help with route planning, and host bike rodeos and commuting 101 workshops. Community members can call on a team of ambassadors to make appearances at businesses, schools or locations along the bikeway system.

- **Bike light campaigns**. In the late summer/early fall when schools and universities return to session and days become shorter, when more evening commutes fall during dusk and dark hours, a bike light campaign is a great way to remind cyclists that proper equipment is required when riding at night. This program can offer discounts on bicycle headlights and rear red reflectors and lights, and is a great way to introduce cyclists to local bicycle shops and strengthen partnerships between local governments and retailers. The program should roll out in September, and finish before peak holiday season when bike shops are busy and less interested in offering discounts.

- **Bicycle Friendly Community status**. The Bicycle Friendly Community program created by the League of American Bicyclists offers the opportunity for communities to be recognized for achievements in supporting bicycling for transportation and recreation. It also serves as a benchmark to identify improvements yet to be made.

- **League-Certified Instructor training courses**. The League of American Bicyclists offers certification courses to train people to teach others to ride their bikes safely and legally as a form of transportation. League-Certified Instructors are a valuable asset to the community and can offer a variety of workshops for adults who lack the confidence to ride in traffic and for children learning to ride for the first time.

Figure 44 | Wayfinding signage boosts recognition of Network routes and increases the perception of safety, both of which encourage more individuals to get out and ride.

- **Safe Routes to School (SRTS) program**. SRTS is a national program that addresses barriers that inhibit students from walking and biking to school. SRTS programs should become a cooperative effort involving school districts across the entire region.
- **Bike maps**. MARC has created a regional bike map that is updated on a regular basis. The free map includes information on available bicycle facilities, bicycle suitability ratings, safety information for bicyclists, a list of area bicycle shops and repair services, location of bicycle lockers and how to obtain access to use them, information about how to use bike racks on buses, and a list of multi-use trails in the region.
- **Contests**. Recognize those who choose to bike, walk or ride transit through contests such as a “Commuter of the Year” award in order to encourage others to reduce their drive-alone motor vehicle trips.
- **Business bike pool program**. Offering employees the opportunity to check out bikes and ride to meetings, lunch or errands is a great job benefit. In large organizations, the employer manages a fleet of bikes for this purpose and the program offers subsidies for the purchase and ongoing maintenance of bikes as part of an agreement to track use and reduce vehicle miles traveled and greenhouse gas emissions. Employees sign up, make reservations and log their trips using a web-based management tool. Smaller organizations may opt for a more simplified approach.
- **Provide identification and wayfinding signage**. Identifying the bicycle network with signage elevates awareness, encouraging those who might not know about the system to learn more and give it a try. Boosting navigational success makes cycling trips easier and increases the likelihood that people will become comfortable finding their way via bicycle.

Standardizing Crash Reports

While reviewing crash reports for the MARC region, differences were experienced in how the state agencies (MoDOT and KDOT) document crash reports. To equivocally evaluate safety in both halves of the MARC region (both Kansas and Missouri), a standardized method for reporting crash data is key.

This plan encourages the MARC Bicycle Pedestrian Advisory Committee to make recommendation of a single, standardized crash reporting form and methodology for both reporting agencies. The following paragraphs list the differences between the agencies' reports.

1. **Injury severity.** The main difference in how Kansas and Missouri reported crashes involves injury severity. There was a difference in certain language when categorizing injury severity. For example, while both states report fatal crashes in the same manner, it is unclear how to define other levels of severity.

   For the purpose of this report, the lack of universal language led to some assumptions on how best to group reported injuries with varying degrees of severity. While Missouri used categories such as minor, disabling, and property damage only to describe injury severity, Kansas used the categories possible, serious, and non-disabling to describe severity. This led to grouping serious and disabling injuries into one category. Minor and non-disabling injuries together were also grouped together. How each state defines these terms is uncertain. Possibly, there is some overlap between these definitions, but it is clear that each state intends to distinguish between severities of injuries.

   To remedy this difference, it is suggested that both states adopt a standard language based on quantitative and/or qualitative observations. This way, injury severity reporting will be less subjective.

   For example, Georgia DOT uses a crash report which allows police officers five ways to code for differing injuries. The injury codes are:

   - Not injured
   - Serious
   - Complaint
   - Killed
   - Visible

   Using similar terminology is advisable. Setting guidelines that explain when it is appropriate to use each code is recommended. For example, perhaps an officer should only code "serious" if the person involved is treated at the scene by emergency medical services.

   How terms for injury severity are defined is a topic for thorough discussion. Once terms are established, they should be reported consistently and accurately in order to obtain useful data.

2. **Contributing Circumstance.** A lack of data and inconsistency in reporting were also factors identified when viewing Kansas and Missouri crash data. Kansas reported data for contributing circumstance to the crash, while Missouri did not. However, Kansas only reported this condition for approximately 40 percent of the data. The lack of completed data in reporting could lead to incorrect presumptions about overall trends.

3. **Crash location reporting.** The Kansas and Missouri datasets report location information differently. In the datasets, 45 percent of the Kansas-area crashes occurred at intersections, versus 76 percent in Missouri. Missouri's figure may include "intersection-related crashes," which represent another 25 percent of the Kansas crashes. It is recommended the methodology and detail of crash locations be standardized between the states.

EVALUATION

Regular evaluation of the safety and effectiveness of the Regional Bikeway Network will help guide future construction decisions and may alter the layout of some corridors. Funding sources are limited, and evaluation can guide the decision-making process when determining the appropriate facility types for particular locations and how much to invest to meet cyclist needs.

Regular evaluation of bicycling in the region will give MARC and local governments an understanding of which implementation activities are successful and should continue to be pursued or expanded, and which activities may need to be reorganized or replaced.

SAFETY OF NETWORK

Safety should be regularly evaluated by reviewing crash trends based on reports made available from the Kansas and Missouri Departments of Transportation. Reviewing data and comparing trends to the crash analysis data presented in the Existing Conditions segment of this report will reveal the effectiveness of education and enforcement measures, and point to facility designs that are most effective at providing safe travel for bicycles.

It is important to note safety evaluations could be enhanced by standardized reporting of motor vehicle crashes, particularly where a bicyclist or pedestrian is involved in the crash, between the two states. Details of how current reporting methods differ and recommendations are provided on preceding pages.

NATURAL RESOURCE IMPACTS

As the Regional Bikeway Plan is implemented, proposed facilities should be evaluated for potential impacts on the natural systems through which they pass. Opportunities to protect or restore ecosystems and their functions should be captured with each project wherever feasible.

MARC's Natural Resource Inventory (NRI) is a valuable planning tool for local governments to use in protecting their natural assets. Proposed bikeway projects should use this tool during the funding application process to assess opportunities for natural resource conservation and restoration.

While the majority of the Regional Bikeway Network mileage follows existing roadways, where there is less potential for natural systems protection, bikeways may be a part of a complete and green street project where reforestation and stormwater management measures will be implemented. Complete streets approaches are recommended by regional transportation plans.

Updates proposed by this plan to MetroGreen stream corridors create much greater opportunities for natural system conservation and restoration. Review of the NRI along each corridor will serve as an important first step toward the long-term protection of these natural assets.

The Natural Resource Inventory (NRI)

The Natural Resource Inventory (NRI) is a group of data sets which uses Geographic Information Systems (GIS) to aid planners and decision makers whom assess when future community investments may complement the environment. Communities use the NRI as a tool to prioritize conservation and restoration of MetroGreen streamways. Working from this principle, the NRI establishes conservation and restoration areas based on water, air, energy, wildlife, habitat and quality-of-life data.

The NRI was used to evaluate both existing and planned MetroGreen corridors. New data sets show opportunities to invest in priority places to maximize environmental benefits.

Analysis of natural resource priorities with the proposed Regional Bikeway Network will enable planners to develop proposed transportation projects that achieve multiple objectives articulated in the MTP.

For instance, projects proposed on the Regional Bikeway Network may be eligible for additional funding to incorporate green streets components into related streetscapes. Potential components of green streets include:

- Native plantings to treat stormwater runoff at the source.
- Street landscaping to reduce heat island effect and provide shade.
- Solar-powered street lights.

Green Streets

The term “Green Street” is used to describe roadway planning that enhances environmental suitability by using natural systems to manage stormwater by reducing flows, improving water quality, and enhancing watershed health. The use of trees and vegetation reduce greenhouse gases and urban heat island effect. Green Streets principles also promote the use of renewable energy to operate street lights, and uses energy-efficient technologies to reduce carbon footprint. Applying these principles conserves natural systems for future generations.

BICYCLIST COUNTS

MARC and local government agencies currently collect a limited number of bicycle and pedestrian volume counts. Most of these counts are collected for project specific purposes. A few years ago, MARC purchased mobile bicycle/pedestrian infrared and pneumatic counters as part of an equipment loaner program. The counters are loaned out to partner agencies on request to collect short-duration counts on multi-use paths.

MARC has also instituted some preliminary Miovision testing that has proven to have promisingly accurate bicycle and pedestrian counting results. Miovision is a collection and processing system that uses video cameras to capture traffic counts for agencies. It may be a useful tool for monitoring the number of bicyclists on paths and roadways moving forward.

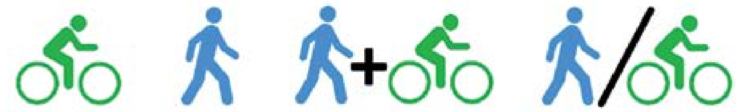
Miovision and the counting equipment are good first steps, but much more will be required to develop a comprehensive regional bicycle and pedestrian volume counting program.

Standardized regional counting programs require two program elements to ensure accurate volume statistics: short-duration counts and a continuous counting program. These two elements are documented throughout the Federal Highway Administration's Traffic Monitoring Guidebook.[16] Without both continuous and short-duration counting program elements, reliable statistics such as the annual average daily bicycle (AADB) and the annual average daily pedestrian (AADP) cannot be calculated using nationally accepted statistical calculation methods.

Figure 45 | Flowchart for Selecting Non-Motorized Count Equipment

Source: FHWA Traffic Monitoring Guide, 2013

1. What Are You Counting?



2. How Long? Permanent ↔ Temporary/Short Term

Technology	Bicyclists Only	Pedestrians Only	Pedestrians & Bicyclist Combined	Pedestrians & Bicyclist Separately	Cost
Inductance Loops[1]	●			◐	$$
Magnetometer[2]	○				$-$$
Pressure Sensor[2]	○	○	○	○	$$
Radar Sensor	○	○	○		$-$$
Seismic Sensor	○	○	○		$$
Video Imaging: Automated	○	○	○	○	$-$$
Infrared Sensor (Active or Passive)	○[3]	●	●	◐	$-$$
Pneumatic Tubes	●			◐	$-$$
Video Imaging: Manual	○	○	○	●	$-$$$
Manual Observers	●	●	●	●	$$-$$$

○ Indicates what is technologically possible.
● Indicates a common practice.
◐ Indicates a common practice, but must be combined with another technology to classify pedestrians and bicyclists separately.
$, $$, $$$: Indicates relative cost per data point.
[1] Typically requires a unique loop configuration separate from motor vehicle loops, especially in a traffic lane shared by bicyclists and motor vehicles.
[2] Permanent installation is typical for asphalt or concrete pavements; temporary installation is possible for unpaved, natural surface trails.
[3] Requires specific mounting configuration to avoid counting cars in main traffic lanes or counting pedestrians on the sidewalk.

MARC's counting equipment is being used to collect short-duration counts throughout the Kansas City region. Currently there are no continuous counting bicycle and pedestrian stations in the metropolitan area.

In order to establish a counting program that produces nationally accepted statistical calculation methods, 10 recommendations for a regional program are offered below:

1. Develop a continuous counting program for bicycle and pedestrian counts.
2. Follows the seven-step process outlined in Chapter 4 of FHWA's Traffic Monitoring Guidebook to develop a comprehensive non-motorized (bicycle and pedestrian) continuous and short-duration counting volume program.
3. As part of the continuous count program, consider installing at least three to five continuous count stations per factor group.
4. Since factor groups are not yet established, develop a Strategic Data Collection and Standardized Methods Plan.
5. Once a regional Data Collection Plan is completed, establish a traffic data committee to ensure consistent and standardized data collection methods are implemented in the region.
6. Hold a regional bicycle and pedestrian volume counting workshop for all potential agency stakeholders.
7. Appoint a regional data wrangler.
8. After steps 4 through 7 are in place, complete an analysis of the regional data collected.
9. Develop a list of research projects to ensure, support and provide accurate bicycle and pedestrian volume statistics.
10. Establish site selection criteria to determine optimal locations in which to install and collect data from continuous and short-duration counting stations.

Additional information on these bicycle count recommendations can be found in Appendix C.

Figure 46 | Table of recommended maintenance activities and their range of frequencies.

Recommended Maintenance Tasks and Range of Recommended Frequencies	
Regular Inspection	Monthly — twice per year
Sweep bikeway	Weekly – twice per year
Sign replacement	Annually – every 10 years
Pavement marking replacement	Annually – every three years
Shoulder and mowing	Weekly
Weed control	Monthly – every six months
Tree/shrub trimming	Every four months – annually
Pruning	Annually – every four years
Pavement sealing, potholes	Every five years – every 10 years
Path resurfacing	Every 10 years – every 20 years
Maintain furniture	Biannually – annually
Litter removal	Weekly – every two months

Cooperative Implementation

A MULTI-JURISDICTIONAL SUCCESS STORY

The Merriam Avenue/Turkey Creek corridor runs approximately 10 miles — from Southwest Boulevard in Kansas City, Missouri, to 75th Street near the border between Shawnee and Merriam along Interstate 35 in Kansas. Crossing multiple county and city jurisdictions, the corridor provides both on- and off-street bicycling opportunities for riders of all skill level.

Inter-jurisdictional cooperation for the completion of this corridor has been exemplary and may serve as a model to emulate for the construction of other regional corridors. Some of the individual local government actions taken to date along this corridor are:

- Johnson County — Designated Turkey Creek as a component of the county's Streamway Park System through the cities of Merriam, Overland Park and Mission.
- City of Merriam — Completed nearly four miles of trail; identified the MetroGreen trails system in the city's comprehensive plan.
- City of Mission — Identified Turkey Creek as a future trail corridor in the city's comprehensive plan; began requiring right-of-way or easement dedications on properties abutting Turkey Creek.
- City of Overland Park — Completed a one-mile extension from Merriam to Mission, Kansas.
- City of Roeland Park — Identified a connection to the MetroGreen trail system via Nall Park.
- Wyandotte County — Currently planning a 1-mile segment as part of a U.S. Army Corps of Engineers watershed restoration plan; the MetroGreen trails system is included in the Unified Government's comprehensive plan.

The total estimated cost to complete the entire trail segment is around $5.5 million.

Constructing on-street facilities along Merriam Lane would add a safer, more direct route for transportation-minded bicyclists, and afford access for all bicyclists to the retail destinations located along the roadway.

The Regional Bikeway Network includes this corridor and continues it further south to Olathe along connecting roads.

Facility Maintenance

Maintenance of pavement surfaces is critical to safe and comfortable bicycling. The full width of the travel path and shoulders of bicycle facilities should be maintained. Maintenance activities and their range of recommended frequencies are provided in the table in Figure 45. Additional information is provided in Appendix C.

Financing Implementation

Bikeways may be funded either as incidental parts of larger street and highway projects or as separate or independent projects. There are several ways to fund bikeway projects that fall under these basic practices or strategies:

- Mainstreaming bikeways into other projects.
- Budget set asides.
- Federal funds.
- Pursuing a variety of funding sources.

More detail about each of these strategies is provided in the following paragraphs.

MAINSTREAMING

Incorporating bikeways or roadway features (i.e., paved shoulders) that benefit and improve safety for bicyclists as incidental parts of larger street and highway projects is a most cost-effective strategy. This is also known as mainstreaming, inclusion and completing the street. It is a longer-term strategy, since bikeway improvements may be delayed until a street or highway project provides an opportunity for that bikeway to be incorporated. Including the bikeway facility at the time of street redesign can typically be done at a lower cost than adding it on later. The extra space found for bicyclists often benefits motorists as well. For instance, shoulders provide more space for turns, temporary snow storage, transit stops, disabled vehicles, postal delivery vehicles and more. This additional space, especially for rural cross-section streets (no curb or gutters), provides significant maintenance and safety benefits as volumes and speeds of traffic increase.

BUDGET SET-ASIDES

A committed community may not want to wait until streets need to be reconstructed before bikeways are considered. Many bikeway projects are not tied directly to street or highway projects and are located in separate corridors, and many arterial streets are so constrained that they cannot be widened for any purpose. Project sponsors should consider budgeting funds from general revenue sources to fund smaller projects or gradually stage development of larger projects. Given the constraints of current state and local budgets, project sponsors may only be able to afford small amounts, but even low-cost strategies such as painting bicycle lanes, adding wayfinding signs, installing bicycle racks and matching funds for larger grants can be an effective use of funds.

FEDERAL FUNDS

Since 1991, significant levels of federal funding have been made available for bicycle transportation projects. In 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) restructured and redefined eligibility for several federal funding programs. Bicycle and pedestrian projects are currently eligible for funding through a number of Federal Highway Administration and Federal Transit Administration programs (see Figure 49).

Aside from projects that are incorporated into larger street and highway projects, several federally funded programs have become major sources for the funding of stand-alone or independent bicycle projects. As a recommended practice, local governments should become acquainted with these programs and their established criteria and determine how available programs might match up with local bikeway priorities. Bicycle-friendly communities actively pursue federal funds, which can fund up to 80 percent of project costs. This is an excellent source of funding for bikeway projects. However, it may not be cost-effective to pursue federal funding for every project because of the significant costs associated with requirements and development for projects as part of the federal aid process.

Figure 47 | Cities and counties should not be deterred from implementing their portions of the Regional Bikeway Network, even if road improvements won't occur for several years. Active transportation enthusiasts are using unpaved corridors today. Identification and wayfinding signage are ample near-term implementation efforts in many areas.

Figure 48 | **Communities with paved roads need not wait for road reconstruction to incorporate bicycle facilities. Adding shared lane markings (sharrows) is a feasible, budget set aside project that will work well in many situations. Photo credit: Oregonlive.com**

Nearly every community with more than 50,000 people within the Kansas City region has applied for federal funding for bicycle and pedestrian projects, so this practice is already common practice in the Kansas City metro area. (See Figure 48 for funding levels recently programmed for the region.)

FUNDING SOURCES

There are a variety of sources of funding that extend beyond those commonly available through federal transportation programs. Communities putting best practices into action will continue to look for funding opportunities in several places. These opportunities take a variety of forms including recreational trails and park funds, private foundation funding and public-and-private utility funding. The latter has considerable potential within path corridors where utilities — transmission companies, power utilities, fiber option carriers and others — are often willing to construct or reconstruct paths for the opportunity to share corridors.

There are numerous funding opportunities for bikeway development. Many of these funding sources have limitations which make them more or less appropriate for certain types of projects. Some funding sources are targeted to infrastructure while others target education and encouragement efforts. Some sources are not directly bicycle-related, but can be applied to bikeway projects that may have a connection with another public priority such as historic preservation or public health. Some sources may support grants of hundreds of thousands or even millions of dollars; others may be targeted to smaller amounts and require citizen volunteers or community involvement as a part of a required local match. The following sections provide a brief overview of the primary funding sources available to local communities.

FEDERAL FUNDING ADMINISTERED BY STATE AGENCIES

The 2012 federal transportation funding program, Moving Ahead for Progress in the 21st Century Act (MAP-21), consolidated three bikeway funding sources that previously existed as separate programs: Transportation Enhancements, Safe Routes to School and the National Recreational Trails programs. These combined programs are now known as the Transportation Alternatives Program (TAP). Under TAP, greater authority was given to Metropolitan Planning Organizations, such as MARC, regarding project selection. Figure 49 provides a summary of the types of bikeway projects that would be eligible for a wide range of federal transportation funding programs.

Programs that remain unchanged by MAP-21 are listed below. Most of these programs fall under a larger Surface Transportation Program (STP) with allocations to sub-programs.

The Surface Transportation Urban Program provides flexible funding that may be used by states and localities for projects on any federal-aid highway, including bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. These funds may be used for either the construction of bicycle transportation facilities, or non-construction projects such as maps, brochures and public service announcements related to safe bicycle use. Although seldom used for bicycle projects, this is still an excellent source of funding for hard-to-finance bikeway projects. Up to 80 percent of project costs can be covered by STP Urban funds. MARC administers these funds.

The Transportation Alternatives (TAP) program will provide the best opportunity for federal funding of bicycle projects for many local communities. Projects that exceed $250,000 are the best fit for this program, since a significant amount of administrative work is involved. As previously indicated, this is a new program which combines former programs.

Ten percent of each state's annual Surface Transportation Program fund is set aside for the Highway Safety Improvement Program and Railway-Highway Crossing Program, which addresses bicycle and pedestrian safety at hazardous locations. These funds can be used for bicycle safety projects.

Funds from the Congestion Mitigation and Air Quality Improvement Program (CMAQ) may be used to construct bicycle facilities, pedestrian walkways or non-construction projects such as maps, brochures and public service announcements related to safe bicycle use. Some communities in the MARC region have been awarded CMAQ funds for bicycle-related projects.

Funds from the Recreational Trails Program (RTP) may be used for all kinds of trail projects. This is the only federal transportation funding source that can be used for maintenance activities. The program is administered through the Kansas Department of Wildlife, Parks and Tourism and the Missouri State Parks, a division of the Missouri Department of Natural Resources.

Figure 49 | Anticipated Federal Funding Programmed by MARC in 2014

Program	Period	Total Anticipated Funding*	
		KANSAS	MISSOURI
Congestion Mitigation/Air Quality (CMAQ)	2015- 2018	$9.1 M	$9.1 M
Surface Transportation Program (STP)	2017- 2018	$24.0 M	$53.0 M
Transportation Alternatives (TAP)	2014- 2018	$6.1 M	$11.0 M

* Since the majority of these funding years are outside the extent of MAP-21, some uncertainty remains about the level of funding available for programming by MARC and these estimates are subject to change.

The Highway Safety Grant Program (Section 402) is administered by the Kansas and Missouri Departments of Transportation. Federal 402 funds are used for pedestrian and bicycle public information and education programs. Funds are distributed to states annually from the National Highway Traffic Safety Administration (NHTSA) according to a formula based on population and road mileage. Government agencies or government-sponsored entities are eligible to apply for 402 funds, but this has not been a priority for this funding in Kansas.

Figure 49 provides a list of federal funding sources that may be available for bicycle projects. Additionally, Advocacy Advance provides an online Bicycle and Pedestrian Federal Funding Resources list with frequently updated links to each program.[17]

Complete Streets policy requirements

It is important to note that projects seeking MARC's suballocated federal funds such as CMAQ, STP or TAP, must satisfy the requirements of MARC's regional complete streets policy.[18]

STATE FUNDING SOURCES

Currently, there are no state programs that fund bicycle projects in Kansas or Missouri. However, the state departments of transportation administer the federally funded programs cited above and delegate the administration of these funds to MARC for distribution within the Kansas City region.

LOCAL FUNDING SOURCES

Local funds will be needed to implement many or most of the bikeways recommended in this plan as well as in local planning documents. In general, it

Figure 50 | Federal Programs and Projects they Fund

Table Key

FTA: Federal Transit Administration Capital Funds

ATI: Associated Transit Improvement

CMAQ: Congestion Mitigation and Air Quality Improvement Program

HSIP: Highway Safety Improvement Program

NHPP: National Highway Performance Program

STP: Surface Transportation Program

TAP: Transportation Alternatives Program

PLAN: Statewide or Metropolitan Planning

402: State and Community Traffic Safety Program

FLTTP: Federal Lands and Tribal Transportation Programs (Federal Lands Access Program, Federal Lands Transportation Program, Tribal Transportation Program)

ACTIVITY	FTA	ATI	CMAQ	HSIP	NHPP	STP	TAP	PLAN	402	FLTTP
Access enhancements to public transportation	●	●	●			●	●			●
Bicycle and/or pedestrian plans	●					●		●		●
Bicycle lanes on road	●	●	●	●	●	●	●			●
Bicycle parking	●	●	●			●	●			●
Bike racks on transit	●	●	●			●	●			●
Bicycle share (capital/equipment; not operations)	●	●	●		●	●	●			●
Bicycle storage or service centers	●	●	●			●	●			
Bridges/overcrossings for bicyclists and pedestrians	●	●	●	●	●	●	●			●
Bus shelters	●	●				●	●			●
Coordinator positions (state or local)			■			●	◆			
Crosswalks (new or retrofit)	●	●	●	●	●	●	●			●
Curb cuts and ramps	●	●	●	●	●	●	●			●
Helmet promotion for bicyclists						●	◆		●	
Historic preservation (bike, ped, transit facilities)	●	●				●	●			●
Land/streetscaping (bike/ped route; transit access)	●	●				●	●			●
Maps (for bicyclists and/or pedestrians)	●	●	●			●	●		●	
Paved shoulders			●	●	●	●	●			●
Police patrols						◆	◆		●	
Recreational trails						●	●			●
Safety brochures, books						◆	◆		●	
Safety education positions						◆	◆		●	
Separate bike lanes (protected bike lanes or cycle tracks)	●	●	●	●	●	●	●			●
Shared use paths/transportation trails	●	●	●	●	●	●	●			●
Sidewalks (new or retrofit)	●	●	●	●	●	●	●			●
Signs/signals/signal improvements	●	●	●	●	●	●	●			●
Signed bicycle or pedestrian routes	●	●	●		●	●	●			●
Spot improvement programs	●		●	●		●	●			
Traffic calming	●			●	●	●	●			
Trail bridges			●	●	●	●	●			●
Trail/highway intersections			●	●	●	●	●			●
Training			●			●	●		●	
Tunnels/undercrossings for bicyclists and/or pedestrians	●	●	●	●	●	●	●			●

■ One per state

◆ As part of Safe Routes to School programs; schools with programs for kindergarten to eighth grade are eligible.

is cost effective to include bicycle facilities as part of resurfacing, reconstruction and construction projects. Local funds may be used for this purpose, or may be needed as a match for federal funding.

OTHER SOURCES

Statewide initiatives like the Sunflower Foundation in Kansas and the Health Care Foundation of Greater Kansas City solicit grant applications for projects that demonstrate the ability to increase the health of populations within their boundaries. Bicycle and pedestrian facilities are natural candidates and are regularly funded by each foundation. Grant funds are typically smaller than those available through federal sources, but should not be counted out, particularly when pairing with other funding or when looking to fund portions of projects that might get overlooked by federal sources.

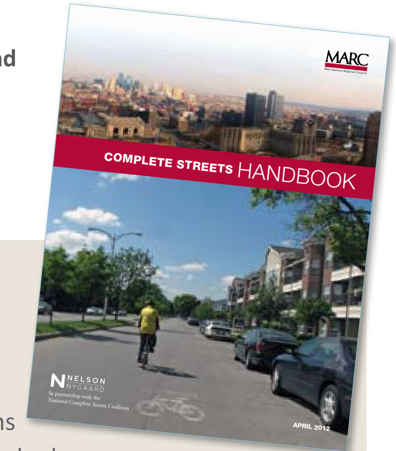


Figure 51 | The Complete Streets Handbook is a guide for understanding and developing a complete streets policy for local communities. It is available at no cost for download on the MARC website.[19]

Regional Complete Streets policy highlights

- MARC seeks to achieve the region's vision of a safe, balanced, multimodal, equitable transportation system that is coordinated with land use planning and protective of the environment by implementing Complete Streets with context-sensitive solutions.
- This policy applies to the following:

  All MARC planning activities that involve public rights-of-way, including the Metropolitan Transportation Plan.

  Any activities conducted by MARC to program federal funds for projects in the Transportation Improvement Program.
- Projects shall provide safe accommodations for all travelers who have legal access and who may reasonably be expected to use the facilities, while being sensitive to the current and future community context.
- Project sponsors retain the design decision authority over their projects. Exceptions are specified and MARC committees will develop procedures to incorporate this policy in their work.

RECOMMENDATIONS

The following recommendation are the result of a full review of MARC programs and research of regional strategies and best practices of peer organizations. These recommendations intend to focus regional work into manageable core activities that will help advance the Regional Bikeway Plan, and provide local governments with necessary tools and resources. A set of key strategies are identified for existing programs and, in some cases, the development of new program initiatives.

REGIONAL PLANNING AND COORDINATION

MARC's role as the Metropolitan Planning Organization (MPO) is to help coordinate the implementation of the Regional Bikeway Plan by creating and sustaining necessary partnerships. MARC encourages regional partners and stakeholders to:

- Leverage the expertise of the Bicycle and Pedestrian Advisory Committee (BPAC) to help oversee implementation and updates of the Regional Bikeway Plan.
- Work with counties to develop county-wide bikeways planning committees.
- Partner with nonprofit advocacy groups to advance the Regional Bikeway Plan.
- Develop standards for a Regional Bikeway Network wayfinding system.
- Work with local and state partners to collect data on existing, high-priority corridors to determine next steps.
- Work with local and state partners to address and fully vet the planning and design of future bridges and interchanges.
- Work with local and state partners to advance projects through planning and programming implementation.
- Maintain consistent planning and design standards of Regional Bikeway Network corridors using the six primary resources identified in this plan.
- Prioritize corridors that fill gaps in the network, link facilities across jurisdictional boundaries and make connections across bicycling transportation barriers such as highways and rivers.

DATA COLLECTION AND TECHNICAL CAPACITIES

Data collection is a necessity in providing technical assistance to local governments. Its high level of importance sets it apart as apart a core regional strategy to implement the Regional Bikeway Plan. MARC will work with local, state and other partners to:

- Develop and deploy a data collection plan that supports system evaluation.
- Work with local governments and DOTs to update and maintain GIS information on constructed, programmed and planned bikeways and trails.
- Maintain the Regional Bikeway Demand Model to aid in regional prioritization processes.
- Use the Natural Resource Inventory to aid in conservation and restoration efforts.
- Work with local governments and DOTs to update and maintain local bridge informative data for planning and programming purposes.
- Work with local governments, state agencies and other partners to develop data collection plans for bicycle and pedestrian user counts.
- Monitor bicycle crash data.
- Work with DOTs and other partners to address standardized crash reporting forms and methodologies.

EDUCATION AND ENCOURAGEMENT CAMPAIGNS

Public education is necessary to raise awareness of bikeway and trail resources in the region. It also serves to educate about unsafe driving, walking a bicycling behaviors. Public education is essential to any reasonable plan. MARC encourages the following actions:

- Continue Explore KC campaign awareness programs including media outreach by print, radio, social media and billboards.
- Establish branding and education of the Regional Bikeway Network wayfinding system.
- Maintain access to the Explore KC Regional Bikeway and Trails Map, in print and mobile web app, for public use.
- In cooperation with non-profit advocacy groups, develop regional bike safety awareness and education campaigns targeting specific groups including motorists, bicyclists and emergency responders.
- Continue support of Explore KC's encouragement components, such as promotional safety lights and reflective bands giveaways.
- Organize and participate in programs such as Bike to School Day, Bike Month and Bike to Work Day.
- In conjunction with nonprofit advocacy groups, promote area bike-and-ride programs.

ENFORCEMENT

Traffic law and safety enforcement allows all users to share a safe roadway system. MARC works with Destination Safe, a regional coalition of safety professionals and advocates, to address road safety issues. MARC encourages:

- Continue work with the Destination Safe Pedestrian Cyclists Safety Task Team and Leadership Team to coordinate safety messages with local, regional and state partners.
- Local government and private partners support for task team work that addresses enforcement of traffic laws to make roadways safer for bicyclists.

WALK FRIENDLY AND BICYCLE FRIENDLY COMMUNITIES

- Promote these recognition programs and associative benefits to local communities.
- Continue to support and assist communities that apply for Bicycle Friendly Community and or Walk Friendly Community status through workshops, stakeholder engagements and other efforts.

Plan Updates

The Greater Kansas City Regional Bikeway Network is a living planning tool that responds to changing market, socio-economic and built conditions. As such, the plan should be updated at regular intervals to keep it relevant. The project team recommends that the Regional Bikeway Network be updated in odd-numbered years before each funding distribution cycle.

Local government bicycle plans also change over time and must be updated with the construction of new facilities. MARC will work with local governments to periodically update GIS information reflecting changes made to local systems and plans in advance of Regional Bikeway Network updates.

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The Greater Kansas City Regional Bikeway Plan and appendixes are available online at marc.org/bikeplan

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RHP

Greater Kansas City
Regional Housing Partnership

2023

End of Year Report

LISC GREATER KANSAS CITY

MARC MID-AMERICA REGIONAL COUNCIL

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Purpose

The **Greater Kansas City Regional Housing Partnership (RHP)** is currently funded by the generous support of the Marion and Henry Bloch Family Foundation, the Health Forward Foundation, the Hall Family Foundation and the Sunderland Foundation. These foundations agreed to a calendar year reporting period with a single report that covers information on projects, financial information, metrics and outcomes. This document serves as the annual report summarizing housing-related work undertaken in partnership by Mid-America Regional Council (MARC) and LISC Greater Kansas City.

Background

Issue/Need: There is growing consensus the Kansas City region faces an affordable housing challenge only exacerbated by the global pandemic. For some, it has reached crisis levels.

Community leaders and research recognize that housing integrally impacts health factors, lifespan, student performance, job opportunities, wealth building and stability. For many, high housing costs preempt homeownership, threaten financial security and impede the ability to meet changing family circumstances. When race and ethnicity are factored in, people of color experience disparities in all these areas. For everyone, the supply of quality housing, location and pricing limits our region's ability to advance economic growth and opportunity. Before the RHP, no comprehensive framework addressed this regional issue to build from the work underway at the local level.

Mission: Convened and supported by MARC and LISC Greater Kansas City, the RHP's mission is to foster a thriving housing system that produces and sustains a sufficient supply of quality, diverse housing options to meet the challenge. The housing system would be one in which people from every sector, and those impacted by this challenge, can join together to educate themselves about the problems and issues, and to explore, advocate and execute innovative approaches to financing, capacity and policy. By building relationships and gaining a common understanding of both problems and possible solutions, the RHP will encourage and support actions to address these regional housing challenges.

Strategy and Framework Development: In 2019, the First Suburbs Coalition (FSC) completed an economic development pilot project with the National League of Cities' First Tier Suburbs Council. The project focused on workforce housing needs related to economic development in first tier suburbs in the Kansas City region. As the culmination of the work, the FSC produced the First Suburbs Coalition Regional Housing Summit Summary Report.

A key theme of the strategies presented focused on promoting knowledge sharing across communities, including identifying issues and coordinating solutions to housing issues. Building on these efforts, MARC and LISC Greater Kansas City worked to develop a framework and strategy to coordinate affordable housing initiatives by establishing the Regional Housing Partnership. Drawing from regional planning efforts, as well as interviews with those in the affordable housing space, the strategy and framework outlined elements needed to create a healthy housing system and established possible work plan deliverables. To date, this strategy and framework has formed the basis of funder requests. Additionally, key long-term outcomes have been established.

Strategy and Framework Elements: A healthy housing supply system is built on seven elements: data analysis, networked leadership, financing tools, production capacity, rental and homeowner resources, public policy and public engagement.

Milestones and Accomplishments: 2022 was the first full year of funding for the RHP. In 2021, MARC hired Katie Killen to oversee coordination of RHP initiatives. In 2022, LISC Greater Kansas City hired Andrea Generaux as housing and capacity building program officer to manage LISC's RHP efforts. From 2022-2023, RHP staff completed work plan projects and began to develop basic systems and infrastructure for coordinating the RHP work. Many of the projects implemented have ongoing elements or are at a next phase. A major focus in 2024 will be shoring up the long-term goals and strategy, and building out the network of opportunities for partners and the public to participate in.

Future of RHP

Over the next few years, the partnership will focus on creating a housing coalition in which people from every sector and those impacted by a lack of affordable housing, can join to learn, explore, advocate, test innovative approaches and create solutions for housing financing, capacity and policy. By building relationships and gaining a better understanding of the regional housing landscape, the RHP provides the platform and support to address our region's housing challenges together.

The affordable housing challenge facing our region developed over decades and there is no single solution. As the RHP continues to build strategies to meet current and future community needs, it's important to provide context and scope for the work ahead. Many cities and counties have started conversations around housing and identifying solutions but are eager to connect with and learn from other communities in the region. The building momentum offers an opportunity to create real and lasting improvements within our housing system for generations.

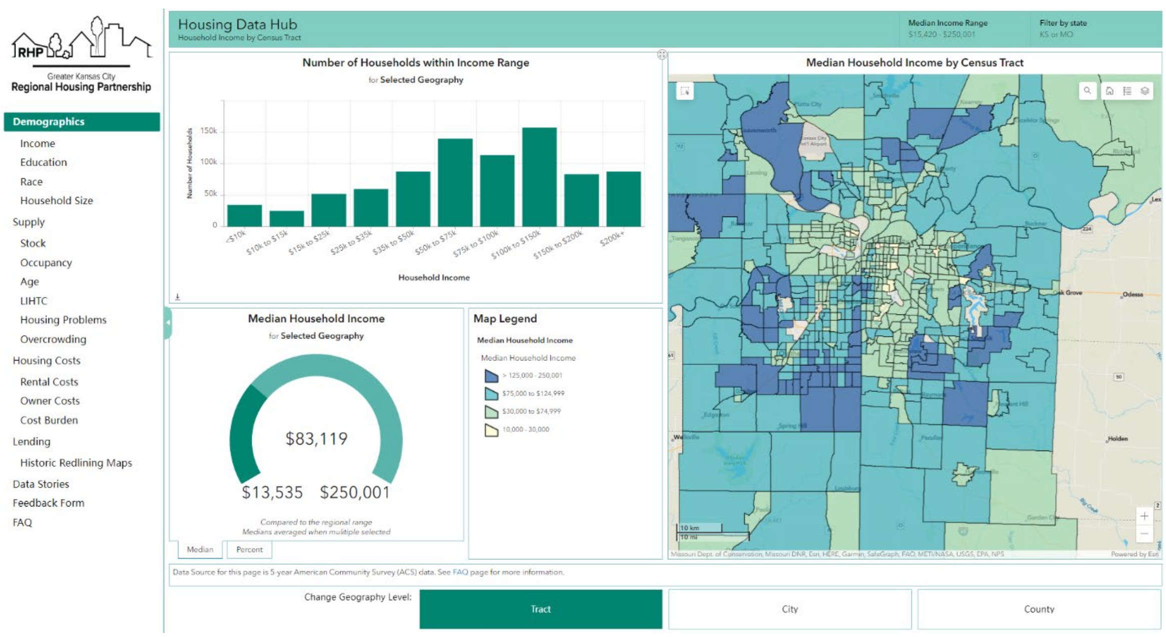
Year Two Projects

The following sections highlight milestones for year two RHP work. Major projects are organized by the element they support and build. The overview of milestones includes program metrics, either measured or expected; how the work builds towards long-term outcomes; and references to exhibits or links to key work products if applicable. Work that will carry forward or planned for 2024, or that may be ongoing by its nature, is discussed in each section.

Following the sections on projects is a summary of lessons learned from the RHP's second year, as well as planned future work. Finally, a summary of funds expended to date is included. Specific items may be highlighted to show encumbrances or funding carrying over into 2024.

Data and Analysis

A necessary element to build a healthy housing supply system involves generating accessible, reliable and current data to empower local government leaders, elected officials, advocates, lenders and developers to identify solutions and meet ever-changing needs. In the RHP's first year, our goal related to data and analysis was to launch an online data hub analyzing housing affordability in the Greater Kansas City region.



Screenshot from the Greater Kansas City Housing Data Hub

Project: Maintain and expand data, data stories and blogs

Milestones: In 2023, the RHP:

- Created and expanded the housing data hub with the addition of the Comprehensive

Housing Affordability Strategy (CHAS) data.

- Published four in-depth data stories and eight blogs on the region's housing challenges utilizing data developed through RHP analytics and the research team.
- Identified the region is missing 64,000 affordable housing units.
- Provided the region's first detailed analysis on investor-ownership in the region's housing market.
- Demonstrated how low wages, limited transportation options and a lack of affordable housing near job centers impacts households in the region.

Ongoing and Future Work: In 2024, the RHP's work related to data and analysis will continue to evolve. Our primary goal is to further develop the housing data hub. The research team will maintain the hub and ensure up-to-date data sets. To further analyze housing data for the region, we also plan to publish two additional data stories and four blogs (along with corresponding data sets). Measurements tracking the number of users linking to the data hub and data stories will also be compiled.

Work for 2024: Data work expected for this year includes:

- Developing metrics for measuring and closing the regional housing gap.
- Developing data on ownership concentration in the region's multi-family housing.
- Coordinating with key stakeholders on data development and utilization of the RHP data hub.
- Developing data and metrics on the increasing homeownership in underserved communities.

Program Impact Metrics: In 2023, the RHP offered presentations and customized data with regional partners and key stakeholders, including:

- Groups of potential users, such as representatives from MARC committees, community groups and professional associations.
- School districts and city and county planning officials working on housing-related issues.

Baseline Metrics: Over the past year, data hub research established that the region is lacking 64,000 affordable housing units and identified the households most impacted by this shortage. In 2024, the research team will work to expand our understanding of the historical development patterns that produced this gap and the number of units the region would need to produce annually to close the gap. With guidance from the RHP Strategy Committee, the research team will also conduct additional analysis of policy implications and potential interventions to closing the affordable housing gap. This analysis will serve as a basis for how the regional collaboration will move key indicators forward.

Work Product: The housing data hub is a collaboratively designed community resource that empowers data-driven decision-making and planning across the Kansas City region. The data hub is one component of the larger RHP initiative. The research team will update this evolving tool with new and changing data and visualizations over time. Data sets are visualized in mapping, graphical and data formats for the regional, county, city and census tract level. Current data sets include the National Housing Preservation Database (NHPD), the 2018-2022 American Community Survey (ACS) five-year estimates, the 2020 Comprehensive Housing Affordability Strategy (CHAS) data produced by the U.S. Census Bureau for the U.S. Department of Housing and Urban Development (HUD) and the Home Owners' Loan Corporation (HOLC) map geographies.

Additional work products include:

- Data Story: The history of racial discrimination in housing…
  (Analysis in this article examines the relationship between race and housing and its impact in the region.)
- Data Story: Assessing the affordable housing gap
  (This story identifies a gap of 64,000 affordable housing units in the region.)
- Data Story: Housing and transportation costs stretch household budgets
  (Analysis in this story explores how distance between housing and work creates challenges for low-income households.)
- Data Story: Investor impact on single-family housing in the KC region
  (This story examines changes in the region's single-family rental market and the rise of investment firm activity.)
- Blog: Affordable housing gap even wider for some households
  (This blog digs further into whom the region's affordable gap affects most.)
- Blog: Where is the affordable housing gap in Kansas City region?
  (This blog looks at the geography of the region's affordability gap.)
- Blog: Supply of the region's low-cost rentals decrease over last decade
  (This blog puts RHP research in conversation with national analysis by Harvard's Joint Center for Housing Research)
- Blog: New dashboards added to the Housing Data Hub …
  (This blog details the addition of CHAS data to the data hub.)
- Blog: Is Kansas City region losing its competitive edge in housing affordability?
  (This blog examines where the region ranks with its peer metros for rising rents.)
- Blog: Looming LIHTC roll-off dates could compound regional affordable housing …
  (This blog looks at how expiring LIHTC restrictions will impact affordability in the region.)
- Blog: Institutional owners of single-family housing are active in Kansas City
  (This blog delves into the region's largest single-family landlords in the region.)
- Blog: New year, new housing data
  (This blog explains updates the RHP data hub.)
- Regional Investor-Owner Data Set
  (This is the first of its kind data set that consolidates high volume owners of single-family housing across the nine-county region.)

Long-term Data and Analysis Outcomes: The RHP will work over the long-term to ensure there is accessible, reliable, current data to empower developers, officials, lenders and communities to meet ever-shifting needs. Since year one, RHP staff has made data sets, visualizations and analysis available on the housing data hub website. To ensure the information stays relevant and updated, this work will continue each year. In 2024, input from the RHP Strategy Committee will help guide ongoing work to ensure information available on the data hub answers key housing questions and that long-term metrics are established.

Networked Leadership

Creating an affordable housing community by developing platforms to enable stakeholders from all sectors to connect, learn promising practices, share current work and engage builders, advocates, officials and planners is essential to the RHP's success. To achieve that goal, the second-year work plan focused on continuing to convene the RHP Strategy Committee and working with SourceLink to launch the housing network platform kcrhp.org (formerly known as the Kansas City Regional Housing Connection).

Janeé Hanzlick, commissioner at Johnson County, Kansas, serves as the RHP Kansas co-chair. In this photo from the 2023 Kansas Housing Conference, Hanzlick presents an overview of county initiatives aimed at developing affordable housing solutions.

Project: Regional Housing Partnership Strategy Committee

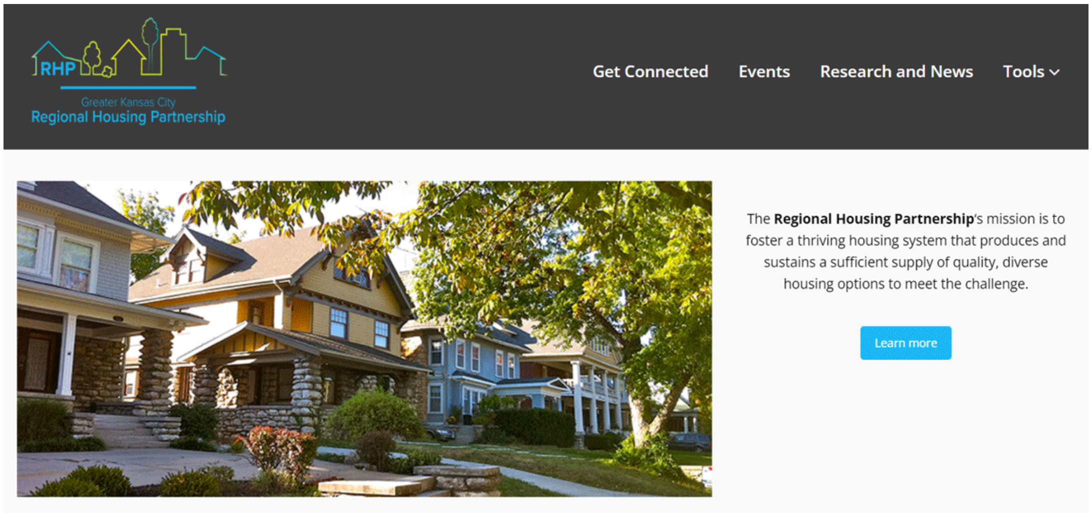
Milestones: In 2023, the RHP:

- Convened the strategy committee five times to update and gain feedback on grants, projects and reviewing baseline reports and initial business plan documents.

Ongoing Work: In 2024, work includes a series of intensive goal-setting sessions to identify long-term strategies and plan for building out the network of partners working within the RHP framework. The Strategy Committee will evaluate and identify metrics for gauging success, while recognizing that long-term impacts may take years to materialize.

Program Impact Metrics: In 2023, the RHP held a total of five strategy committee meetings.

Work Product: In 2023, the RHP team supported the Strategy Committee. See link to the 2024 goal setting kick-off agenda that includes goal setting meetings set for early 2024.



Screenshot from the RHP's newly launched housing connection resource tool www.kcrhp.org.

Deliverable: Develop and launch the Kansas City Regional Housing Connection resources tool

Milestones: In 2023, the RHP:

- Obtained ownership of the domain kcrhp.org.
- Updated site and linked data stories, data hub, videos and events.
- Coordinated outreach to developers and housing organizations to create site profiles.
- Conducted soft launch of the kcrhp.org platform in October 2023.

Ongoing Work: In 2024, the RHP will:

- Conduct staff training on the online resources system.
- Provide resource partner information training sessions on system.
- Continue to update and build out the network of those listed and connecting with the platform.

Program Impact Metrics (expected): In 2024, the RHP will track:

- Number of organizations on the housing connection site.
- Number of visits to the site once live.
- Number of (and participation in) community and stakeholder informational meetings.
- Number of housing connections made.

Work Product: The kcrhp.org platform.

Financing Tools

Attracting new housing resources to the region and identifying innovative financing tools is also an important objective in building a healthy housing supply system. The RHP is continuously looking for opportunities to bring federal and state resources to the Kansas City region. Results from 2023 include, RHP coordinated applications received state funding, application completed for a major competitive federal funding opportunity, completion of the Regional CLT Business Plan with funding secured to move towards implementation in 2024, and kick-off work started on the development of a regional housing fund business plan.

Project: Explore and develop strategies to support successful attraction and investment of new federal housing resources in the region

Milestones: In 2023, the RHP:

- Convened entitlement communities, HUD identified "priority communities" and potential subrecipients LISC Greater Kansas City, Institute for Building Technology and Safety (IBTS) and Kansas City Community Land Trust (KCCLT), formerly Marlborough Community Land Trust, to apply for a competitive HUD Pathways to Removing Obstacles to Housing (PRO Housing) grant. The total award applied for was approximately $4.7 million over a 5-year period, leveraging an additional $3.6 million. If selected, MARC will serve as the lead on behalf of RHP with an expected start date of January 31, 2024 (no announcement as of January 30, 2024).
- Received news that two of three applications based on RHP convening received approximately $4.76 million in funding from the Missouri Department of Economic Development (DED) Community Revitalization Grant Program. The two projects selected included:
    - United Way of Greater Kansas City to offer continued emergency rental assistance.
    - Habitat for Humanity of Kansas City, in partnership with Truman Heritage Habitat for Humanity, to assist homeowners with minor home repair and modifications.
- Began work in preparing housing related projects within a regional Environmental Protection Agency (EPA) Climate Pollution Reduction Grant (CPRG) application.
- Continued to monitor accessing the $3 million in Community Project Funding from HUD to support housing work in the Historic Northeast area of Kansas City, Missouri, and across the region.

Ongoing Work: In 2024, RHP staff will continue monitoring opportunities for new and existing federal and state resources. Additionally, we will continue to coordinate regional grant applications by working with LISC National, community partners and local and state governments to bring new housing dollars to the Kansas City region.

Program Impact Metrics: In 2023, the RHP convened two meetings to coordinate and solicit feedback for the HUD PRO Housing grant, as well as several one-on-one conversations with likely stakeholders and subrecipients.

Work Product: [HUD PRO Housing Application and presentation.]

Expanding Shared Equity Homeownership Opportunities

A second financing-related project in year two centered on engaging local communities, existing community land trusts (CLTs) and nonprofits to finalize a regional business plan that expands shared equity homeownership opportunities.

Project: Develop a regional business plan to create a community land trust or similar model

Milestones: In 2023, the RHP:

- Worked with KCCLT to finalize a business plan expanding the use of the CLT model. Focus communities included:
    - Olathe, Kansas – working with stakeholders in Johnson County around a proposed Habitat for Humanity of Kansas City project.
    - Historic Northeast Kansas City, Missouri – working with Jerusalem Farm and area neighborhood groups.
    - Englewood Arts District in Independence, Missouri – working with Truman Heritage Habitat for Humanity and Englewood Arts.
    - Excelsior Springs, Missouri – working with the city of Excelsior Springs.
    - Existing CLTs
- Conducted three regional CLT workshops.
- Completed final business plan that called for the creation of a regional CLT consortium entity and structure.
- Held presentations of the final business plan to the RHP Strategy Committee, stakeholder groups and MARC Board of Directors.
- Established funding with KCCLT to fund implementation of the regional business plan's recommendation of developing a regional CLT consortium.

Ongoing Work: In 2024, the RHP will continue working with KCCLT in establishing the regional CLT consortium. This will include ongoing education about the consortium, the use of CLTs and further development under the CLT model.

Program Impact Metrics: In 2023, the RHP:

- Conducted a total of 20 workshops with the five focus communities listed above.
- Conducted three regional community workshops on CLTs with over 160 registrations.

Work Product:

- Regional CLT business plan (See Exhibit 1).
- CLT recorded webinar and resources.

Regional Housing Fund

A third financing-related project in year two involves a regional housing fund concept. Working with consultants, the RHP has been in discussions with local governments and foundations gathering feedback around the fund concept and needs in communities.

Project: Create a business plan, capitalize, launch the Regional Housing Fund

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Milestones: In 2023, the RHP:

- Hired Folks Capital and KCCLT as our consultant through a competitive RFP process and interviewed five consultant teams.
- Coordinated over 16 meetings with over 30 local governments and over 50 people to have the consultant team better understand their priorities around housing and a new regional fund.
- Received slides and a handout summarizing initial stakeholder feedback.
- Coordinated a meeting with LISC Greater Kansas City and leadership staff to share initial stakeholder feedback and initial thoughts on fund structure.

Ongoing Work: In 2024, the RHP will finalize documents as outlined below in the expected work product and continue outreach and education on capitalizing and sustaining the fund.

Program Impact Metrics (expected): The RHP will track:

- Number of engagements.
- Number of potential investors expressing interest.
- Number of committed investors.
- Amount capital raised/amount committed towards the regional housing fund.

Work Product (expected):

Working with consultants, the RHP will produce the following:

- Draft business plan.
- Final business plan.
- Investor pitch slide deck.
- Accompanying high-level one-pager.
- Refined financial model.
- High-level term sheet for investors and investees.

Long-term Financing Tool Outcomes: Over the long-term, the RHP will work to ensure there are:

- Variable, available models for financing options that broaden homeownership opportunities, especially for people of color.
- Tools that integrate public, private and philanthropic funding for facilitating successful affordable housing development across the region, including new construction, infill and rehabilitation.
- Creating access to capital for developers of color.
- Coordination of federal and other resources that service affordable housing.

In 2023, the RHP continued to coordinate grant applications, created the building blocks for establishing a CLT consortium and set in motion work to establish a regional housing fund that will blend multiple funding sources.

Production Capacity

Building a healthy housing supply system depends on the capacity of nonprofit and for-profit affordable housing developers. In 2023, the RHP produced a developer needs assessment that will provide information for next steps and regional goals in this space.

Project: Conduct analysis on needs of local affordable housing developers

Milestones: In 2023, the RHP:

- Reviewed already existing feedback from developers and CDCs working to increase inventory and access to affordable housing.
- Conducted RFP process and hired Corporation for Supportive Housing to complete the regional developer needs assessment.

- Presented results to the RHP Strategy Committee and provided an online presentation of the results for participants and community members.

Ongoing Work: In 2024, the RHP will:

- Collect information from the assessment to provide context for identifying regional goals around affordable housing.
- Use information from the assessment to help identify potential pilot projects within the region.

Program Impact Metrics: Over the past year, the RHP:

- Engaged 100 stakeholders to participate in the developer needs assessment which consisted of an online survey, focus groups and one-on-one interviews.
- Conducted a series of focus groups that included developers, people with lived experiences and representatives from four of the region's six housing authorities.
- Conducted 10 one-on-one interviews – three with individuals identified as BIPOC developers.
- Identified 25 participants who stated they focused on affordable housing and 10 that have completed more than six developments.

Work Product: Recording of Developer Needs Assessment presentation.

Long-term Production Capacity Outcomes: The partnership will work over the long-term to:

- Foster a network of high-capacity housing production companies and nonprofit entities that work throughout the region.
- Support a strong, skilled housing construction workforce.
- Increase use of housing models that reduce new construction and renovation costs.

The RHP will strive to ensure that pilot projects established through the developer needs assessment will help break down barriers and strengthen the development ecosystem in the region. Ongoing networking and visioning sessions will help identify issues and provide opportunities to problem-solve solutions.

Rental and Homeowner Resources

Improving access to rental and homeowner support resources is another important objective in the RHP's work. In 2023, the partnership developed a research strategy that will continue to define challenges facing first-time homebuyers. Additionally, the RHP worked with the city of Kansas City, Missouri, to launch and regionalize KChousinglocator.com.

One organization participating in RHP planning efforts is CHES, Inc., a HUD-approved housing counseling and financial empowerment organization. On Sept. 16, 2023, CHES, Inc., along with HUD and area real estate professionals, brokers, financial institutions and developers, hosted a homebuyer education event in Kansas City, Missouri, to help increase homeownership opportunities among populations that have historically faced difficulties with the homebuying process due to systemic barriers.

CHES, Inc. hosts homebuyer education event on Sept. 16, 2023, in KCMO.

Project: Re-envision homeownership work

Milestones: In 2023, the RHP developed a research strategy for homeownership opportunities after markets changed in 2022 (see attached).

The partnership:

- Conducted a survey and follow-up with home counseling providers.
- Analyzed the impact of investment ownership on housing supply.

Ongoing Work: In 2024, the RHP will begin working on the next phase of its research plan mapping the housing counseling and financial institution program landscape for first-time homeowners, as well as continue to focus research efforts on understanding the changing housing market.

Program Impact Metrics: Over the past year, the RHP:

- Developed a housing counseling survey.
- Conducted interviews with counseling service providers.

Work Product:

- Research statement (Exhibit 2).

- Phase 2, part 1 analysis around supply pressures for first-time homeowners and future data and analysis work planned for 2024 discussed on page 6.

Project: Launch regional housing locator tool

Milestones: In 2023, the RHP partnered with the city of Kansas City, Missouri, to develop a housing locator tool with Emphasys Software.

The partnership:

- Contracted with Emphasys Software.
- Worked with the city to develop the content for the platform in coordination with Emphasys Software.
- Launched the platform in July of 2023.
- Conducted three workshops and publicized workshop recordings for three main groups (communities, landlords and community organizations).
- Created an online catalog of collateral that communities and organizations can use to promote the tool.

Work Product:

- The KCHousingLocator.com website.
- Online workshops and marketing materials.

Ongoing Work: In 2024, the RHP will work to establish an advisory group to evaluate the use and impact of the locator tool. The RHP will also establish policies and procedures for community agencies to access a password protection feature in assisting hard-to-house clients. MARC is hiring a new housing specialist to support RHP work. One of the specialist's key roles will be to assist with coordinating, marketing and evaluating this tool.

Program Impact Metrics (expected):

- Number of listings
- Number of searches
- Number of advisory group meetings
- Number of outreach opportunities

Long-term Rental and Homeownership Resource Outcomes: The partnership will work over the long-term to:

- Increase highly coordinated and accessible resources that foster a healthy rental market and prevent housing insecurity and homelessness.
- Reduce incidence of eviction with well-supported services for tenants and landlords, financial management resources and voucher coordination.

Public Policy

MARC's transportation and environment team, in conjunction with RHP staff, continued to build off their 2022 review of city comprehensive plans and supplemental housing plans. In 2023, the team conducted a more in-depth review of the housing plans to identify existing common policy goals across the region. In addition, RHP staff reviewed HUD entitlement community consolidated plans and included information from both reviews in MARC's application to HUD's PRO Housing grant program.

Project: Regional comprehensive and housing plan review

Work Product: Housing Plan Review without appendices (see Exhibit 3).

Long-term Public Policy Outcomes: The partnership incorporated findings from the plan reviews into the HUD PRO Housing grant application, and changes around development process, land use policies, and zoning and building code regulations will be part of that body of work if awarded. The RHP will continue working to ensure public policies at all levels promote development quality, affordable housing through effective planning, code regulation, income supports, public-private partnerships and fair housing practices.

Public Engagement and Education

The deliverable related to the RHP's element of public engagement and education involves enhancing public and leadership awareness of affordable housing issues and providing advocacy and training opportunities that focus on housing, health, economic prosperity and family wealth building.

Project: Develop community mobilization training and advocacy institute inventory

Milestones: In 2023, the RHP:

- Compiled a list of organizations within the region providing advocacy training.

Program Impact Metrics (expected): In 2024, the RHP will:

- Create a resource guide of local and national training opportunities.
- Track number of trainings added to the kcrhp.org housing connection platform.

Baseline Metrics (expected): This year, the RHP will:

- Conduct a baseline assessment of current training options.
- Update the list of trainings to be shared with the community and housing partners.

Work Product (expected): This year, the RHP will:

- Determine which trainings can be offered at a regional level; identify new trainings that are needed; and create a plan for building a training program.
- Plan and produce a public event to share training opportunities.

Long-term Public Engagement and Education Outcomes: The RHP will work over the long-term to increase leadership and public awareness of the intersection of housing with health and economic prosperity and support for affordable housing strategies that create vital, safe and affordable and attractive communities. To advance this outcome, the planned work in 2024 will support current advocacy training efforts and those aimed at creating new opportunities that empower residents and community leaders to take action and participate in regional housing initiatives.

Lessons Learned

In our second year of the partnership, RHP staff identified key lessons that will guide future work. Lessons learned involved the following:

- **Communications:** In 2023, the RHP branded our work with a new logo. We also increased communication to community stakeholders by publishing a quarterly newsletter and a series of stories showcasing housing initiatives around the region. In October 2023, LISC's Community Wise podcast featured work underway by the regional housing partnership and our strategy committee co-chairs: Kansas City, Missouri, Mayor Pro Tem Ryana Parks-Shaw and Johnson County, Kansas, Commissioner Janeé Hanzlick.

On Oct. 1, 2023, LISC's Community Wise podcast highlighted the regional housing partnership.

Moving into 2024 we will work to identify new partners working to address the region's housing issues and increase outreach to the public. As we focus on expanding the RHP network, we will intentionally look for more ways to obtain and promote information about other housing work being done so others can benefit and join our efforts.

- **Balancing the desire for quick solutions with the realities of achieving system-level change:** Stakeholders participating in the RHP network are often eager to find quick solutions to the region's lack of affordable housing. Many believe we can simply import approaches used in other communities to solve our region's problems. We must remind our partners that achieving system-level change takes time, and while identifying short-term approaches is important, we also need to find solutions to implement over the long-term. The region will likely have to test many approaches before finding one or more solutions that achieve our goals.

- **Unhoused Populations:** Conversations taking shape around identifying regional approaches to address the needs of individuals and families experiencing houselessness are growing louder and more frequent. However, there is a lack of funding for regional coordination of unhoused strategies.

2024 Additional Work

Additional work the RHP plans to conduct in 2024 not already incorporated above includes or is likely to include:

- Coordinating further program communications.
- Assisting KC Rising as part of a civic agenda to influence the public dialogue on housing matters.

The staff from both MARC and LISC Greater Kansas City want to thank the funders who have invested in this first year of the RHP. We look forward to our continued collaboration advancing this important work.

Financials and Exhibits

The following pages show the financial reports as of December 31, 2023. The first series show dollars that flow through MARC CSC with encumbered and unencumbered amounts. Additionally, LISC Greater Kansas City has prepared a report on housing fund dollars that flow through their organization, as well as their latest audited financials. You can view the Mid-America Regional Council's Audited Financials at this link.

Exhibits include the following:

- Exhibit 1 – CLT Business Plan
- Exhibit 2 – Research Statement
- Exhibit 3 – Housing Plan review without appendices

MARC CSC Financial Statement with Encumbrances

Mid-America Regional Council CSC's Regional Housing Partnership
Regional Housing Partnership
Financial Report as of 12/31/2023

	Health Forward Budget	Health Forward Actual	M&H Bloch Budget	M&H Bloch Actual	Hall Family Foundation Budget	Hall Family Foundation Actual	Sunderland Budget	Sunderland Actual	Total Project Budget	Total Project Actual
Revenue										
Grant Awards (Note 1)	775,000	462,500.00	1,680,000	1,120,000.00	150,000	150,000.00	500,000	500,000.00	3,105,000	2,232,500.00
In-Kind Revenue (non-cash)	50,000	64,417.00	0	0.00	0	0.00	0	0.00	50,000	64,417.00
Total Revenue	825,000	526,917.00	1,680,000	1,120,000.00	150,000	150,000.00	500,000	500,000.00	3,155,000	2,296,917.00
Expense										
Salary	30,520	35,796.43	451,462	254,424.79	0	0.00	78,094	29,919.15	560,076	320,140.37
Benefits & Payroll Taxes	14,650	9,373.21	226,239	126,841.63	0	0.00	32,674	15,378.41	273,563	151,593.25
Total Compensation	45,170	45,169.64	677,701	381,266.42	0	0.00	110,768	45,297.56	833,639	471,733.62
Contracted Services (Note 2)	70,000	0.00	286,972	150.00	0	0.00	0	0.00	356,972	150.00
Contracted Services - Hopeward LLC	0	0.00	0	0.00	0	0.00	19,000	19,000.00	19,000	19,000.00
Contracted Services - E Cardwell	0	0.00	78,000	78,000.00	0	0.00	0	0.00	78,000	78,000.00
Contracted Services - Emphasys	0	0.00	100,000	52,374.40	0	0.00	0	0.00	100,000	52,374.40
Contracted Services - LISC	521,194	521,194.00	123,000	123,000.00	140,806	144,176.67	276,629	276,629.33	1,061,629	1,065,000.00
Contracted Services - KCCLT (Note 3)	125,000	125,000.00	137,000	137,000.00	0	0.00	38,000	38,000.00	300,000	300,000.00
Contracted Services - PorchLight	0	0.00	0	0.00	0	0.00	12,000	12,000.00	12,000	12,000.00
Other (Note 4)	0	0.00	58,549	16,839.02	9,194	5,823.33	12,046	1,596.00	79,789	24,258.35
In-Kind Expenses (non-cash)	50,000	64,417.00	0	0.00	0	0.00	0	0.00	62,046	64,417.00
Sub-total, Direct Expenses	766,194	710,611.00	783,521	407,363.42	150,000	150,000.00	357,675	347,225.33	2,069,436	1,615,199.75
Indirect Expense	13,636	13,636.36	218,778	118,833.27	0	0.00	31,557	13,725.12	232,414	146,194.75
Total Expense	825,000	769,417.00	1,680,000	907,463	150,000	150,000.00	500,000	406,248.01	3,135,489	2,233,128.12
Net Project Cost	0	(242,500.00)	0	212,536.89	0	0.00	0	93,751.99	19,511	63,788.88

Note 1: This report shows revenue on a cash basis. In its accounting system, MARC recognizes revenue on an accrual basis when it is "earned" (i.e., when it is needed for expenses incurred).
Health Forward will pay Indirect Expense that is 10 percent or less of HFF direct expenses. Initial grant of $150,000 expended; 2nd grant 1st installment received in December 2023.
Note 2: $100,000 of the Bloch contractual dollars are for HUD PRO housing grant match if awarded and $22,000 for data needs
Note 3: $50,000 of Bloch for KCCLT for CLT Consortium development to futher homeownesrhip pathways

MARC CSC
Financial Statement
without Encumbrances

Mid-America Regional Council CSC's Regional Housing Partnership
Regional Housing Partnership
Financial Report as of 12/31/2023

	Health Forward Budget	Health Forward Actual	M&H Bloch Budget	M&H Bloch Actual	Hall Family Foundation Budget	Hall Family Foundation Actual	Sunderland Budget	Sunderland Actual	Total Project Budget	Total Project Actual
Revenue										
Grant Awards (Note 1)	775,000	462,500.00	1,680,000	1,120,000.00	150,000	150,000.00	500,000	500,000.00	3,105,000	2,232,500.00
In-Kind Revenue (non-cash)	50,000	64,417.00	0	0.00	0	0.00	0	0.00	50,000	64,417.00
Total Revenue	825,000	526,917.00	1,680,000	1,120,000.00	150,000	150,000.00	500,000	500,000.00	3,155,000	2,296,917.00
Expense										
Salary	30,520	35,796.43	451,462	254,424.79	0	0.00	78,094	29,919.15	560,076	320,140.37
Benefits & Payroll Taxes	14,650	9,373.21	226,239	126,841.63	0	0.00	32,674	15,378.41	273,563	151,593.25
Total Compensation	45,170	45,169.64	677,701	381,266.42	0	0.00	110,768	45,297.56	833,639	471,733.62
Contracted Services (Note 2)	70,000	0.00	286,972	150.00	0	0.00	0	0.00	356,972	150.00
Contracted Services - Hopeward LLC	0	0.00	0	0.00	0	0.00	19,000	0.00	19,000	0.00
Contracted Services - E Cardwell	0	0.00	78,000	53,663.25	0	0.00	0	0.00	78,000	53,663.25
Contracted Services - Emphasys	0	0.00	100,000	25,180.00	0	0.00	0	0.00	100,000	25,180.00
Contracted Services - LISC	521,194	91,194.00	123,000	123,000.00	140,806	144,176.67	276,629	276,629.33	1,061,629	635,000.00
Contracted Services - KCCLT (Note 3)	125,000	0.00	137,000	87,000.00	0	0.00	38,000	38,000.00	300,000	125,000.00
Contracted Services - PorchLight	0	0.00	0	0.00	0	0.00	12,000	12,000.00	12,000	12,000.00
Other	0	0.00	58,549	16,839.02	9,194	5,823.33	12,046	1,596.00	79,789	24,258.35
In-Kind Expenses (non-cash)	50,000	64,417.00	0	0.00	0	0.00	0	0.00	62,046	64,417.00
Sub-total, Direct Expenses	766,194	155,611.00	783,521	305,832.27	150,000	150,000.00	357,675	328,225.33	2,069,436	939,668.60
Indirect Expense	13,636	13,636.36	218,778	118,833.27	0	0.00	31,557	13,725.12	232,414	146,194.75
Total Expense	825,000	214,417.00	1,680,000	805,932	150,000	150,000.00	500,000	387,248.01	3,135,489	1,557,596.97
Net Project Cost	0	312,500.00	0	314,068.04	0	0.00	0	112,751.99	19,511	739,320.03

Note 1: This report shows revenue on a cash basis. In its accounting system, MARC recognizes revenue on an accrual basis when it is "earned" (i.e., when it is needed for expenses incurred).
Health Forward will pay Indirect Expense that is 10 percent or less of HFF direct expenses. Initial grant of $150,000 expended; 2nd grant 1st installment received in December 2023.
Note 2: $100,000 of the Bloch contractual dollars are for HUD PRO housing grant match if awarded and $22,000 for data needs
Note 3: $50,000 of Bloch for KCCLT for CLT Consortium development to futher homeownesrhip pathways

LISC Greater Kansas City Financial Statement & Audited Financials

LISC Greater Kansas City - Regional Housing Partnership

Financial Report as of 12/31/2023

		Hall Family Foundation Budget	Hall Family Foundation Actual	Total Project Budget	Total Project Actual
Revenue					
	Grant Award (Note 1)	$ 100,000.00	$ 100,000.00	$ 100,000.00	$ 100,000.00
	In-Kind Revenue (non-cash) (Note 2)	$ 71,000.00	$ 15,000.00	$ 71,000.00	$ 15,000.00
	TOTAL REVENUE	**$ 171,000.00**	**$ 115,000.00**	$ 171,000.00	$ 115,000.00
Expense					
	Salary	$ 28,500.00	$ 10,687.50	$ 28,500.00	$ 10,687.50
	Benefits & Payroll Taxes	$ 11,500.00	$ 4,312.50	$ 11,500.00	$ 4,312.50
	SUB-TOTAL COMPENSATION (Note 3)	**$ 40,000.00**	**$ 15,000.00**	$ 40,000.00	$ 15,000.00
	Contracted Services - Folks Capital (Note 4)	$ 75,000.00	$ -	$ 75,000.00	$ -
	Contracted Services - MARC (Note 5)	$ 31,000.00	$ -	$ 31,000.00	$ -
	Contracted Services - LISC Nat'l Housing staff	$ 15,000.00	$ 15,000.00	$ 15,000.00	$ 15,000.00
	SUB-TOTAL CONTRACTED SERVICES	**$ 121,000.00**	**$ 15,000.00**	$ 121,000.00	$ 15,000.00
	INDIRECT EXPENSES	**$ 10,000.00**	**$ 10,000.00**	$ 10,000.00	$ 10,000.00
	TOTAL EXPENSE	**$ 171,000.00**	**$ 40,000.00**	$ 171,000.00	$ 40,000.00
Net Project Cost		$ -	$ 75,000.00	$ -	$ 75,000.00

Note 1: Hall Family Foundation grant awarded on 4/24/23 for Regional Housing Fund Design & Creation

Note 2: Initial estimate of the work was $135,000, but has been higher due to increased consultant scope. Currently LISC is covering additional costs thru general operating funds unless/until additional funds are secured for this effort.

Note 3: These expenses are currently being paid by LISC general operating revenue, so included in the In-Kind Revenue

Note 4: First payment of $20,000 processed in Jan. 2024

Note 5: These expenses will be processed in 2024 and are currently being paid by LISC general operating revenue, so included in the In-Kind Revenue

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Financial Statements and Independent Auditor's Report

December 31, 2022
(With Comparative Financial Information as of and for the Year Ended December 31, 2021)

Local Initiatives Support Corporation and Affiliates

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Independent Auditor's Report

The Audit Committee of the Board of Directors and Management
Local Initiatives Support Corporation

Opinion

We have audited the consolidating and consolidated financial statements of Local Initiatives Support Corporation and Affiliates, which comprise the consolidating and consolidated statement of financial position as of December 31, 2022, and the related consolidating and consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating and consolidated financial statements.

In our opinion, based on our audit and the reports of other auditors, the accompanying consolidating and consolidated financial statements present fairly, in all material respects, the financial position of Local Initiatives Support Corporation and Affiliates as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain consolidated partnerships whose statements reflect total assets constituting $37,490,235 at December 31, 2022 and total change in net assets of ($967,016) for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain consolidated partnerships is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidating and Consolidated Financial Statements section of our report. We are required to be independent of Local Initiatives Support Corporation and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidating and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidating and consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidating and consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Initiatives Support Corporation and Affiliates' ability to continue as a going concern for one year after the date that the consolidating and consolidated financial statements are issued.

CohnReznick

Auditor's Responsibilities for the Audit of the Consolidating and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidating and consolidated financial statements.
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidating and consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidating and consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Local Initiatives Support Corporation and Affiliates' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidating and consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Initiatives Support Corporation and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Local Initiatives Support Corporation and Affiliates' 2021 consolidating and consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidating and consolidated financial statements in our report dated June 28, 2022. In our opinion, based on our audit and the reports of other auditors, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidating and consolidated financial statements from which it has been derived.

CohnReznick LLP

Bethesda, Maryland
June 30, 2023

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Financial Position
December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only								LISC Consolidated			
	Operating Funds		Loan Fund									
Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**	**LISC Affiliates & Funds**	**CDA Partnerships**	**Eliminations**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**	**LISC Consolidated 2021 Total**
Cash and cash equivalents (Note 4 and 13)	$ 26,602,401	$ 189,168,267	$ 81,649,650	$ 43,954,924	$ 341,375,242	$ 121,137,398	$ 375,855	$ -	$ 229,765,304	$ 233,123,191	$ 462,888,495	$ 460,590,034
Restricted cash (Note 4 and 13)	-	-	-	-	-	22,049,295	440,248	-	21,585,556	903,987	22,489,543	26,061,325
Investments (Note 4 and 13)	64,157,943	-	-	46,510,593	110,668,536	12,033,342	-	-	76,191,285	46,510,593	122,701,878	135,999,323
Investments in affiliates	122,000,393	-	-	-	122,000,393	-	-	(122,000,393)	-	-	-	-
Accrued interest receivable	5,262,480	-	-	54,383	5,316,863	1,049,455	-	-	6,311,935	54,383	6,366,318	5,479,716
Contributions receivable, net (Note 5)	97,506	42,580,615	-	70,660	42,748,781	600,000	-	-	97,506	43,251,275	43,348,781	51,417,231
Government grants and contracts receivable (Note 6)	656,357	30,090,841	-	-	30,747,198	-	-	-	656,357	30,090,841	30,747,198	21,422,121
Consulting receivable	18,813,688				18,813,688				18,813,688	-	18,813,688	13,598,270
Notes and other receivables	-	-	-	-	-	885,442	-	(401,534)	483,908	-	483,908	244,342
Due from affiliates	11,388,154	-	-	-	11,388,154	-	-	(11,388,154)	-	-	-	270,000
Due from funds (Note 17)	-	-	-	-	-	21,684,887	-	(4,521,055)	17,163,832	-	17,163,832	9,499,197
Loan receivable (Note 7)	-	-	543,356,953	19,953,729	563,310,682	342,819,888	42,515	(8,662,600)	877,556,756	19,953,729	897,510,485	678,436,006
Allowance for uncollectible loans	-	-	(32,551,758)	-	(32,551,758)	(15,815,959)	-	-	(48,367,717)	-	(48,367,717)	(34,411,161)
Total loans, net	-	-	510,805,195	19,953,729	530,758,924	327,003,929	42,515	(8,662,600)	829,189,039	19,953,729	849,142,768	644,024,845
Recoverable grants to CDPs, net (Note 7)	15,801,463	2,727,612	1,710,328	700,000	20,939,403	-	-	(3,000,000)	14,511,791	3,427,612	17,939,403	17,612,349
Prepaid expenses and other assets (Note 18)	2,668,529	131,050	6,504,263	-	9,303,842	12,760,810	334,007	-	22,267,609	131,050	22,398,659	20,234,440
Right of use asset (Note 15)	44,576,317	-	-	-	44,576,317	2,972,454	-	-	47,548,771	-	47,548,771	50,129,732
Temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	113,625,948	-	-	113,625,948	-	113,625,948	44,822,951
Investment in Funds	-	-	-	-	-	6,249,995	-	-	6,249,995	-	6,249,995	23,534
Investment in Project Partnerships (Note 18)	-	-	-	-	-	11,445,886	-	-	11,445,886	-	11,445,886	7,136,779
Property and equipment, net (Note 10)	5,291,162	-	-	-	5,291,162	1,417,288	23,537,795	-	30,246,245	-	30,246,245	41,009,582
Intangible asset	-	-	-	-	-	2,400,000	-	-	2,400,000	-	2,400,000	2,400,000
Total assets	$ 317,316,393	$ 264,698,385	$ 600,669,436	$ 111,244,289	$ 1,293,928,503	$ 657,316,129	$ 24,730,420	$ (149,973,736)	$ 1,448,554,655	$ 377,446,661	$ 1,826,001,316	$ 1,551,975,771
Liabilities and Net Assets (Deficits)												
Liabilities:												
Accounts payable and accrued expenses (Note 15)	$ 25,475,359	$ 4,558,917	$ 732,993	$ 1,258,219	$ 32,025,488	$ 24,706,267	$ 2,676,586	$ (490,712)	$ 53,100,493	5,817,136	$ 58,917,629	$ 61,628,364
Right of use liability (Note 15)	47,087,238	-	-	-	47,087,238	3,724,998	-	-	50,812,236	-	50,812,236	53,500,794
Government contracts and loan-related advances	-	12,353,804	35,757,078	-	48,110,882	-	-	-	35,757,078	12,353,804	48,110,882	21,425,865
Grants payable (Note 8)	5,846,269	54,579,572	-	29,215	60,455,056	4,700,000	-	(4,700,000)	5,846,269	54,608,787	60,455,056	47,697,227
Due to affiliates	-	-	-	-	-	12,082,430	-	(11,125,485)	956,945	-	956,945	-
Capital contributions due to temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	95,121,714	-	-	95,121,714	-	95,121,714	38,458,262
Deferred liabilities	-	-	-	-	-	12,172,407	18,023	-	12,190,430	-	12,190,430	9,229,879
CDA Partnerships - Long-Term Debt, net (Note 16)	-	-	-	-	-	-	22,644,654	-	22,644,654	-	22,644,654	35,215,138
CDA Partnerships - Notes Payable to Funds (Note 16)	-	-	-	-	-	-	800,000	-	800,000	-	800,000	2,261,721
Loans and bond payable, net (Note 11)	7,357,758	-	550,351,681	-	557,709,439	223,887,157	-	(11,662,600)	769,933,996	-	769,933,996	645,658,430
Total liabilities	85,766,624	71,492,293	586,841,752	1,287,434	745,388,103	376,394,973	26,139,263	(27,978,797)	1,047,163,815	72,779,727	1,119,943,542	915,075,680
Commitments and contingencies (Note 15)												
Net assets:												
Net assets attributable to the Organization (Note 2)	231,549,769	193,206,092	13,827,684	109,956,855	548,540,400	122,000,392	-	(122,000,392)	243,873,466	304,666,934	548,540,400	546,052,937
Net assets attributable to the noncontrolling in Project Partnerships & Funds	-	-	-	-	-	158,920,764	(1,408,843)	5,453	157,517,374	-	157,517,374	90,847,154
Total net assets (deficit)	231,549,769	193,206,092	13,827,684	109,956,855	548,540,400	280,921,156	(1,408,843)	(121,994,939)	401,390,840	304,666,934	706,057,774	636,900,091
Total liabilities and net assets	$ 317,316,393	$ 264,698,385	$ 600,669,436	$ 111,244,289	$ 1,293,928,503	$ 657,316,129	$ 24,730,420	$ (149,973,736)	$ 1,448,554,655	$ 377,446,661	$ 1,826,001,316	$ 1,551,975,771

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only								LISC Consolidated 2022			
	Operating Funds		Loan Fund									
SUPPORT AND REVENUES	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	LISC Consolidated 2021 Total
Contributions (Note 5)	$ 2,051,835	$ 116,329,629	$ -	$ 385,000	$ 118,766,464	$ 6,503,987	$ -	$ (5,000,000)	$ 2,051,835	$ 118,218,616	$ 120,270,451	$ 195,774,494
Government grants & contracts (Note 6)	2,378,263	42,094,506	-	3,440,000	47,912,769	-	-	-	2,378,263	45,534,506	47,912,769	49,481,669
Interest income on investments	3,021,379	-	-	588,329	3,609,708	1,302,040	-	-	4,323,419	588,329	4,911,748	2,342,368
Interest income on loans to CDPs (Note 7)	32,552,545	-	-	-	32,552,545	9,426,683	734	-	41,979,962	-	41,979,962	31,552,589
Fee income	38,608,164	-	-	-	38,608,164	90,426,359	-	(207,128)	128,827,395	-	128,827,395	112,979,939
Other income	7,338,355	-	-	-	7,338,355	10,515,635	3,445,287	(14,991,768)	6,307,509	-	6,307,509	13,094,785
Equity in earnings of affiliates	21,128,842	-	-	-	21,128,842	-	-	(21,128,842)	-	-	-	-
Net assets released from restrictions	140,720,010	(157,388,557)	31,823,994	(15,155,447)	-	-	-	-	172,544,004	(172,544,004)	-	-
Total support and revenues	247,799,393	1,035,578	31,823,994	(10,742,118)	269,916,847	118,174,704	3,446,021	(41,327,738)	358,412,387	(8,202,553)	350,209,834	405,225,844
EXPENSES												
Program Services:												
Project development and other program activities	98,122,627	-	-	-	98,122,627	78,528,776	4,132,274	(11,065,293)	169,718,384	-	169,718,384	147,117,393
Project grants (Note 8)	105,942,326	-	-	-	105,942,326	14,761,850	-	(14,739,000)	105,965,176	-	105,965,176	116,383,854
Project loans:									-			
Interest	13,921,845	-	-	-	13,921,845	3,053,851	665,014	(76,978)	17,563,732	-	17,563,732	15,846,790
Provision for loss on receivable	-	-	-	-	-	24,558	53,963	-	78,521	-	78,521	120,323
Provision for uncollectible loans to CDPs (Note 7)	1,722,781	-	3,012,447	-	4,735,228	11,232,398	-	-	15,967,626	-	15,967,626	5,256,806
Provision for uncollectible recoverable grants to CDPs (Note 7)	3,103,307	-	-	-	3,103,307	-	-	-	3,103,307	-	3,103,307	1,350,033
Total program services	222,812,886	-	3,012,447	-	225,825,333	107,601,433	4,851,251	(25,881,271)	312,396,746	-	312,396,746	286,075,199
Supporting Services:												
Management and general	28,876,258	-	-	-	28,876,258	12,616,663	-	(10,886,490)	30,606,431	-	30,606,431	39,847,192
Fund raising	9,346,351	-	-	-	9,346,351	-	-	-	9,346,351	-	9,346,351	9,186,569
Total supporting services	38,222,609	-	-	-	38,222,609	12,616,663	-	(10,886,490)	39,952,782	-	39,952,782	49,033,761
Total expenses	261,035,495	-	3,012,447	-	264,047,942	120,218,096	4,851,251	(36,767,761)	352,349,528	-	352,349,528	335,108,960
Change in net assets before gains and losses on investments derivatives, equity in losses of partnership projects and other noncontrolling interest activities	(13,236,102)	1,035,578	28,811,547	(10,742,118)	5,868,905	(2,043,392)	(1,405,230)	(4,559,977)	6,062,859	(8,202,553)	(2,139,694)	70,116,884
Transfers: Board designated net assets for loan fund activities	-	-	-	-	-	-	-	-	-	-	-	-
Realized & unrealized loss on investments	(3,559,847)	-	-	178,405	(3,381,442)	-	-	-	(3,559,847)	178,405	(3,381,442)	(214,515)
Realization of unrealized gain on investment securities available for sale by the operating partnerships	-	-	-	-	-	-	-	-	-	-	-	-
CDA Partnerships - Gain on Forgiveness of Debt	-	-	-	-	-	-	3,201,638	(110,573)	3,091,065	-	3,091,065	1,228,998
Equity in income of temporary investment in project partnerships	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to LISC	-	-	-	-	-	(9,950,000)	-	9,950,000	-	-	-	-
Capital contributions	-	-	-	-	-	5,385,866	-	(5,385,866)	-	-	-	-
Gain on transfer of interest in CDA Partnerships (Note 18)	-	-	-	-	-	-	3,190,649	(23,120)	3,167,529	-	3,167,529	(1,351,553)
Change in net assets before noncontrolling interest activities	(16,795,949)	1,035,578	28,811,547	(10,563,713)	2,487,463	(6,607,526)	4,987,057	(129,536)	8,761,606	(8,024,148)	737,458	69,779,814
Other noncontrolling interest activities:												
Noncontrolling capital contributions - net of distributions	-	-	-	-	-	68,420,225	-	-	68,420,225	-	68,420,225	66,542,140
Change in net assets	(16,795,949)	1,035,578	28,811,547	(10,563,713)	2,487,463	61,812,699	4,987,057	(129,536)	77,181,831	(8,024,148)	69,157,683	136,321,954
Net assets (deficit), beginning of year	248,345,718	192,170,514	(14,983,863)	120,520,568	546,052,937	219,108,457	(6,395,900)	(121,865,403)	324,209,009	312,691,082	636,900,091	500,578,137
Net asset (deficit), end of year	$ 231,549,769	$ 193,206,092	$ 13,827,684	$ 109,956,855	$ 548,540,400	$ 280,921,156	$ (1,408,843)	$ (121,994,939)	$ 401,390,840	$ 304,666,934	$ 706,057,774	$ 636,900,091

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only				LISC Affiliates & Funds			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 56,279,700	$ 21,318,068	$ 7,674,505	$ 85,272,273	$ 42,979,804	$ 9,330,021	$ -	$ 52,309,825
Staff travel and related expenses	818,453	310,020	111,607	1,240,080	1,302,241	136,216	-	1,438,457
Professional services, consulting and legal	30,484,232	2,179,162	134,841	32,798,235	4,126,920	552,338	-	4,679,258
Fund Management Fees	-	-	-	-	10,767,774	177,000	-	10,944,774
Office and administrative	-	-	-	-	2,381,874	908,057	-	3,289,931
CDA Partnerships - property expense	-	-	-	-	-	-	-	-
NMSC reimbursable costs	-	-	-	-	4,100,028	-	-	4,100,028
Depreciation and amortization	536,618	203,264	73,175	813,057	418,325	111,737	-	530,062
Service fees	-	-	-	-	7,257,157	-	-	7,257,157
Rent and utilities	4,126,635	1,563,119	562,723	6,252,477	1,572,194	5,771	-	1,577,965
Office supplies, postage and messenger	2,257,426	855,086	307,831	3,420,343	-	10,013	-	10,013
Bank fees and other financial expenses	-	761,946	-	761,946	61,671	265,117	-	326,788
Accounting and auditing fees	-	317,550	-	317,550	37,900	564,610	-	602,510
Conference and meeting	428,021	162,129	58,366	648,516	682,701	145,766	-	828,467
Telephone	951,087	360,260	129,694	1,441,041	-	-	-	-
Insurance	725,216	274,703	98,893	1,098,812	608,622	266,326	-	874,948
Equipment rental	110,573	41,884	15,078	167,535	-	-	-	-
Board expenses	-	30,073	-	30,073	-	22,919	-	22,919
Printing, annual report and publications	69,810	26,443	9,520	105,773	-	-	-	-
Project grants	105,942,326	-	-	105,942,326	15,008,396	-	-	15,008,396
Interest	13,921,845	-	-	13,921,845	3,008,559	45,292	-	3,053,851
Provision for loss on receivables	-	-	-	-	24,558	-	-	24,558
Provision for uncollectible recoverable grants to CDCs	3,103,307	-	-	3,103,307	-	-	-	-
Provision for uncollectible loans to CDCs	4,735,228	-	-	4,735,228	11,232,398	-	-	11,232,398
Miscellaneous	1,334,856	472,551	170,118	1,977,525	2,030,311	75,480	-	2,105,791
Total	$ 225,825,333	$ 28,876,258	$ 9,346,351	$ 264,047,942	$ 107,601,433	$ 12,616,663	$ -	$ 120,218,096

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	CDA Partnerships				Eliminations			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ -	$ -	$ -	$ -	$ (3,802,097)	$ -	$ -	$ (3,802,097)
Staff travel and related expenses	-	-	-	-	-	-	-	-
Professional services, consulting and legal	-	-	-	-	-	-	-	-
Fund Management Fees	-	-	-	-	-	(10,886,490)	-	(10,886,490)
Office and administrative	-	-	-	-	-	-	-	-
CDA Partnerships - property expense	2,662,909	-	-	2,662,909	-	-	-	-
NMSC reimbursable costs	-	-	-	-	-	-	-	-
Depreciation and amortization	1,457,325	-	-	1,457,325	-	-	-	-
Service fees	12,040	-	-	12,040	(6,705,581)	-	-	(6,705,581)
Rent and utilities	-	-	-	-	-	-	-	-
Office supplies, postage and messenger	-	-	-	-	-	-	-	-
Bank fees and other financial expenses	-	-	-	-	-	-	-	-
Accounting and auditing fees	-	-	-	-	-	-	-	-
Conference and meeting	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-	-	-
Board expenses	-	-	-	-	-	-	-	-
Printing, annual report and publications	-	-	-	-	-	-	-	-
Project grants	-	-	-	-	(14,998,684)	-	-	(14,998,684)
Interest	665,014	-	-	665,014	(76,978)	-	-	(76,978)
Provision for loss on receivables	53,963	-	-	53,963	-	-	-	-
Provision for uncollectible recoverable grants to CDCs	-	-	-	-	-	-	-	-
Provision for uncollectible loans to CDCs	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	(297,931)	-	-	(297,931)
Total	$ 4,851,251	$ -	$ -	$ 4,851,251	$ (25,881,271)	$ (10,886,490)	$ -	$ (36,767,761)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Consolidated 2022				LISC Consolidated 2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 95,457,407	$ 30,648,089	$ 7,674,505	$ 133,780,001	$ 75,295,754	$ 37,963,073	$ 7,692,688	$ 120,951,515
Staff travel and related expenses	2,120,694	446,236	111,607	2,678,537	365,437	135,708	20,323	521,468
Professional services, consulting and legal	34,611,152	2,731,500	134,841	37,477,493	37,040,238	887,768	107,082	38,035,088
Fund Management Fees	10,767,774	(10,709,490)	-	58,284	7,430,645	(7,355,915)	-	74,730
Office and administrative	2,381,874	908,057	-	3,289,931	2,351,087	373,314	-	2,724,401
CDA Partnerships - property expense	2,662,909	-	-	2,662,909	3,034,423	-	-	3,034,423
NMSC reimbursable costs	4,100,028	-	-	4,100,028	5,860,710	-	-	5,860,710
Depreciation and amortization	2,412,268	315,001	73,175	2,800,444	2,835,265	446,231	82,829	3,364,325
Service fees	563,615	-	-	563,615	864,075	52,942	-	917,017
Rent and utilities	5,698,829	1,568,890	562,723	7,830,442	4,931,555	2,429,429	605,721	7,966,705
Office supplies, postage and messenger	2,257,426	865,099	307,831	3,430,356	1,621,381	1,094,056	292,691	3,008,128
Bank fees and other financial expenses	61,671	1,027,063	-	1,088,734	1,136	1,027,988	-	1,029,124
Accounting and auditing fees	37,900	882,160	-	920,060	42,277	867,957	-	910,234
Conference and meeting	1,110,722	307,895	58,366	1,476,983	500,711	189,389	26,831	716,931
Telephone	951,087	360,260	129,694	1,441,041	831,031	560,753	150,017	1,541,801
Insurance	1,333,838	541,029	98,893	1,973,760	983,215	520,395	78,198	1,581,808
Equipment rental	110,573	41,884	15,078	167,535	96,867	65,363	17,486	179,716
Board expenses	-	52,992	-	52,992	-	22,460	-	22,460
Printing, annual report and publications	69,810	26,443	9,520	105,773	49,970	33,718	9,021	92,709
Project grants	105,952,038	-	-	105,952,038	116,332,027	-	-	116,332,027
Interest	17,518,440	45,292	-	17,563,732	15,846,790	-	-	15,846,790
Provision for loss on receivables	78,521	-	-	78,521	120,323	-	-	120,323
Provision for uncollectible recoverable grants to CDCs	3,103,307	-	-	3,103,307	1,350,033	-	-	1,350,033
Provision for uncollectible loans to CDCs	15,967,626	-	-	15,967,626	5,256,806	-	-	5,256,806
Miscellaneous	3,067,237	548,031	170,118	3,785,386	3,033,443	532,563	103,682	3,669,688
Total	$ 312,396,746	$ 30,606,431	$ 9,346,351	$ 352,349,528	$ 286,075,199	$ 39,847,192	$ 9,186,569	$ 335,108,960

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2022	2021
Cash flows from operating activities:						
Change in net assets	$ 2,487,463	$ (2,043,392)	$ 4,987,057	$ (4,693,670)	$ 737,458	$ 69,779,814
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Equity in earnings of affiliate	(21,128,842)	-	-	21,128,842	-	-
Distributions from investment in affiliates	25,611,993	-	-	(25,611,993)	-	-
Recovery of loan losses	-	(99,880)	-	-	(99,880)	(533,759)
Equity in income of temporary investments in project partnersl	-	-		-	-	-
Gain on forgiveness of debt	-	-	(3,201,638)	110,573	(3,091,065)	(1,228,998)
Gain on sale of limited partnership interest in Fund	-	-	-	-	-	-
Gain (loss) on transfer of interest in CDA Partnerships	-	-	(3,190,649)	23,120	(3,167,529)	1,351,553
Amortization of discounts and issuance costs	484,318	(293,666)	13,718	-	204,370	355,290
Depreciation and amortization	813,057	530,062	1,457,325	-	2,800,444	3,364,325
Realized and unrealized loss (gain) on investments	3,381,442	-	-	-	3,381,442	214,515
Unrealized gain on interest rate swaps held by Project Partnerships	-	-	-	-	-	-
Equity in income	-	244,972	-	-	244,972	(76,746)
(Decrease) increase in allowance for loans to CDPs, net	4,735,228	11,232,398	-	-	15,967,626	5,256,806
Accretion of loan receivables, net	-	5,178	-	-	5,178	241,153
Provision for loss on receivables	-	10,182	53,963	-	64,145	120,323
Provision for uncollectible recoverable grants	3,103,307	-	-	-	3,103,307	1,350,033
Change in operating assets and liabilities:						
Origination of SBA 7(a) loans	-	(5,518,911)	-	-	(5,518,911)	(13,833,694)
Proceeds from sale of guaranteed loans, net of repayment	-	6,999,346	-	-	6,999,346	10,884,502
Principal received from SBA 7(a) loans	-	1,113,338	-	-	1,113,338	1,238,991
Origination of Payroll Protection Program loans, net		2,007,847			2,007,847	40,607,548
Accrued interest receivable	(295,337)	(591,265)	-	-	(886,602)	(903,875)
Contributions receivable	8,668,450	(600,000)	-	-	8,068,450	(3,492,273)
Government contracts receivable	(9,325,077)	-	-	-	(9,325,077)	10,915,936
Consulting receivable	(5,215,418)				(5,215,418)	
Notes and other receivables	-	(462,812)	(45,662)	401,534	(106,940)	1,086,842
Prepaid expenses and other assets	(1,586,253)	(73,689)	(316,780)	(2,539,448)	(4,516,170)	(18,225,299)
Accounts payable and accrued expenses	9,228,836	(9,331,231)	(49,198)	1,528,914	1,377,321	16,805,134
Government contracts and loan-related advances	26,685,017	-	-	-	26,685,017	3,101,812
Due from affiliate	(6,967,405)	1,248,199	-	5,989,206	270,000	-
Due to affiliate	-	(2,028,754)	-	1,071,809	(956,945)	-
Right of use asset/liability	136,115	(20,585)	-	-	115,530	343,576
Due from funds	-	(12,154,748)	-	4,490,113	(7,664,635)	(1,598,201)
Grants payable	12,757,829	2,400,000	-	(2,400,000)	12,757,829	4,401,826
Deferred liabilities	-	2,979,290	2,991	-	2,982,281	3,038,065
Net cash provided by (used in) operating activities	53,574,723	(4,448,121)	(288,873)	(501,000)	48,336,729	134,565,199
Cash flows from investing activities:						
Purchase of investments	(82,000,027)	(25,501)	-	-	(82,025,528)	(20,727,419)
Proceeds from sale and maturities of investments	91,941,530	-	-	-	91,941,530	8,340,852
Investment in affiliate	(5,385,866)	-	-	5,385,866	-	-
Recoverable grants to CDPs	(10,209,335)	-	-	3,000,000	(7,209,335)	(7,641,933)
Repayments received on recoverable grants to CDPs	3,778,974	-	-	-	3,778,974	2,662,676
Loans to CDPs	(203,418,071)	(175,781,614)	-	(1,921,283)	(381,120,968)	(288,572,705)
Repayments of loans to CDPs	157,039,859	13,241,622	-	-	170,281,481	151,993,441
(Increase) in note receivable	-	(12,179,949)	-	(71,000)	(12,250,949)	(44,329)
Contributions to temporary investments in Project Partnerships and Funds	-	(87,215,522)	-	-	(87,215,522)	(62,261,328)
Distributions from investments in Funds	-	977,758	-	-	977,758	964,547
Proceeds from sale of temporary investment in Project Partnerships and Funds	-	70,375,977	-	-	70,375,977	83,572,139
Contributions to investments in Funds	-	(7,110,737)	-	-	(7,110,737)	(443,124)
Investment in Project Partnerships	-	9,476	-	-	9,476	929
Transfer of interest in CDA partnerships	-	-	(509,611)	-	(509,611)	(215,531)
Restricted cash escrow	-	-	146,998	-	146,998	(91,840)
Sale of property and equipment	-	-	-	-	-	720
Purchase of property and equipment	(1,426,279)	(518,073)	(12,941)	-	(1,957,293)	(718,337)
Net cash used in investing activities	(49,679,215)	(198,226,563)	(375,554)	6,393,583	(241,887,749)	(133,181,242)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2022	2021
Cash flows from financing activities:						
Debt issuance costs paid	(325,957)	-	-	-	(325,957)	(1,253,452)
Proceeds from loans payable	133,121,000	106,480,854	-	(3,000,000)	236,601,854	141,404,067
Repayment of loans payable	(100,312,148)	(13,918,283)	-	1,921,283	(112,309,148)	(46,041,068)
Proceeds from long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	(117,762)	-	(117,762)	(179,845)
Proceeds from notes payable - NEF Funds	-	-	330,985	-	330,985	322,998
Repayments of notes payable - NEF Funds			(72,000)	72,000	-	-
Due to affiliate	-	-	-	-	-	-
CDA capital contribution	-	-	-	-	-	-
Capital contribution	950,000	74,649,185	-	(4,885,866)	70,713,319	66,542,140
Intangible asset	-	-	-	-	-	-
Increase in charter school grant liability	-	(175,500)	-	-	(175,500)	-
Distribution to noncontrolling interests	-	(2,293,094)	-	-	(2,293,094)	1,297
Net cash provided by financing activities	33,432,895	164,743,162	141,223	(5,892,583)	192,424,697	160,796,137
Net increase (decrease) in cash and cash equivalents	37,328,403	(37,931,522)	(523,204)	-	(1,126,323)	162,180,094
Cash and cash equivalents, beginning of year	304,046,839	181,118,215	937,433	-	486,102,487	323,922,393
Cash and cash equivalents, end of year	$ 341,375,242	$ 143,186,693	$ 414,229	$ -	$ 484,976,164	$ 486,102,487
Cash paid during the year for:						
Interest on indebtedness	$ 13,437,253	$ 2,704,828	$ 305,823	$ -	$ 16,447,904	$ 15,235,196
Supplemental disclosures of noncash investing activities:						
Disposal of fully appreciated fixed assets	$ 495,338	$ -	$ -	$ -	$ 495,338	$ 409,792
Fixed assets included in accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -
Increase in temporary investments in Project Partnerships: and capital contributions due to temporary investments in Project Partnerships for the acquisition of Project Partnerships	$ -	$ 538,973,136	$ -	$ -	$ 538,973,136	$ 369,708,265
Decrease in temporary investments in Project Partnerships and capital contributions due to temporary investments in Project Partnerships for the assignment of Project Partnerships to limited partnerships	$ -	$ 399,704,162	$ -	$ -	$ 399,704,162	$ 466,288,359
Supplemental disclosure of cash and noncash investing activities related to deconsolidation of CDA Partnerships:						
Assets transferred	$ -	$ -	$ (10,335,114)	$ -	$ (10,335,114)	$ (4,924,798)
Liabilities transferred	-	-	16,510,759	-	16,510,759	4,929,520
Noncontrolling interest	-	-	(5,666,034)	-	(5,666,034)	210,809
Cash disposed, net of cash paid	$ -	$ -	$ 509,611	$ -	$ 509,611	$ 215,531

See Notes to Consolidating and Consolidated Financial Statements.

Note 1 - Description of organization and summary of significant accounting policies

Description of organization

Local Initiatives Support Corporation ("LISC"), a New York not-for-profit corporation, was incorporated in 1979 to assist community development organizations throughout the United States in their efforts to transform distressed neighborhoods into healthy communities by marshaling private and public sector resources and extending financial assistance in the form of loans, lines of credit, grants, and loan guarantees and providing technical support. LISC pursues its charitable mission directly and through various subsidiaries and investments funds.

National Equity Fund, Inc.

National Equity Fund, Inc. ("NEF"), a wholly-owned subsidiary of LISC, was organized in 1987 as an Illinois not-for-profit corporation to create a national investment pool to aggregate and channel corporate equity investments into affordable housing developments. Since 1987, NEF has sponsored over 250 separate limited partnerships and limited liability companies (the "Funds") in which investments are made in affordable housing projects (the "Project Partnerships"). Generally, NEF's activities include obtaining commitments from investors, identifying and investing in affordable housing properties to be constructed or rehabilitated through partnerships with nonprofit organizations and private developers, and then monitoring the performance of such properties after completion. Benefits to fund investors are derived principally from Low-Income Housing Tax Credits ("LIHTC").

NEF is governed and its investment decisions are made by a board of directors appointed by LISC, the sole voting member of NEF. LISC has rights and duties in accordance with the Illinois General Not-For-Profit Corporation Act, as amended, with voting rights pursuant to NEF's bylaws and the Illinois Act.

NEF Community Investments, Inc. ("NEFCI"), a wholly-owned subsidiary of NEF, is responsible as the general partner, replacement general partner, managing member, or manager, for the operation and management of certain Funds. NEFCI is organized as an Illinois not-for-profit corporation and is tax-exempt. From time to time, NEF forms special-purpose entities to act as the manager of its Funds. NEFCI is also the sole member of these manager entities. The unaudited assets and liabilities of certain special purpose entity managers for the multi-investor Funds are presented below:

	2022		2021	
	Unaudited		Unaudited	
Special-purpose entity manager	Assets	Liabilities	Assets	Liabilities
NEF 2009 LLC	$ 4,457,123	$ 3,083,377	$ 4,324,379	$ 2,987,046
National Equity Fund 2011 LLC	9,984,324	4,994,221	9,781,542	4,835,840
NEF 2011 Fund Manager LLC	4,759,547	3,459,421	4,608,621	3,347,189
NEF 2012 Fund Manager LLC	6,019,094	5,061,714	5,846,443	4,925,286
NEF 2013 Fund Manager LLC	5,017,150	4,633,075	4,891,935	4,531,658
NEF 2014 Fund Manager LLC	6,658,819	7,053,312	5,778,949	6,891,103

The special purpose entity managers are separate legal entities whose assets and credit are not available to satisfy the debts of any other entities or persons.

NEFCI also manages and invests in Preservation Funds whose purpose is to provide debt and/or equity financing to develop and preserve investments that meet the community development needs of low-income communities, including (but not limited to), distressed multifamily rental housing for low and moderate-income households, affordable housing projects at or near the end of the low-income housing tax credit compliance period under Section 42 of the federal tax code, and other related community development projects. NEFCI also manages and invests in a Workforce Housing Fund whose purpose is to provide debt and/or equity financing to acquire, develop, finance, operate, improve, preserve, sell and dispose of high quality investments in innovative affordable housing projects, workforce housing projects, or community facilities across the United States.

NEF or its affiliates also manages and invests in a Pre-Development Loan Fund whose purpose is to promote affordable housing and community development through the financing of eligible pre-development costs for low and moderate-income housing project partnerships qualifying for federal low-income housing tax credits.

Community Development Advocates, Inc. or its sister companies (collectively referred to as "CDA"), subsidiaries of NEF, act as general partners in certain Project Partnerships to facilitate the promotion or rehabilitation of low-income housing. As of December 31, 2022 and 2021, CDA was the general partner of one and three Project Partnerships, respectively. The Project Partnerships where CDA acts as the general partner are collectively referred to as the "CDA Partnerships." Certain Funds are the limited partners of the CDA Partnerships.

New Markets Support Company, LLC

New Markets Support Company, LLC ("NMSC"), a wholly-owned subsidiary of LISC, is a Delaware limited liability company formed in 2003 to manage the New Markets Tax Credit ("NMTC") activities of LISC. As of December 31, 2022, LISC, the sole member of NMSC, has received $1.208 billion of NMTC investment authority from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury ("CDFI Fund").

The NMTC program provides investors with credits against federal income taxes they incur. NMTCs are passed through to an investor for each Qualified Equity Investment ("QEI") made in a Community Development Entity ("CDE") certified as such by the CDFI Fund. The investor receives credits over a seven-year period for each QEI, equal to 39% of the QEI amount. The CDE uses the QEI proceeds to make Qualified Low-Income Community Investments ("QLICIs") to Qualified Active Low-Income Community Businesses ("QALICBs"). QLICIs include loans to or equity investments in QALICBs or other CDEs. CDEs must comply with various federal requirements or investors risk recapture of tax credits plus penalties and interest thereon.

NMSC is governed by a Board of Managers, which is elected by LISC. As a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore, without tax liability, LISC itself cannot use NMTCs. In order to utilize the allocation received by LISC from the CDFI Fund, the Board of Managers of NMSC suballocates NMTC investment authority to various Limited Liability Companies (LLCs) organized and managed by NMSC (generally 0.01% ownership). These CDEs make investments in projects that accomplish goals consistent with the mission of LISC and in accordance with certain terms agreed to in the allocation agreements with the CDFI Fund.

NMSC also provides NMTC transaction-related consulting, administration, accounting, reporting, loan servicing, compliance, and software services to unrelated third parties. These services are generally provided to organizations with similar community development missions and investing objectives as LISC. NMSC also provided management services to LISC unrelated to the NMTC program. Pursuant to various service agreements, NMSC assists LISC with fund consulting, modeling and administrative services, and loan servicing administration services for LISC's loan portfolio.

Good Jobs Loan Fund, LLC ("GJLF"), a Delaware limited liability company and a wholly-owned subsidiary of NMSC, was formed on June 16, 2020. GJLF was formed to make loans and engage in other related activities in order to increase access to quality jobs for low-income community residents and to generate financial and social impact returns for lenders to GJLF. NMSC is the sole member (100% ownership interest) of GJLF and committed to make capital contributions to GJLF up to $500,000, all of which was contributed as of December 31, 2022. Profits, losses and cash distributions are generally allocated to NMSC in accordance with GJLF's operating agreement. The term of GJLF will continue until the occurrence of certain dissolution events, as defined in its operating agreement or by law, whichever is earlier.

As a result of NMSC exercising its option under certain redemption agreements, NMSC has become the 100% owner of several LLCs and is deemed to control these entities. The entities typically do not have any assets, liabilities, income or expenses. In circumstances where the LLCs have assets, liabilities, income or expenses at year-end, NMSC consolidates those balances. NMSC intends to dissolve these wholly-owned LLCs when feasible. The consolidated financial statements include the accounts of NMSC, GJLF and the wholly-owned LLCs.

immito, LLC

In January 2018, LISC entered into an agreement to purchase a Small Business Lending Company ("SBLC") license for $2.4 million. The purchase of the SBLC license was approved by the U.S. Small Business Administration ("SBA"). In connection with the acquisition of the SBLC license, LISC formed the wholly-owned subsidiary, immito, LLC ("immito"), a Delaware limited liability company, to make SBA-guaranteed small business loans pursuant to section 7(a) of the Small Business Act ("7(a) loan program"). Generally, SBA will guarantee seventy-five to ninety percent (75% to 90%) of the principal and accrued interest on such loan. As a non-depository lending institution, immito generally will utilize the ability to sell on the secondary market the guaranteed portion of loans to provide liquidity.

Generally, SBA does not deny liability on a 7(a) loan guaranty unless an organization's actions or omissions caused, or would cause, a material loss on the loan. In addition, a loan that experiences early default within the 18-month threshold established by the SBA may be subject to elevated levels of scrutiny by the SBA.

immito is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of immito. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to immito's operating agreement and the Delaware Act.

LISC Fund Management, LLC

LISC Fund Management, LLC ("LFM"), a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in June 2019 to act as Fund Manager for various loan funds. The loan funds that LFM manages are Charlotte Housing Opportunity Investment Fund LLC, ("CHOIF"), The Bay's Future Fund LLC ("BFF"), BFF Preservation Side Car LLC ("BFF Side Car"), Detroit AHLF-CDFI Fund, LLC ("AHLF"), Community Housing Fund, LLC ("CHF"), Black Economic Development Fund, LLC, ("BEDF"), Southern Opportunity and Resilience Fund LLC ("SOAR"), Entrepreneurs of Color Loan Fund LLC ("EOCLF"), and Dallas Housing Opportunity Fund LLC ("DHOF"), and Charlotte

Housing Opportunity Fund II LLC ("CHOIF II"). LFM, as the Manager of these loan funds, has the right to manage, control and conduct the business of each fund. Through a service agreement, LFM provides fund administration, investment management, risk management and advisory services to the Loan Funds. LFM also acts as Trust Administrator for the NY Forward Loan Fund Trust ("NYFLF").

LFM is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of LFM. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to LFM's operating agreement and the Delaware Act.

LFM is a Registered Investment Advisor ("RIA") with the Securities and Exchange Commission. LFM does not have custody of any investments for the Loan Funds and NYFLF.

LFM-Managed Funds

CHOIF, a Delaware limited liability company, was formed in 2019 to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina by promoting the creation of affordable housing and the preservation and protection of existing affordable housing and in doing so, help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement and lessen the burdens of government.

CHOIF is not a wholly owned subsidiary of LISC. As of April 29, 2020, the date of the most recent Certificate of Admission, CHOIF is comprised of seven members, including LISC with capital commitments totaling $21,000,000. As of December 31, 2022 and 2021, capital contributions received by CHOIF from its members totaled $17,147,061 and $9,048,076. LISC's capital contribution as of December 31, 2022 and 2021 was $816,528 and $430,862.

Pursuant to the LLC Agreement and the Certificates of Admission dated September 20, 2019, November 8, 2019 and April 29, 2020, the following additional members were admitted to CHOIF (collectively, "Members"), and the capital commitment for each Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2022	Contributed as of 12/31/2021
Local Initiatives Support Corporation	$ 1,000,000	$ 816,528	$ 430,862
Barings LLC	1,250,000	1,020,657	538,575
Branch Banking and Trust Company	4,000,000	3,266,105	1,723,441
Fifth Third Community Development Company, LLC	3,000,000	2,449,578	1,292,581
Foundations For The Carolinas	2,500,000	2,041,316	1,077,151
Foundations For The Carolinas II	8,000,000	6,532,220	3,446,891
Massachusetts Mutual Life Insurance Company	1,250,000	1,020,657	538,575
	$ 21,000,000	$ 17,147,061	$ 9,048,076

Income, gain, loss and expense are allocated to each Member in accordance with the LLC Agreement. These allocations are made based on each Members' share of capital commitment as compared to the aggregate capital commitments of all Members.

The term of CHOIF will continue for sixteen (16) years after the completion of the investment period. The investment period is defined as the earliest of the fifth anniversary of the initial closing date or the date of notice given by LFM to the Members following the date upon which at least 90% of the aggregate capital commitments have been invested; used to pay or reserved for company expenses, including management fees; or reserved for investments including follow-on investments, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHOIF NOAH Investors, LLC ("CNI"), a consolidated subsidiary of CHOIF, was formed as a Delaware limited liability company on October 29, 2020. Pursuant to CNI's Limited Liability Agreement dated October 29, 2020, CNI was formed to address the affordable housing crisis in Mecklenburg County, North Carolina by focusing on naturally occurring affordable housing in Mecklenburg County, North Carolina. As the sole member of CNI, CHOIF has contributed a cumulative $11,275,000 and $7,025,000, respectively, of capital to CNI as of December 31, 2022 and 2021.

BFF, originally known as the Regional Housing Flexible Fund LLC, was formed on March 15, 2019 as a limited liability company under the laws of the State of Delaware. At the time of its original formation, LISC was the founding and sole member. On June 1, 2019, the original operating agreement was amended and restated and the Chan Zuckerberg Foundation ("CZF") was admitted as an additional founding member. On November 27, 2019 a certificate of amendment was certified by the State of Delaware to formally change the name from Regional Housing Flexible Fund LLC to The Bay's Future Fund LLC. On April 28, 2020, the operating agreement was amended and restated a second time to reduce the capital commitment of CZF and restate each member's ownership interest. On October 29, 2020, the operating agreement was amended and restated a third time (the "Operating Agreement") in its entirety.

In accordance with the Operating Agreement, LISC and CZF (collectively, the "Members") have capital commitments totaling $34,281,116. CZF's capital commitment is $29,281,116 (85.41% ownership interest), all of which was contributed to BFF as of December 31, 2020. LISC's capital commitment is $5,000,000 (14.59% ownership interest), all of which was contributed to BFF as of December 31, 2022. Capital contributions are due upon capital calls as defined in the Operating Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to either Member while any obligations are outstanding.

The term of BFF will continue until the occurrence of certain dissolution events, as defined in the LLC Agreement or 2037, whichever is earlier.

The purpose of BFF, as described in its Operating Agreement, is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. BFF will fulfill its purpose primarily through partnering with three CDFIs, Capital Impact Partners ("CIP"), Corporation for Supportive Housing ("CSH") and LISC (collectively, the "CDFI Lenders"). The CDFI Lenders will underwrite, originate and service loans ("Project Loans") within the Bay Area in accordance with BFF's purpose. Additionally, in accordance with the Operating Agreement, CIP and CSH will provide maximum financing commitments of $50,000,000 and LISC will provide a maximum financing commitment up to $75,000,000 to facilitate the origination of Project Loans.

To fulfill BFF's purpose of originating Project Loans, on June 1, 2019, BFF entered into a Master Loan Agreement with the CDFI Lenders. BFF has also entered into separate origination and servicing agreements with each CDFI Lenders whereby the CDFI Lenders will originate and service Project

Loans that meet certain target borrower criteria with BFF committing to a certain percentage interest in each Project Loan based on the Project Loan-type ranging from 15% to 54.5%. For each individual Project Loan originated, the Project Loan is evidenced with the borrower in the form of both a loan agreement and three separate promissory notes (an "A Note", a "B Note" and a "C Note"). The CDFI Lenders retains an interest in the A Note and the C Note. The value of the interest in the C Note is 2% of each individual Project Loan. The value of the A Note is the Project Loan amount, less the B Note and the C Note. BFF purchases an interest in the Project Loan by purchasing the B Note from the CDFI Lender for an amount equivalent to the Project Loan-type target percentage as defined in the respective origination and servicing agreement.

As part of its work with BFF, LFM also manages a parallel fund, BFF Preservation Fund Side Car, LLC, ("BFF Side Car"), originally known as the RHFF Preservation Side Car, LLC. It was formed on August 22, 2019. At the time of its original formation, LISC was the founding and sole member. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name of BFF Side Car from RHFF Preservation Side Car, LLC to BFF Preservation Side Care LLC. On January 10, 2020, the original Limited Liability Company Agreement was amended and restated ("LLC Agreement") to admit Chan Zuckerberg Foundation ("CZF") and NEF Investment Partner LLC ("NEF") as additional founding members. BFF Side Car had no operations between August 22, 2019 and January 16, 2020. Accordingly, January 16, 2020 is deemed to be the "commencement of operations" of BFF.

In accordance with the operating agreement for BFF Side Car, CZF, NEF, and LISC (collectively the “BFF Side Car Members”) have stated capital commitments totaling $10,100,100. CZF's capital commitment is $10,000,000 (99.0089207% ownership interest), all of which has been contributed to BFF Side Car as of December 31, 2022. NEF's capital commitment is $100,000 (0.9900892% ownership interest), which has not been fulfilled. LISC's capital commitment is $100 (0.0009901% ownership interest), all of which was contributed to BFF Side Car as of December 31, 2022. Capital contributions are due upon capital calls as defined in the LLC Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to Members while any obligations are outstanding.

BFF Side Car's purpose is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. The term of BFF Side Car will continue until the occurrence of certain dissolution events, as defined in the LLC agreement or 2037, whichever is earlier.

AHLF, a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in January 22, 2020. AHLF was formed for the purpose of facilitating the deployment of capital into grants and low-interest loans supporting the preservation and production of affordable housing in Detroit, Michigan and engaging in any and all activities to advance this deployment.

LISC is the sole Member (100% ownership interest) of AHLF and has committed to make capital contributions to AHLF up to $20,000,000. As of December 31, 2022 and 2021, LISC has made capital contributions to AHLF totaling $13,215,002. Profits, losses, and cash distributions are allocated to the

Member in accordance with the LLC Agreement. The term of AHLF will continue until January 31, 2058, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHF, a Delaware limited liability company formed November 2, 2020 and classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. On December 9, 2020 (commencement of operations), an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") was entered by and between LISC. LISC is the sole member (100% ownership interest) of CHF, and has committed to make capital contributions to CHF up to $4,530,000. As of December 31, 2022 and 2021, LISC has contributed $530,000 of capital to CHF. CHF shall be dissolved and wound-up upon the occurrence of certain events as defined in the LLC Agreement.

Pursuant to the LLC Agreement, Destination: Home SV, a California not-for-profit corporation and supporting organization of Silicon Valley Community Foundation, is the Special Member of CHF and as such, shall provide a conditional contribution to CHF in an amount not to exceed $5,000,000. The Special Member is not a Member of CHF and has no ownership interest or interest in the profits, losses, and capital of CHF, has no rights to receive any distributions of CHF's assets, is not required to make any capital contributions or other contributions to CHF. The Special Member has no right to bind, vote on, approve or otherwise consent to any action by CHF.

Pursuant to the LLC Agreement, CHF was formed for the purpose of furthering the charitable purposes of its Member and Special Member, including relief of vulnerable and extremely low income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Alameda and Contra Costa counties (the "Bay Area"), by financing the creation of affordable housing and preservation of existing affordable housing.

BEDF is a Delaware limited liability company formed November 18, 2020 pursuant to an initial Limited Liability Company Operating Agreement (the "Initial Agreement"). At the time of its original formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on December 11, 2020 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, BEDF was formed to meet special social needs specifically by providing Black communities with improved access to capital in order to incentivize economic activity and wealth building opportunities in those communities, and in doing so, promote more stable environments for Black businesses and families, contribute to the elimination of racial discrimination, and provide more equal access to economic opportunity.

The term of BEDF will continue in full force and effect until the third anniversary of the expiration of the termination of the Investment Period, as defined in the LLC Agreement. LFM, as the Manager of BEDF, shall have the right to extend the term of BEDF for up to one additional year and thereafter with the consent of BEDF's advisory committee.

Pursuant to the LLC Agreement and various Subscription Agreements, LISC withdrew as the initial member, and the following members were admitted to the Fund (collectively, the "Members"), and the capital commitment for each BEDF Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2022	Contributed as of 12/31/2021
Aflac Incorporated	$ 25,000,000	$ 12,500,000	$ 6,200,000
Costco Wholesale Corporation	25,000,000	12,500,000	6,200,000
Dick's Sporting Goods, Inc.	12,500,000	6,250,000	3,100,000
Dupont de Nemours, Inc.	20,000,000	10,000,000	4,960,000
HubSpot, Inc.	12,500,000	6,250,000	3,100,000
McKinsey & Company, Inc.	15,000,000	7,500,000	3,720,000
Netflix, Inc.	25,000,000	12,500,000	6,200,000
PayPal, Inc.	50,000,000	25,000,000	12,400,000
Square, Inc.	25,000,000	12,500,000	6,200,000
Thermo Fisher Scientific Inc.	20,000,000	10,000,000	4,960,000
Wayfair Inc.	20,000,000	10,000,000	4,960,000
	$ 250,000,000	$ 125,000,000	$ 62,000,000

As of December 31, 2022 and 2021, capital contributions received by BEDF from the BEDF Members totaled $125,000,000 and $62,000,000, respectively.

SOAR, a Delaware limited liability company, was formed on February 8, 2021 pursuant to an initial Limited Liability Company Agreement, which was amended and restated on April 22, 2021 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, SOAR was formed to accomplish charitable purposes, including relief of vulnerable and extremely low-income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government by purchasing eligible loans originated by community development financial institutions (the "CDFI Originators") and pledging the eligible loans as collateral for borrowings from investors. LISC is the sole Member (100% ownership interest) of SOAR. As of December 31, 2022 and 2021, LISC has made capital contributions to SOAR totaling $5,575,000.

The term of SOAR will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) A qualifying wind down event as defined in the LLC Agreement;

(b) The disposition of all or substantially all of SOAR's assets and obligations;

(c) The entry of a decree of judicial dissolution; or

(d) The dissolution, bankruptcy, or withdrawal of the last remaining Member.

EOCLF, a Delaware limited liability company was formed December 8, 2020, pursuant to an initial Limited Liability Company Agreement, which was amended and restated on January 6, 2022 (commencement of operations) in its entirety (the “LLC Agreement”). Pursuant to the LLC Agreement, EOCLF was formed to accomplish its charitable purpose of providing racial and ethnic minority entrepreneurs with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States. In doing so, EOCLF creates additional paths to wealth creation, promotes more stable environments for minority owned businesses, provides more equal access to economic opportunity, and contributes to the elimination of racial and ethnic discrimination. EOCLF shall seek to contribute to its charitable purpose by purchasing eligible loans originated by community development financial institutions. LISC is the sole Member (100% ownership interest) of EOCLF. As of December 31, 2022, LISC has made capital contributions to EOCLF totaling $100.

The term of EOCLF will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) a qualifying wind down event as defined in the LLC Agreement;

(b) the disposition of all or substantially of EOCLF's assets and obligations;

(c) the entry of a decree of judicial dissolution; or

(d) the dissolution, bankruptcy, or withdrawal of the last remaining Member.

DHOF, a Delaware limited liability company, was formed November 29, 2021 (commencement of Operations) pursuant to an initial Limited Liability Company Agreement (the "Initial Agreement"). At the time of its initial formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on September 22, 2022, in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, DHOF was formed to address the affordable housing crisis in the city of Dallas, Texas by promoting the creation of new affordable housing and the preservation and protection of existing affordable housing in the Target Area and in doing so, help relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement, and lessen the burdens of government. DHOF works with TREC Community Investors ("DHOF Originator"), a Texas nonprofit corporation, to lead the origination of DHOF's investments in housing development.

Pursuant to DHOF's LLC Agreement and the Certificate of Admission dated September 22, 2022, Sunflower Bank, N.A. was admitted as a member to DHOF with a capital commitment of $2,500,000. As of December 31, 2022, no capital commitments were received by DHOF.

The term of DHOF will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) the decision of LFM because it has reasonably determined that changes in any applicable law or regulation would have a material adverse effect on the charitable purpose of DHOF;

(b) the expiration of the term of DHOF and the final sale of all of DHOF's assets for cash;

(c) the entry of a decree of judicial dissolution; or

(d) the dissolution, bankruptcy, or withdrawal of the last remaining Member.

Additional LISC Entities
Resilience and Recovery Network, LLC, a Texas limited liability company and a wholly-owned subsidiary of LISC, was formed in March 2018 to implement and operate a program to repair homes occupied by low- and moderate-income households that were affected by Hurricane Harvey.

Neighborhood Properties, LLC also has limited activity. It was originally formed to take title on collateral property foreclosed by LISC where LISC is the highest bidder at public auction.

Summary of significant accounting policies

Consolidation
The accompanying consolidating and consolidated financial statements include the assets, liabilities, net assets, and financial activities of LISC, NEF and its affiliates, NMSC and its affiliates, immito, RRN, NP, LFM, AHLF, CHF, BFF, BFF Side Car, BEDF, CHOIF, SOAR, EOCLF and DHOF (collectively, the "Organization"). All significant inter-organization balances and transactions have been eliminated in consolidation.

NEF consolidates limited partnerships or similar entities over which it has a controlling financial interest in accordance with FASB ASC 958-810-20, *Consolidation - Control of Partnerships and Similar Entities* ("FASB ASC 958-810-20"). Generally, FASB ASC 958-810-20 requires consolidation of limited partnerships or similar entities by the general partner of that entity under the presumption that the general partner controls the limited partnership entity. The presumption of control by a general partner can be overcome if the limited partners are able to exercise substantive kick-out or participating rights. NEF does not consolidate limited partnerships or similar entities in which it owns a general partnership interest as the presumption of control by the general partner is able to be overcome. NEF reassesses whether it holds a controlling financial interest in limited partnerships or similar entities on an annual basis.

NEF consolidates the CDA Partnerships as the presumption of control was not overcome under guidance of FASB ASC 958-810-20.

Financial statement presentation
The accompanying consolidating and consolidated financial statements are prepared on the accrual basis of accounting. The Organization reports its financial information in the following categories:

Without donor restrictions
The "Operating Funds - Without Donor Restrictions" is used to record activities supported by resources that are not subject to donor-imposed restrictions and over which management and the board of directors have discretionary control.

The "Loan Funds - Without Donor Restrictions" is used to record loans and bonds payable proceeds mainly provided to the Organization by financial institutions, insurance companies, foundations, government agencies, and other nonprofits with lender-imposed restrictions that may include making loans to Community Development Projects ("CDPs") in certain geographic areas. In some instances, loans payable proceeds are provided to fund recoverable grants to CDPs. These funds, as well as the related recoverable grant activities, are recorded in the "Operating Funds Without Donor Restrictions."

As of December 31, 2022, and 2021, Loan Funds - Without Donor Restrictions consist of $10 million of board-designated net assets.

Principal repayments received on loans provided to CDPs funded from loan funds, as well as the provision for loan losses, are recorded in the "Loan Funds - Without Donor Restrictions." Impairment losses are charged to the "Operating Funds - Without Donor Restrictions."

The net assets of LISC Affiliates & Funds and CDA Partnerships are without donor restrictions.

With donor restrictions

These funds are used to record contributions received with donor-imposed restrictions. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor's restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating and consolidated statement of activities and changes in net assets as net assets released from restrictions.

Specifically, the "Loan Funds with Donor Restrictions" ("donor-restricted loan funds") is used to record contributions received with donor-imposed restrictions for lending and/or credit enhancement activities. "Operating Funds - With Donor Restriction" ("donor-restricted operating funds") is used to record net assets received with donor-imposed restrictions for all other activities, excluding lending and/or credit enhancement activities.

Estimates

The preparation of the consolidating and consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidating and consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates made in the preparation of these consolidating and consolidated financial statements include the fair value of alternative investments, the allowance for uncollectible loans, the allowance for uncollectible recoverable grants, and the allowance for uncollectible receivables. Actual results could differ from those estimates.

Fair value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and certain alternative investments that can be redeemed at or near balance sheet date (within 90 days). Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability and certain alternative investments that are not redeemable at or near balance sheet date (within 90 days).

Revenue recognition

Revenue and support consists primarily of contributions, government grants & contracts, interest income on loans to CPDs and fee income.

Contributions, including unconditional promises to give (pledges), are recorded as revenue at fair value on the date received or pledged. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit their use as to purpose or time. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor imposed restrictions, if any, on the contributions.

Contributed goods are recognized initially as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying consolidating and consolidated financial statements.

LISC also receives government grants and contracts from a number of sources including federal, state, and local governments. These agreements are evaluated as to whether they qualify as contributions or exchange transactions as defined by U.S. generally accepted accounting principles. Government grants and contracts that are considered contributions are recognized as revenue when it is probable that the conditions surrounding the terms of the grant commitments are met. Government grants and contracts that are considered exchange transactions are recognized as revenue when services have been provided in accordance with the terms of the agreements and are reported in other income in the accompanying consolidating and consolidated statement of activities and changes in net assets.

Fee income consists of syndication fee income, asset management fee income, CDA partnerships-rental income, and disposition income.

Syndication Fee Income, Net: NEF (or its subsidiaries) provides syndication services which include organization, acquisition, and construction monitoring services to the Funds. NEF is compensated for its services through a fee that is recognized as follows:

- 25% is recognized at a point in time as a reimbursement of Fund offering and organization costs incurred by NEF;
- 45% is recognized at a point in time as an acquisition fee upon closings of Funds' Project Partnerships; and
- 30% is recognized over time as a construction management fee during the construction period of those Project Partnerships.

In addition, NEF is reimbursed for legal closing costs associated with the acquisition of the Project Partnerships. Such amounts are presented net in the accompanying consolidating and consolidated statements of activities within fee income.

Asset Management Fee Income - Funds: An annual asset management fee is assessed for each Project Partnership in a particular Fund and is recognized over time as services are provided over the 15-year compliance period, after the project has reached qualified occupancy.

Asset Management Fee Income - Project Partnerships: NEF (or its subsidiaries) receives an asset management fee from certain Project Partnerships. The fee is earned annually over time but only payable from the operational performance of the respective Project Partnership. NEF estimated this variable consideration and recognizes only the amount that is probable such that a significant reversal of cumulative revenue recognized will not occur due to the sub-par operational performance of Project Partnerships. As of December 31, 2022 and 2021, NEF recorded a receivable in the amount of $9,517,296 and $9,176,432, respectively, and is included in prepaid expenses and other assets in the accompanying consolidating and consolidated statement of financial position, that represents NEF's best estimate of the consideration that NEF is entitled to receive under the contracts. This estimate is re-evaluated annually and takes into account general economic conditions, specific project characteristics and trends in historical collectability rates. Because of uncertainties inherent in the estimation process, management's estimate may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Rental Income - CDA Partnerships: The majority of the CDA Partnerships' revenue is derived from leases with tenants generally for terms of one year or less. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the partnership and the tenants of the property are operating leases.

Disposition Income - NEF (or its subsidiaries) received disposition fees from certain Funds and Project Partnerships. The fee is recognized at a point in time when a sale is consummated and proceeds are sufficient enough to satisfy certain other obligations based on the terms of the contract.

NMSC earns revenue by providing organization, underwriting, accounting, asset management, dissolution, and other services to the LLCs, which are governed by the related operating and fee agreements. NMSC classifies these services as investment management revenue. Suballocation fees are recognized when earned or QEIs are funded. Asset management and investment fund management fees are recognized as income as NMSC provides the service (generally over a seven-year period). From these asset management and investment fund management fees, NMSC pays audit, tax, registration and filing fees and other expenses on behalf of certain LLCs. NMSC accounts for the expenses it pays on behalf of these LLCs as a reduction to total investment management revenue. Exit fees are recognized as investment management revenue at the end of the NMTC compliance period, generally when the CDE exits the NMTC transaction.

NMSC also earns revenue by contracting with unrelated third parties to provide consulting, administration and compliance services on various investment transactions. Fees for such services are recognized as revenue as NMSC renders the service. This revenue is classified as fund administration revenue. Additionally, NMSC earns revenue from software licensing and related services that includes all fees earned from granting customers the right to use the software. NMSC also earns interest income on loans made to various borrowers that is accrued as earned in accordance with the contractual terms of the loan agreements.

NMSC also earns revenue by contracting with unrelated third parties to provide impact advisory consulting services which include, but are not limited to, impact strategy development, creating impact measurement and management systems, market scans, and customized research. Fees for such services are recognized as revenue as performance obligation milestones are met. The revenue is classified as advisory revenue.

LFM earns management fees pursuant to the management agreements with the various Loan Funds and NYFLF. The management fee earned is typically a percent of aggregate capital commitments and/or invested capital of the various Loan Funds and NYFLF.

Notional interest income represents compensation from BEDF Members admitted to BEDF subsequent to the initial closing date, paid to the existing Members of BEDF to equalize Members' interest in BEDF. Notional interest income is calculated based on the Member's pro-rata share of aggregate contributed capital multiplied by 2% per annum for the period from the initial closing date to the date of admission of the subsequent Members. During 2022, no new members were admitted tot BEDF. During 2021, there was a subsequent closing and the BEDF Members associated with the close paid a total of $17,517 of notional interest to the initial BEDF Members.

Secondary market loan sales

immito sells the SBA-guaranteed portion of loans into the secondary market. In accordance with the accounting guidance for asset transfers, immito considers any ongoing involvement with transferred assets in determining whether the assets can be derecognized from the balance sheet. With the exception of servicing and certain performance-based guarantees, immito's continuing involvement with financial assets sold is minimal.

When immito sells the SBA-guaranteed portion of loans, it may retain servicing rights. The gain or loss on sale depends on the previous carrying amount of the SBA-guaranteed portion of loan sold, the servicing right recognized, and the consideration received, and any liabilities incurred in exchange for the transferred assets.

Upon the sale of SBA-guaranteed portion of loans, any servicing assets retained by immito are carried at the lower of cost or fair value. The servicing asset is amortized in proportion to and over the period of estimated net servicing income. Servicing income is earned for the full term of the loan or until the loan is repaid. In addition, servicing assets are assessed for impairment based on fair value at each reporting date.

During the years ended December 31, 2022 and 2021, immito entered into 16 and 23 transactions, respectively, which provided for the sale of the SBA-guaranteed portion of certain loans to unrelated parties on the secondary market. immito retained the non-guaranteed portion of these loans and the related servicing rights for all loans sold on the secondary market. The average interest rate for the loans sold on the secondary market was 6.39% and 5.97% for the years ended December 31, 2022 and 2021, respectively.

Enacted in March 2020, Section 1112 of the Coronavirus Aid, Relief, and Economic Security Act ("Section 1112" or “the CARES Act”) provided for subsidy loan payments on all loans originated under the SBA 7(a) Small Business Loan Program in 'regular' servicing, which subsidies were not required to be repaid by the borrowers. The subsidy payments were paid by the SBA and reflected the initial six months of payments, including scheduled principal and interest payments, for any new loan originated from the implementation of the CARES Act through September 27, 2020. These provisions were amended on December 27, 2020, through the Economic Aid to Hard-Hit Small Businesses, Non-Profits and Venues Act ("Economic Aid Act"). The Economic Aid Act authorized additional debt relief payments to 7(a) borrowers beyond the six-month period prescribed in the CARES Act. The level of assistance varies based on when the loan was approved and began on or after February 1, 2021.

Effective December 2022, immito no longer has any borrowers receiving subsidy payments through the CARES Act.

Cash and cash equivalents
Cash and cash equivalents include cash in banks and on hand and highly-liquid debt instruments that have maturities of three months or less from the date of purchase by the Organization, except for those amounts held by the Organization's investment managers.

Restricted cash
As of December 31, 2022 and 2021, NEF had total restricted cash of $0 and $8,775,997, respectively, which has been designated for distributions to investors for Funds in the process of dissolution. In addition, as of December 31, 2022 and 2021, NEF also has restricted cash of $1,347,735 and $1,779,547, respectively, pursuant to terms of certain agreements.

NMSC acts as a fiduciary agent and collects debt service payments from borrowers on behalf of related or third-party lenders. Debt service payments received are deposited into restricted cash accounts and are disbursed monthly to the related or third-party lenders. As the agent, NMSC recognizes a liability to the related or third-party lenders concurrent with its receipt of the debt service payments. As of December 31, 2022 and 2021, the balance of these amounts were $44,987 and $5,179, respectively.

NMSC acted as the managing member of two LLCs from their inception in 2011 and 2013 through their dissolutions on August 23, 2019 and December 16, 2020. On those dates, NMSC became 100% owner of the LLCs as a result of the Exit Agreements executed on the same dates. Pursuant to each entity's operating agreement, a loan loss reserve was held by each entity for the duration of the compliance period as a reserve against losses of principal on loans made by each entity. Upon the collection of all outstanding loans and fee receivable, payment of all expenses, and the making of required distributions per each entity's operating agreement, any cash remaining in the loan loss reserve was available for NMSC to grant to qualifying charter schools and as such is recorded as restricted cash and a charter school grant liability on the accompanying consolidated statement of financial position. As of December 31, 2022 and 2021, the balance of these amounts were $1,864,632 and $1,864,640, respectively.

immito's restricted cash includes cash amounts held in separate accounts and restricted for lending (i.e. non-operational) use, including amounts due on SBA loan-related remittances to third parties. As of December 31, 2022 and 2021, restricted cash held by immito was $686,814 and $2,728,899, respectively.

As of December 31, 2022 and 2021, BFF's restricted cash of $7,741,010 and $7,400,004 includes cash amounts restricted for use including fulfilling BFF's purpose and payment of BFF's expenses.

Pursuant to the Intercreditor Agreement between AHLF, Chase New Markets Corporation ("CNMC") and its lenders dated September 25, 2020, a loan loss reserve is to be funded in the amount of 5.0% of the combined amount CNMC and each lender has committed to AHLF. As of December 31, 2022 and 2021, the loan loss reserve was funded in accordance with the Intercreditor Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2022 and 2021, the balance in the loan loss reserve account was $1,910,704 and $1,901,070, respectively.

As of December 31, 2022 and 2021, the balance in CHOIF's reserve account was $17,249 and $18,380 for use including fulfilling CHOIF's purpose and payment of CHOIF's expenses.

Pursuant to the Loan Purchase Agreement between SOAR, LFM and the CDFI Originators dated April 22, 2021, a CDFI loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate amount of Non-Portfolio Loans outstanding. As of December 31, 2022 and 2021, the CDFI loan loss reserve was funded in accordance with the Loan Purchase Agreement. As of December 31, 2022 and 2021, the balance in the CDFI loan loss reserve account was $161,272 and $80,002, respectively. Deposits into the CDFI loan loss reserve account during 2022 and 2021 were $150,000 and $80,000, respectively, and the 2022 and 2021 year-end account balances include interest income earned on cash balances. Disbursements from the CDFI loan loss reserve account to fund the CDFI's portion of approved loan loss reserve claim requests during 2022 and 2021 were $52,891 and $0, respectively.

Pursuant to the Loan and Security Agreement between SOAR, LFM and various lenders dated April 22, 2021, a Fund loan loss reserve is to be funded to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as "Class A Loan and/or a Class B Loan" in the Loan and Security Agreement. As of December 31, 2022 and 2021, SOAR's loan loss reserve was funded in accordance with the Loan and Security Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2022 and 2021, the balance in SOAR's loan loss reserve account was $3,145,651 and $1,507,607, respectively. Deposits into SOAR's loan loss reserve account during 2022 and the period April 22, 2021 (commencement of operations) to December 31, 2021 were $2,850,000 and $1,520,000, respectively, and the 2022 and 2021 year-end account balances are inclusive of interest income earned on cash balances and net any bank fees which will be reimbursed in 2023 from the operating account. Disbursements from SOAR's loan loss reserve account to fund SOAR's portion of approved loan loss reserve claim requests during 2022 and 2021 were $923,708 and $0, respectively.

Pursuant to a loan agreement between EOCLF, LFM and various lenders dated January 13, 2022, an EOCLF loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as “Class A Loans” in a loan and security agreement. As of December 31, 2022, EOCLF's loan loss reserve was funded in accordance with the loan and security agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2022, the balance in EOCLF's loan loss reserve account was $5,022,706, which includes original funding amount into EOCLF's loan loss reserve account of $5,000,000, as well as the interest income earned on the cash balance.

DHOF received deposits from borrowers requesting financing. The deposits are held by DHOF in bank accounts until the loans close, at which point the deposits may be used to pay customary costs and fees associated with the underwriting and due diligence on the loan. As of December 31, 2022, deposits held by DHOF totaled $60,000.

DHOF was awarded and received a recoverable grant of $6,000,000 from the City of Dallas. The grant award funds are to be used for the purposes described in the conditional agreement. Accordingly, the undisbursed funds are included in restricted cash. As of December 31, 2022 recoverable grant award funds included in restricted cash totaled $486,783.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidating and consolidated statement of financial position. Fair value of equity securities is based on quoted market prices. Fair values of fixed maturity securities, other than those based on quoted market prices, are based on prices provided by the Organization's custodian bank. The custodian bank uses a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market upon the provider's expertise. The fair values of alternative investments are based on the net asset value, a practical expedient provided by the investment managers or general partners. Those estimated net asset values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investment in funds and projects
NEF and its subsidiaries account for its partner and member interests in the Funds (collectively "Partner and Member Interests") using the equity method of accounting. Under the equity method, these investments are carried at cost, adjusted for NEF's share of net income, loss, and for cash distributions received. Under the equity method of accounting, the Partner and Member Interests will not be carried below zero unless NEF has continuing involvement in the entity. To the extent that the Partner and Member Interests with a carrying value of zero distribute cash to NEF or its subsidiaries, the distribution is recorded as other income in the Organization's consolidating and consolidated statement of activities.

NEF assesses other-than-temporary declines in values of its investments in its Partner and Member Interests. Annually, the carrying value of each investment is compared to its respective fair values. If another-than-temporary decline in carrying value exists, an impairment loss is recorded in the Organization's consolidating and consolidated statement of activities and changes in net assets to reduce the investment to fair value.

Contract-related assets
Contract related assets from Funds and Project Partnerships, net of estimated uncollectible accounts, were $26,650,186 and $18,675,629 as of December 2022 and 2021, respectively, and are included in due from funds and prepaid expenses and other assets in the accompanying consolidated statements of financial position. NEF evaluates impairment on contract-related assets annually. For the years ended December 31, 2022 and 2021, no impairment loss was recognized on contract related assets.

Risks and uncertainties
The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidating and consolidated statement of financial position.

Loans receivable and the allowance for uncollectible loans
Loans receivable consist primarily of loans to CDPs originated by LISC, BFF, BFF Side Car, CHOIF, ALHF, BEDF, and DHOF.

Loan receivable are carried at their unpaid principal balance less unamortized discounts and premiums, retained loan discounts, and an allowance to reflect potentially uncollectible loan balances. The allowance for uncollectible loans is maintained at a level that, in management's judgment, is adequate to provide for potential losses. Large loans are evaluated individually for impairment; an allowance is established when the discounted cash flows of an impaired loan are lower than the carrying value of the loan. For the remainder of the portfolio, an allowance is established based on historical loan loss experience and management's evaluation of the collectability of the loans, taking into consideration project characteristics and trends. The accrual of interest income is discontinued on loans that are delinquent for over 30 days. Loans are written off when repayment is not expected to occur.

To monitor the likelihood of losses to its loan portfolio, LISC, BFF, BFF Side Car, CHOIF, ALHF, BEDF, and DHOF employ the following internal risk rating categories:

I. Excellent - The loan is a very strong credit, and sound in every respect. The prospect for repayment is excellent.

II. Strong - The loan is a strong credit and sound in most respects. The prospect for repayment is strong.

III. Good - The loan is a sound credit with reasonable risk for the Organization and with good repayment prospects.

IV. Acceptable - The loan is credit-worthy, but contains heightened risks from the outset. A number of developments that would reduce LISC's repayment risk have yet to occur, but no material problems have developed.

V. Close Follow - The loan has more significant risks that an "Acceptable" loan, but it is still credit-worthy.

VI. Substandard - Conditions seriously jeopardizing loan repayment have developed, and it is likely some loss of loan principal will occur.

VII. Doubtful - The loan has been partially written down but in work-out in the hopes of receiving partial payment.

BFF Side Car purchases 100% of the junior promissory note from the NEF Preservation Fund II, LP, the originator of the note's receivable. NEF Preservation Fund II, LP is a related party to NEF, a founding member and loan servicer of BFF Side Car. BFF Side Car relies on NEF for credit analysis of the end borrower and monitors the likelihood of losses on BFF Side Car's notes receivable.

Lending Facility Fees
BFF has entered into an origination and servicing agreement with CIP and BFF incurs an annual fee of $200,000 due to CIP. BFF also entered into an origination and servicing agreement with CSH and BFF incurs an annual fee of $100,000 due to CSH. Effective June 1, 2020, the fee increased to $206,000 and $200,000 respectively, between June 1, 2020 and December 31, 2022. There was no fee change between December 31, 2021 and December 31, 2022. The fee will increase annually by 3% subject to the approval of BFF's annual budget and ends on June 1, 2021. The fee is recognized ratably over each annual period to which it relates. For the years ended December 31, 2022 and 2021, originator fees of $174,242 and $413,105, respectively, were expensed. As of December 31, 2022 and 2021, origination fees of $0 and $174,242, respectively, were prepaid and are included in prepaid expenses and other assets on the accompanying consolidating and consolidated statement of financial position.

CHF operates under an Origination and Servicing Agreement with CSH date March 17, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CSH in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CSH Lending Facility Fees") of the outstanding principal balance of each Project Loan that CSH originates.

CHF operates under an additional Origination and Servicing Agreement with Capital Impact Partners ("CIP") dated August 2, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CIP in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CIP Lending Facility Fees") of the outstanding principal balance of each Project Loan that CIP originates. Together CHF and CIP are the Originators and the CSH Lending Facility Fees and the CIP Lending Facility Fees are the Lending Facility Fees.

For the year ended December 31, 2022 and 2021, CHF incurred $110,257 and $31,263, respectively, of servicing fees and $220,414 and $62,525, respectively, of asset management fees due to the Originators. As of December 31, 2022 and 2021, Lending Facility Fees of $146,824 and $93,788, respectively, were due and payable to the Originators and are included in accounts payables and accrued expenses on the accompanying consolidating and consolidated statement of financial position.

Commission expense
GJLF entered into a fee agreement ("Fee Agreement") with Castello Investment Advisory Services ("Finder") to provide introductions to GJLF of operating companies in need of debt or equity financing. Pursuant to the Fee Agreement dated November 5, 2020, if GJLF provides financing to any borrower within one year following introduction by the Finder, GJLF must pay a fee to the Finder of 1.5% of the total financing provided to the borrower, as a commission expense. The Fee Agreement was amended on June 1, 2021 ("Revised Fee Agreement") to increase the fee paid to the Finder to 2.5% of the total financing provided to the borrower if the financing closes between the date of the Revised Fee Agreement and September 30, 2021, and 2.0% of the total financing provided to the borrower if the financing closes between October 1, 2021 and June 30, 2023. For the years ended December 31, 2022 and 2021, GJLF incurred and paid $0 and $132,500, of commission expense to the Finder.

Recoverable grants
Recoverable grants are early project investments provided to CDPs that contractually require repayment generally without interest. Recoverable grants receivable are recorded when these amounts are disbursed and an allowance has been established based on historical recoverability experience that, in management's judgment, is adequate to cover potential losses.

Government contracts and loan-related advances
Government contracts and loan-related advances consists of amounts received in advance from government agencies and other organizations for the purpose of providing loans, recoverable grants and project grants to CDPs in accordance with the terms of respective contractual agreements.

Capitalized interest
NEF borrows monies in order to provide short-term secured loans to facilitate the acquisition of Project Partnership investments. It is NEF's policy to capitalize interest paid on these borrowings during the construction period of the Project Partnerships. Upon assignment of the interests of the project investments, NEF may be reimbursed for these interest costs by the Fund. Any unreimbursed costs are recorded as a reduction to fee income.

Discounts and debt issuance costs
Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the long-term debt to which such costs relate. Amortization of debt discount issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation or amortization, computed using the straight-line method. Furniture, equipment, and software are depreciated over their estimated useful lives of three to seven years. Computer software development costs for internal use are capitalized and amortized on the straight-line basis over an estimated useful life of three years. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the remainder of the lease term, whichever is shorter. Buildings and improvements are depreciated over 27.5 to 40 years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Intangible assets
immito's SBA license is recorded as an indefinite-lived intangible asset and is not amortized as the license is valid for an indefinite period of time. The license is valued at approximately $2,400,000. The license is subject to annual impairment testing, impairment being a material adverse change that would prevent immito from conducting its 7(a) business as planned. Unless there is an indicator of impairment, which would require an interim impairment analysis, immito has elected to perform its annual evaluation for impairment on January 1 of each fiscal year.

Accounting for the impairment of real estate assets
The Organization records an impairment loss on its real estate assets (land, building, and improvements) whenever their carrying value cannot be fully recovered through estimated undiscounted future cash flows from their operations, sale, and low-income housing tax credits. The amount of the impairment loss to be recognized would be the difference between the Organization's carrying value and the estimated fair value. Adjustments for impairment loss for such real estate assets are made in each period as necessary to report these investments at the lower of carrying value or fair market value less cost to sell. However, there can be no assurance that any estimated fair value of these real estate assets would ultimately be realized by the Organization in any future sale or disposition transaction. Impairment losses have no impact on the cash flow of the Organization. No impairment loss on real estate assets was recorded in 2022 and 2021.

Functional expenses
The costs of providing program services and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising expenses.

The expenses that are allocated and the method of allocation include the following:

Expenses	Method of allocation
Salaries and fringe benefits	Time and effort
Professional services, consulting and legal	Direct allocation based on services/time and effort
Office and administrative	Direct allocation based on invoices/time and effort
Rent and utilities	Time and effort
CDA Partnerships - property expense	Direct allocation
Project grants	Direct allocation
Service fees	Direct allocation based on services
Interest	Direct allocation
Provision for uncollectible recoverable grants to CDCs	Direct allocation
Provision for uncollectible loans to CDCs	Direct allocation
Bank fees and other financial expenses	Direct allocation
Accounting and auditing fees	Direct allocation
Board expenses	Direct allocation
All other expenses	Time and effort

Income taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under the Code, Section 511. The Organization did not recognize any unrelated business income tax liabilities for the years ended December 31, 2022 and 2021. Unrelated business income tax liabilities for the years ended December 31, 2022 and 2021 was immaterial.

Income tax returns filed by the Organization are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

LISC is exempt from federal income taxes under Section 501(c)(3) of the Code. It has been classified as an organization that is not a private foundation and has been designated a "publicly supported" organization of the type described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.

NEF is exempt from federal income taxes under Section 501(c)(4) of the Code. As a 501(c)(4) corporation, contributions to NEF are not tax deductible.

NMSC, NP, immito, RRN, LFM, AHLF, SOAR, EOCLF and GJLF are single-member LLCs and are considered disregarded entities for income tax purposes.

Income or losses of the NEF Funds, and the NMTC CDEs are required to be reported by the respective members/partners on their individual tax returns. Therefore, no provision has been made for federal or state income taxes. Additionally, the low-income housing tax credits generated by the Project Partnerships are passed through the NEF Funds to their members. NMTCs are passed through to an investor for each new QEI made by an investor in a CDE.

BFF and BFF Side Car have elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its founding members on their respective income tax returns. BFF's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, BFF is not required to take any tax provisions in order to qualify as a pass-through entity. BFF is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and BFF has no other tax positions which must be considered for disclosure. Income tax returns filed by BFF are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax year 2020 remains open for BFF Side Car.

CHOIF is treated as a partnership for income tax purpose. All income and expenses of CHOIF are attributed to the taxable income of the individual members. CNI is treated as a disregarded entity for income tax purposes. All tax attributes of CNI pass through to CHOIF and income taxes, if any, are payable by CHOIF.

CHF is exempt from federal income taxes under the Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

BEDF and DHOF are treated as partnerships for income tax purposes. All income and expenses of BEDF and DHOF are attributable to the taxable income of the individual members. Consequently, no provision for income taxes has been made in the accompanying consolidating and consolidated financial statements.

Reclassifications
Reclassifications have been made to the prior year balances to conform to the current year presentations. Such reclassifications were made for comparative purposes only, and do not restate the prior year consolidating and consolidated financial statements.

Recent accounting pronouncements
In June 2016, the FASB issued 2016-12, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. generally accepted accounting principles which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-12 is applicable to all loans, debt securities, trade receivables, net investment in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

In the period of adoption, the Organization will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required.

The ASU, along with certain related ASUs clarifying the scope of the ASU 2016-12 and providing transition relief, will be effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this Update provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.

The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship.

The ASU became effective as of March 12, 2020 and will continue through December 31, 2022. The Organization intends to adopt ASU 2020-04 in 2023, but does not expect the impact of adopting the new guidance to have a material effect on the consolidated financial statements.

Note 2 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the Organization's 38 local/regional offices, rural programs, and several other national programs, are to be used in future years for program services, such as project grants, recoverable grants, lending-related activity, technical support, and operating support to community development organizations.

As of December 31, 2022, net assets with donor restrictions were $304,666,934 ($193,206,092 donor-restricted operating funds and $109,956,855 donor-restricted loan funds and included the following components: (1) *Charter School Financing* - approximately $59.6 million of donor-restricted funds are available to support quality public charter and alternative schools in low-income neighborhoods. Included in this amount is $58.9 million related to grants awarded by the U.S. Department of Education to LISC to provide credit enhancement on loans made by financial institutions to stimulate the financing of charter schools; (2) Lending Activities (excluding DOE funds) - in local and regional offices is approximately $51.1 million; 3) Operating and Programmatic Support - approximately $192.5 million of donor-restricted funds that are to support operating and a multitude of specifically defined projects in the local/regional offices and national programs; and (4) During 2022, NEF Housing Charities, an affiliate of NEF, received grants in the amount of $1,503,987 to fund the Pay It Forward program which supports the next generation of emerging Black, Indigenous, and People of Color (BIPOC) Developers in the affordable housing industry.)

Note 3 - Availability and liquidity

The table below represents financial assets available for operating funds expenditures within one year at December 31, 2022 and 2021. Financial assets in the "Loan Funds - Without Donor Restrictions" and "Loan Funds - With Donor Restrictions" are not included in the table below. As explained further in Note 1, these loan funds are for lending and/or credit enhancement activities and are not available for operating expenditures. LISC also has undrawn lines of credit as further described in Note 11. As of December 31, 2022 and 2021, $30,000,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2022	2021
Financial assets at period end		
Cash and cash equivalents	$ 337,283,921	$ 337,436,487
Restricted cash	39,685,873	26,061,325
Investments	87,637,171	135,087,945
Accrued interest receivable	6,385,597	5,554,883
Contributions receivable, gross	42,678,121	48,154,319
Prepaid expenses and other assets	4,863,398	10,988,322
Government grants and contracts receivable	30,747,198	21,422,121
Loan receivable	206,499,698	42,504,885
Due from funds	11,419,096	13,919,946
Temporary investment in Project Partnerships, net of Capital contributions due to temporary investments in project partnership	18,504,234	6,364,689
Recoverable grants to CDPs, gross	40,634,382	23,637,641
Total financial assets	$ 826,338,689	$ 671,132,563
Less amounts not available to be used within one year		
Cash and cash equivalents	(41,212,780)	(8,706,806)
Investments	(13,215,428)	(10,901,512)
Contributions receivable, gross	(15,473,739)	(9,002,000)
Notes and other receivables	(31,170,970)	(17,539,299)
Government grants and contracts receivable	(28,234,347)	(18,994,289)
Recoverable grants to CDPs, gross	(40,634,382)	(23,637,641)
Financial assets not available to be used within one year	(169,941,646)	(88,781,547)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 656,397,043	$ 582,351,016

Also, LISC has financial covenants with certain LISC lenders, some of which address adequate liquidity to cover operating costs and debt service requirements. Specifically, at the end of each quarter, unrestricted operating cash, cash equivalents, and investments must be able to cover at least six months of unrestricted operating expense as defined in the terms of the loan agreements with certain LISC lenders. With regard to debt service, liquid assets must exceed six months of interest and notes payable (as defined in the terms of the loan agreements with certain LISC lenders). At December 31, 2022 and 2021, LISC was in compliance with its financial covenants.

Note 4 - Cash, cash equivalents, restricted cash, and investments

At December 31, 2022 and 2021, the Organization's total portfolio of cash, cash equivalents, restricted cash, and investments consisted of the following:

	Fair value 2022	Fair value 2021
Cash, cash equivalents, and restricted cash	$ 485,378,038	$ 486,651,359
Investments:		
Cash held for investment		
Corporate bonds and fixed income funds	28,360,926	40,835,217
U.S. government agencies	65,445,736	58,878,840
Certificates of deposit	15,679,788	16,663,623
Alternative investments:		
Real estate investment trust	4,481,586	3,588,675
Hedge funds	35,316	8,756,843
Private equity funds	8,698,526	7,276,125
	122,701,878	135,999,323
Total cash, cash equivalents, restricted cash, and investments	$ 608,079,916	$ 622,650,682

The following table is a reconciliation of cash, restricted cash and cash equivalents within the consolidated statements of financial position to the total presented on the consolidating and consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 462,888,495	$ 460,590,034
Restricted Cash:		
NMSC Loan servicing accounts	44,987	5,179
NMSC Funds reserved for Charter School grants	1,864,632	1,864,640
immito lending funds	686,814	2,728,899
BFF funds	7,741,010	7,400,004
NEF Investor reserves	-	8,775,997
CDA Partnerships - reserves/deposits/escrows	440,248	946,521
NEF Project level agreements	3,500	833,026
NEF Grant Agreements	903,987	-
CHOIF reserve	17,249	18,380
AHLF loan loss reserve	1,910,704	1,901,070
SOAR loan loss reserve	3,306,923	1,587,609
DHOF deposits	60,000	-
DHOF grant agreement	486,783	-
EOCLF loan loss reserve	5,022,706	-
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of financial position	485,378,038	486,651,359
Less: CDA Partnerships - reserves/deposits/escrow	(401,874)	(548,872)
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of cash flows	$ 484,976,164	$ 486,102,487

The Organization invests in certain alternative investments, through "funds of funds" investments, which employ multiple investment strategies via a variety of investment managers to provide diversification and control risk. These investments create indirect exposure to the Organization through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are tools used to maintain asset mix or manage portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment.

At December 31, 2022 and 2021, cash and cash equivalents include approximately $31.6 million and $0.6 million, respectively, held in escrow-like arrangements with loan participants and $7.7 million and $8.1 million, respectively, in loss reserves required by specific programs.

The limitations and restrictions on the Organization's ability to redeem or sell its alternative investments vary by investment. As of December 31, 2022, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value		Redemption	Redemption
Alternative investments	**2022**	**2021**	**frequency**	**notice period**
Real estate investment trust (A)	$ 4,481,586	$ 3,588,675	Lock-up	Not applicable
Multi-strategy hedge funds (B)	-	8,720,131	Monthly	30 calendar days
Credit-focused hedge fund (C)	35,316	36,712	Lock-up	Not applicable
Private equity funds (D)	8,698,526	7,276,125	Lock-up	Not applicable
	$ 13,215,428	$ 19,621,643		

As of December 31, 2022 and 2021, the Organization had $5,907,127 and $7,525,326 unfunded commitments on its alternative investments.

Information with respect to the strategies of those investment funds that is reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows:

1. *Real estate investment trust* - of which the Organization is a minority shareholder, principal business activities are to invest in affordable multifamily residential mortgage loans, which are subsequently syndicated to institutional investors, and to acquire equity interests in affordable multifamily residential real estate assets.

2. *Multi-strategy hedge funds* - includes investments in funds of funds that invest across multiple hedge fund strategies and styles, including equity long/short, event-driven, relative value, tactical trading, and multi-strategy hedge funds styles.

3. *Credit-focused hedge fund* - comprised of an investment in a hedge fund that seeks to achieve attractive total returns through both capital appreciation and current income. The fund seeks to achieve its investment objective through a portfolio of investments in publicly traded and privately held securities, loans, derivatives and other instruments, primarily in the corporate credit sector of the fixed income and related markets.

4. *Private equity funds* - includes investment in funds licensed by the United States Small Business Administration as small business investment companies. The primary purpose of the fund is to operate as a venture fund and invest in equities, debt securities with the equity participation, secured short-term and long-term loans, and as participants with other funds.

Note 5 - Contributions receivable

At December 31, 2022 and 2021, the Organization had contributions receivable with expected receipts as follows:

	2022	2021
Due within one year	$ 30,841,539	$ 43,243,681
Due in one to five years	15,473,739	9,002,000
	46,315,278	52,245,681
Less discount (0.10%–5.00%)	(2,194,497)	(306,450)
Less allowance for uncollectible contributions receivable	(772,000)	(522,000)
Total contributions receivable, net	$ 43,348,781	$ 51,417,231

At December 31, 2022 and 2021, approximately 38.06% and 18.57%, respectively, of the Organization's contributions receivable was from one donor.

At December 31, 2022 and 2021, approximately 35.66% and 33.43%, respectively, of the Organization's contributions revenue was from five donors.

Note 6 - Government grants and contracts

At December 31, 2022 and 2021, the Organization had grant commitments from various government agencies of approximately $132.4 million and $82.4 million, respectively, with expiring term dates ranging from 2023 to 2026. These grant commitments will be recognized in the accompanying consolidating and consolidated financial statements when it is probable that the conditions surrounding the terms of the grants will be met.

At December 31, 2022 and 2021, government grants and contracts receivable were $30.8 million and $21.4 million, respectively. Approximately $7.0 million and $8.3 million of government grants receivable at December 31, 2022 and 2021, and approximately $11.4 million and $11.5 million of government grants and contracts revenue for the years ended December 31, 2022 and 2021, respectively, were from one government agency.

Note 7 - Program loans, recoverable grants to community development projects, notes and other receivables

Program loans

In furtherance of its charitable purposes, LISC makes loans directly to CDPs and also to its affiliates, to benefit affiliate projects. In general, interest rates on loans to CDPs range from 0% to 8.00% and repayment terms range from 1 year to 36 years. Delinquent loans, measured as those loans whose payment is 90 days past due, totaled $5,913,899 and $444,274, respectively, at December 31, 2022 and 2021. The portion of the allowance dedicated to the delinquent loans totaled $443,542 and $57,880 at December 31, 2022 and 2021, respectively. At December 31, 2022, loan principal of $163,584,349 is due to LISC within one year, of which $98,678,850 is due to LISC within the next six months.

SBA 7(a) Loans Receivable, Paycheck Protection Program

Enacted in March 2020, the CARES Act implemented the PPP loans ("PPP"), a new SBA 7(a) loan program that provides small businesses with uncollateralized and unguaranteed loans at an interest rate of 1.00%. The loans will be fully forgiven, subject to certain limitations, when used by the borrower for payroll costs, interest on mortgages, rent, and utilities. For those loans that are forgiven, the SBA will remit 100% of the remaining outstanding principal plus accrued interest to NMSC. For those loans whose borrowers do not meet the criteria required for forgiveness, repayment obligations commence after the applicable deferment period in equal installments over the remaining term to maturity. The initial loans that were originated under the PPP loans have a two-year term and originally had a deferment period of six months; however, as a result of amendments to the PPP loans, these loans now are deferred for up to 16 months. All loans approved by the SBA after June 5, 2020 have a five-year term and deferment period of 16 months. The loans are fully guaranteed by the SBA provided that, originating lenders follow the requirements set forth in the PPP loans. Accordingly, there is no credit risk associated with these loans since the SBA has guaranteed payment of the principal and interest. Neither the government nor lenders charged borrowers any fees in connection with the PPP loans; however, the SBA paid lenders a fee upon funding loans under the PPP loans.

As a SBA 7(a) licensee, immito is an authorized lender under the PPP loans, originally through June 30, 2020 and extended through May 31, 2021, allowing immito to continue to close PPP loans approved by the SBA prior to May 31, 2021. immito originated loans totaling $6,610,890 under the program during the year ended December 31, 2021 before it closed.

During the years ended December 31, 2021, the SBA paid immito $334,959 in fees upon funding loans under the PPP loans which are deferred and amortized over the estimated life of the loans using the effective interest method and fully amortized when the underlying loan is repaid in full. As of December 31, 2022 and 2021, $0 and $53,230 of the fees were deferred, respectively.

As of December 31, 2022 all of the PPP loas originated have been forgiven and repaid, either in part or in full, by the SBA, including both principal and accrued interest.

Loans to CDPs and affiliates' projects as of December 31, 2022 and 2021 comprised the following:

Loan type:	2022	2021
Acquisition loans (1)	$ 329,686,352	$ 235,330,009
Predevelopment loans and pre-credit loans (2)	67,795,763	44,543,606
Construction loans (3)	166,093,573	170,277,325
Other (4)	333,934,797	228,285,066
Total	$ 897,510,485	$ 678,436,006

LISC disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types are:

(1) Acquisition loans - to pay purchase and closing costs of a property.

(2) Predevelopment loans and pre-credit loans - to pay project predevelopment expenses.

(3) Construction loans - to pay hard and soft costs of new or rehabilitation projects.

(4) Other - includes mainly semi-permanent and permanent financing for projects, SBA 7(a) loans, bridge loans (financing the remaining gap between projects or program costs and cash from committed or anticipated sources not yet available), and working capital lines of credit to provide flexible capital to meet organizational cash flow needs.

The following tables provide an analysis of the aging of loan receivables as of December 31, 2022 and 2021:

	2022					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquistion	$ 1,350,000	$ -	$ 5,913,899	7,263,899	$ 322,422,453	$ 329,686,352
Predevelopment and pre-credit loans	729,084	-	-	729,084	67,066,679	67,795,763
Construction	-	-	-	-	166,093,573	166,093,573
Other	8,892,020	-	-	8,892,020	325,042,777	333,934,797
Total	$ 10,971,104	$ -	$ 5,913,899	$ 16,885,003	$ 880,625,482	$ 897,510,485

	2021					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquistion	$ -	$ -	$ -	$ -	$ 235,330,009	$ 235,330,009
Predevelopment and pre-credit loans	-	-	265,942	265,942	44,277,664	44,543,606
Construction	172,288	-	-	172,288	170,105,037	170,277,325
Other	-	-	178,332	178,332	228,106,734	228,285,066
Total	$ 172,288	$ -	$ 444,274	$ 616,562	$ 677,819,444	$ 678,436,006

The activity in the allowance for uncollectible loans for the years ended December 31, 2022 and 2021 is as follows:

2022	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (21,114,451)	$ (4,809,293)	$ (4,689,124)	$ (3,798,293)	$ (34,411,161)
Write-offs	2,100,000	287,000	1,599,191	974,798	4,960,989
Recoveries	(129,550)	(1,784,382)	(194,544)	(841,443)	(2,949,919)
Provision	(8,217,601)	511,269	(3,639,664)	(4,621,630)	(15,967,626)
Allowance for uncollectible loans, end of the year	$ (27,361,602)	$ (5,795,406)	$ (6,924,141)	$ (8,286,568)	$ (48,367,717)

2021	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (18,401,055)	$ (4,284,609)	$ (4,028,927)	$ (4,706,194)	$ (31,420,785)
Write-offs	94,421	402,279	997,350	639,791	2,133,841
Recoveries	-	-	(16,205)	148,794	132,589
Provision	(2,807,817)	(926,963)	(1,641,342)	119,316	(5,256,806)
Allowance for uncollectible loans, end of the year	$ (21,114,451)	$ (4,809,293)	$ (4,689,124)	$ (3,798,293)	$ (34,411,161)

Loans receivable, by class and credit quality category, as of December 31, 2022 and 2021, are as follows:

2022	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 4,109,976	$ 48,273,741	$ 265,135,722	$ 9,158,515	$ 3,008,398	$ -	$ 329,686,352
Predevelopment and pre-credit loans	-	-	10,069,295	57,190,478	535,990	-	-	67,795,763
Construction	-	-	42,084,862	110,382,808	11,567,246	2,058,657	-	166,093,573
Other	35,167	35,023,004	83,530,401	202,085,790	13,260,435	-	-	333,934,797
Total	$ 35,167	$ 39,132,980	$ 183,958,299	$ 634,794,798	$ 34,522,186	$ 5,067,055	$ -	$ 897,510,485

2021	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 4,390,000	$ 36,987,836	$ 110,139,838	$ 11,156,200	$ 958,398	$ -	$ 163,632,272
Predevelopment and pre-credit loans	-	-	11,680,592	20,277,482	600,363	-	-	32,558,437
Construction	-	2,241,090	48,081,899	100,843,563	1,197,584	629,842	-	152,993,978
Other	97,552	27,032,216	93,595,464	204,554,525	3,793,230	178,332	-	329,251,319
Total	$ 97,552	$ 33,663,306	$ 190,345,791	$ 435,815,408	$ 16,747,377	$ 1,766,572	$ -	$ 678,436,006

Recoverable grants to CDPs-sponsored projects

In furtherance of its charitable purposes, the Organization makes recoverable grants directly to CDPs. Recoverable grant activity for 2021 and 2021 is summarized as follows:

	2022	2021
Gross recoverable grants beginning of year	$ 35,050,365	$ 31,715,424
New recoverable grants made	7,209,335	7,641,933
Write-offs	(846,345)	(1,644,316)
Repayments	(3,778,974)	(2,662,676)
Gross recoverable grants end of year	37,634,381	35,050,365
Allowance for uncollectible recoverable grants, end of year	(19,694,978)	(17,438,016)
Recoverable grants receivable, net, end of year	$ 17,939,403	$ 17,612,349

Note 8 - Grants payable

In furtherance of its charitable purposes, the Organization makes grants to CDPs. The Organization's grant activity for the years ended December 31, 2022 and 2021 is summarized below:

	2022	2021
Grants payable, beginning of year	$ 47,697,227	$ 43,295,401
New project grants made	105,965,176	116,485,893
Disbursements on commitments	(93,207,347)	(112,084,067)
Grants payable, end of year	$ 60,455,056	$ 47,697,227

Note 9 - Temporary Investments in Project Partnerships

NEF Support Corporation, a subsidiary of NEF, may temporarily hold and currently is holding legal interests of Project Partnerships investment in the interim until the interests are assigned to a Fund. Upon assignment of the Project Partnership to a Fund, NEF's investment is typically repaid in full by the Fund.

As of December 31, 2022 and 2021, NEF was holding temporary investments in Project Partnerships of $113,625,948 and $44,822,951, respectively, in which NEF contributed $17,637,679 and $5,654,016, respectively, to the Project Partnerships and entered into promissory notes for future contributions of $95,121,714 and $38,458,262, respectively. As of December 31, 2022 and 2021, NEF also includes preacquisition costs of $866,555 and $$710,673, respectively, in temporary investments in Project Partnerships.

Note 10 - Property and equipment

Property and equipment consist of the following at December 31, 2022 and 2021:

	2022	2021
Furniture, equipment, computer software, and leasehold improvements	$ 18,332,178	$ 17,375,936
Land, buildings, and improvements	38,996,181	58,418,523
Gross property and equipment	57,328,359	75,794,459
Less accumulated depreciation and amortization	(27,082,114)	(34,784,877)
Total property and equipment, net	$ 30,246,245	$ 41,009,582

Related to the CDA entities, as of December 31, 2022 and 2021, the consolidating and consolidated financial statements include $38,996,181 and $58,418,523 in land, buildings and improvements and $1,437,842 and $1,937,177 in furniture, equipment, and leasehold improvements. Accumulated depreciation was $16,896,228 and $25,513,991 as of December 31, 2022 and 2021.

Note 11 - Loans and bond payable

At December 31, 2022 and 2021, loans and bond payable consisted of the following:

	Maturities	Interest rates	2022	2021
Financial institutions and insurance companies	2023-2035	0.00%-5.88%	$ 265,557,424	$ 219,461,050
Sustainability Bonds and Impact Notes	2024-2037	0.50%-4.73%	176,912,000	198,971,000
Foundations	2023-2031	0.00%-4.00%	90,290,971	69,348,729
Public agencies/entities and retirement funds	2023-2043	0.00%-3.61%	54,392,372	54,248,810
Nonprofit and other institutions	2025-2031	0.00%-2.37%	185,172,563	106,178,537
Total			772,325,330	648,208,126
Less: Unamortized Discount and deferred costs (*)			(2,391,334)	(2,549,696)
Loans and Bonds Payable, net			$ 769,933,996	$ 645,658,430

Loans and bonds payable maturities

Loans payable are scheduled to be repaid as of December 31, 2022 as follows:

		Principal
2023	$	61,576,891
2024		50,696,417
2025		156,699,780
2026		103,125,983
2027		65,982,986
Thereafter		334,243,273
Total	$	772,325,330

In November 2020, LISC launched an Impact Notes (Notes) program for up to $200,000,000. The proceeds of the offering will be used for general corporate purposes, including to refinance certain of LISC's existing indebtedness and as capital for loans made by LISC and its affiliates, each in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities. The Notes are sold through the Depository Trust Company (DTC). The Lead Selling Agent, InspereX, agrees to sell these notes to other agents on LISC's behalf. The Notes are issued in increments of $1,000 or more and pay interest at various fixed interest rates. The terms of the Notes offer one-year to 15-year maturities.

As of December 31, 2022, LISC issued $101,912,000 in Notes as follows:

Maturities	Interest rates	2022
February 15, 2024	0.50%	$ 5,000,000
March 15, 2025	2.60%	2,153,000
April 15, 2025	3.10%	2,458,000
November 15, 2025	1.00%	19,880,000
December 15, 2025	0.95%	9,111,000
January 15, 2026	0.95%	8,250,000
March 15, 2026	1.25%	7,002,000
May 15, 2026	1.30%	7,550,000
August 15, 2026	1.25%	7,945,000
March 15, 2027	2.50%	2,023,000
March 15, 2027	2.90%	3,420,000
April 15, 2027	3.35%	1,341,000
October 15, 2027	1.80%	303,000
November 15, 2027	1.40%	294,000
December 15, 2027	1.30%	757,000
April 15, 2028	1.90%	3,880,000
July 15, 2028	1.75%	6,881,000
July 15, 2028	1.60%	122,000
September 15, 2028	1.65%	607,000
December 15, 2028	2.00%	953,000
January 15, 2029	2.15%	212,000
December 15, 2030	1.70%	1,828,000
January 15, 2031	1.80%	40,000
February 15, 2031	1.80%	5,703,000
May 15, 2031	2.30%	144,000
August 15, 2031	2.25%	4,055,000
		$ 101,912,000

The Notes were issued at a discount of $1,351,731 and LISC incurred debt issuance costs of $1,310,886. As of December 31, 2022 and 2021, the unamortized discount and debt issuance costs were $1,878,203 and $1,986,558, respectively.

In April 2017, LISC issued $100,000,000 in Taxable Bonds, Series 2017A ("Sustainability Bonds") ($25,000,000, 3.005% term bonds due March 1, 2022; $25,000,000, 3.782% term bonds due March 1, 2027; and $50,000,000, 4.649% term bonds due March 1, 2037). The proceeds of the Sustainability Bonds were used to finance then existing loans payable and pay a portion of the debt issuance costs. The Sustainability Bonds were issued at a discount of $731,478, and LISC incurred debt issuance costs of $126,811. As of December 31, 2022 and 2021, the unauthorized discount and debt issuance costs were $513,131 and $563,138, respectively.

At December 31, 2022, LISC had $145,948,000 of available undrawn sources of funding with maturities ranging from 2023 to 2032. Interest rates range from 0.00% to 4% fixed rate ($122,948,000) and floating rate range from LIBOR + 1.50% to LIBOR + 2.00% ($10,000,000), PRIME - 1.00% ($3,000,000), and SOFR +2.30% ($10,000,000).

In August 2020, immito borrowed funds from the Federal Reserve through the Paycheck Protection Program Liquidity Facility (the "PPPLF"). Additional funds were borrowed in 2021 including the expansion of the PPP loans program funding a total of $6,610,890. Advances under the PPPLF carry an interest rate of 0.35%, are made on a dollar-for-dollar basis based on the amount of loans originated under the PPP loans and are secured by loans processed by immito under PPP. As of December 31, 2021, the outstanding balance under the PPPLF was $4,291,709.

As of February 14, 2022, all PPP loans were forgiven and the PPPLF Agreement was paid in full.

AHLF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2022	Balance as of 12/31/2021
September 25, 2020	Chase New Markets Corporation	$ 12,500,000	$ 5,000,000	$ 2,500,000
September 25, 2020	Citizens Bank, N.A.	3,000,000	1,200,000	600,000
September 25, 2020	First Independence Bank	2,500,000	1,000,000	500,000
September 25, 2020	Flagstar Bank, FSB	2,500,000	1,000,000	500,000
December 16, 2020	PNC Community Development Company, LLC	5,000,000	2,000,000	1,000,000
May 14, 2021	CIBC Bank USA	2,500,000	1,000,000	500,000
December 6, 2021	Keybank National Association	10,000,000	4,000,000	-
		$ 38,000,000	$ 15,200,000	$ 5,600,000

Each loan has a non-revolving advance period expiring five years after the respective Closing Date, followed by a ten-year non-revolving term. The loans mature 10 years after the respective Closing Date and bear interest on outstanding principal amounts at a fixed rate per annum of 2% commencing on the first day of the third month following the first full month after the respective Closing Date. Accrued interest is due and payable quarterly through maturity, beginning with the first calendar quarter-end date following the first full quarter interest is accrued. Principal payments are due quarterly beginning five years after the respective Closing Date in an amount equal to 1/120th of all loans outstanding as of such date.

All remaining outstanding principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. AHLF may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are secured by a Guarantee Agreement. For the years ended December 31, 2022 and 2021, interest expense incurred and paid on the loans was $151,494 and $51,972, respectively.

BFF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2022	Balance as of 12/31/2021
August 3, 2020	First Republic Bank ("FRB")	$ 5,000,000	$ 1,500,000	$ 500,000
August 13, 2020	The San Francisco Foundation ("SFF")	5,000,000	1,500,000	500,000
August 19, 2020	Silicon Valley Community Foundation ("SVCF")	1,000,000	300,000	100,000
October 29, 2020	Chase New Markets Corporation ("CNMC")	15,000,000	4,500,000	1,500,000
January 21, 2021	The Ford Foundation (“FF”)	10,000,000	3,000,000	1,000,000
October 22, 2021	The David and Lucile Packard Foundation ("DLPF")	3,000,000	900,000	-
		$ 39,000,000	$ 11,700,000	$ 3,600,000

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a five-year non-revolving term. The loans mature ten years after the respective Loan Date (nine years for DLPF loan) and bear interest on outstanding principal amounts at a fixed rate per annum of 2% for the CNMC, FRB, FF, and SVCF loans, 2.5% for the SFF loan, and 1% for the DLPF loan. Accrued interest is due and payable on the last day of each calendar quarter for each loan beginning September 30, 2020 for the FRB, SFF, and SVCF loans, December 31, 2020 for the CNMC loan, March 31, 2021 for the FF loan, and December 31, 2021 for the DLPF loan through maturity. The entire principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. As of December 31, 2022 and 2021, there has not been an Event of Default and BFF is in compliance with all covenants. BFF may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are unsecured and full recourse obligation of BFF. For the years ended December 31, 2022 and 2021 interest expense incurred on the loans was $123,117 and $54,427, respectively, and accrued interest as of December 31, 2022 and 2021 was $0.

CHOIF entered into loan agreements with various lenders dated as listed below, for the credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2022	Balance as of 12/31/2021
September 3, 2019	Banc of America Community Development Corp	$ 2,500,000	$ 2,167,526	$ 1,141,357
September 20, 2019	Foundation For The Carolinas	2,500,000	2,168,262	1,141,013
December 20, 2019	Duke Energy Corporation	2,000,000	1,733,293	911,969
December 20, 2019	The Presbyterian Hospital	6,000,000	5,201,954	2,738,975
December 24, 2019	Ally Bank	5,000,000	4,335,703	2,282,795
March 2, 2020	Truist Bank	4,000,000	3,468,545	1,826,389
		$ 22,000,000	$ 19,075,283	$ 10,042,498

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a ten-year non-revolving term. The loans mature September 3, 2039 and bear interest on outstanding principal amounts at a fixed rate per annum of 1%, with interest capitalizing on the loans until October 1, 2024. All remaining outstanding principal and any unpaid interest payments on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. CHOIF may prepay the loans on a pro rate basis, in whole or in part, at any time. As of December 31, 2022 and 2021, the outstanding balance of the loans was $19,075,283 and $10,042,498, respectively, and accrued interest was $0 for each year. For the years ended December 31, 2022 and 2021, respectively, interest expense on the loans was $131,770 and $46,796.

CHF entered into a Loan Agreement with Facebook Community Housing Fund, LLC dated December 9, 2020, and amended on September 14, 2021. Pursuant to the Loan Agreement, Facebook Community Housing Fund, LLC shall make advances to CHF through December 9, 2025, up to an aggregate principal amount of $150,000,000. Pursuant to the Loan Agreement, interest accrues on the outstanding principal balance on the loan at a rate of 1.00% per annum. Interest is due quarterly commencing on March 31, 2021, and continuing on the last day of each calendar quarter thereafter through maturity. Commencing December 9, 2025, and continuing on the last day of each calendar quarter thereafter, CHF shall pay to Facebook Community Housing Fund, LLC an amount equal to the repayments of the Project Loans received by CHF, if any, as payment of outstanding principal on the loan. On December 31, 2038, the remaining unpaid principal together with accrued but unpaid interest is due. CHF may prepay the loans without penalty. As of December 31, 2022 and 2021, the outstanding balance was $91,445,160 and $71,445,160, respectively, and accrued interest was $0. For the year ended December 31, 2022 and the period December 9, 2020 (commencement of operations) to December 31, 2021, interest expense on the loan was $912,708 and $269,639, respectively.

SOAR entered into a Loan and Security Agreement with the Lenders dated April 22, 2021, to make loans to SOAR in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2022	Balance as of 12/31/2021
Class A	Mercy Investment Services, Inc.	$ 1,500,000	$ 1,340,704	$ 388,867
Class A	Microsoft Corporation	20,000,000	17,876,107	5,184,906
Class A	The Grove Foundation	500,000	446,915	129,626
Class A	Isenberg Family Charitable Foundation, Inc.	1,250,000	1,117,247	324,054
Class A	Heifer International Foundation	2,500,000	2,234,532	648,119
Class A	Chase New Markets Corporation	10,000,000	8,938,041	2,592,449
Class A	The David and Lucile Packard Foundation	5,000,000	4,469,026	1,296,226
Class A	Winrock International Foundation LLC	500,000	446,914	129,626
Class A	Woodforest National Bank	1,000,000	893,790	259,241
Class A	Gary Chartrand GRAT II Exempt Trust	1,000,000	893,790	259,241
Class A	Gary R. Chartrand Revocable Trust	1,000,000	893,790	259,241
Class A	Millennium Trust Company, LLC cust. FBO Amy Brakeman IRA	1,000,000	893,790	155,246
Class A	WoodNext Foundation	2,000,000	1,873,075	-
Class B	Arbitblit Suttie 2010 Trust	250,000	250,000	86,663
Class B	The Grove Foundation	500,000	500,000	173,322
Class B	Isenberg Family Charitable Foundation, Inc.	750,000	750,000	259,985
Class B	Mercy Investment Services, Inc.	500,000	500,000	173,322
Class B	Mighty Arrow Family Foundation	250,000	250,000	86,663
Class B	The Roger I. & Ruth B. MacFarlane Foundation	250,000	250,000	86,663
Class B	Ms. Foundation for Women, Inc.	250,000	250,000	86,663
Class B	Kristin Leimkuhler Trust UAD 12/11/2017	250,000	250,000	86,663
Class B	ImpactAssets Inc., FBO Excelsior Impact Fund	250,000	250,000	86,663
Class B	Visa Foundation	5,000,000	5,000,000	1,733,234
Class B	Compton Foundation, Inc.	500,000	500,000	173,322
Class B	W.K. Kellogg Foundation	3,000,000	3,000,000	1,039,939
Class B	Jewish Community Federation of San Francisco, The Peninsula, Marin and Sonoma Counties	1,000,000	1,000,000	-
Class B	Kermit G. Phillips II Charitable Trust	250,000	250,000	-
Class B	The Community Foundation for Greater Atlanta, Inc.	500,000	500,000	-
		$ 60,750,000	$ 55,817,721	$ 15,699,944

Pursuant to the Loan and Security Agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 2.00% per annum for Class A loans and 2.50% per annum for Class B loans. Interest is due on the 21st of each month for each loan beginning 180 days after the disbursement date through maturity. Each loan is due and payable seven years after the original disbursement date. As of December 31, 2022 and 2021, the outstanding balance of loans payable was $55,817,721 and $15,699,944, respectively, and accrued interest payable was $90,072 and $27,125, respectively. For the year ended December 31, 2022 and the period April 22, 2021 (commencement of operations) to December 31, 2021, interest expense on the loans was $714,186 and $76,138, respectively.

EOCLF entered into a loan and a joinder agreement with lenders listed below dated January 13, 2022 and April 29, 2022, respectively, to make loans to EOCLF in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2022
Class A	JPMorgan Chase Bank, N.A.	$ 20,000,000	$ -
Class A	Block, Inc.	10,000,000	-
Class A	Costco Wholesale Corporation	10,000,000	-
Class A	Amalgamated Bank	10,000,000	-
Class A	Forbright Bank	10,000,000	-
Class A	Rippleworks, Inc.	5,000,000	-
Class B	Chase New Markets Corporation	30,000,000	1,325,000
		$ 95,000,000	$ 1,325,000

Pursuant to the loan agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 4.00% per annum for Class A loans and 2.00% per annum for Class B loans. Interest is due on the 15th of each month for each loan beginning 180 days after the disbursement date through maturity. The Class A loans are due and payable on January 13, 2032 unless LFM exercises the one-year maturity date extension option pursuant to the loan agreement. The Class B loans are due and payable on the earlier of January 13, 2033 or the date of any acceleration of the loans pursuant to the loan agreement. As of December 31, 2022, the outstanding balance of loans payable was $1,325,000 and accrued interest payable was $11,483. For the period January 6, 2022 (commencement of operations) to December 31, 2022, interest expense on the loans was $11,483.

DHOF entered into a Loan Agreement with Sunflower Bank, N.A. dated September 22, 2022. Pursuant to the Loan Agreement, Sunflower Bank, N.A. shall make advances to DHOF up to an aggregate principal amount of $5,000,000. Interest accrues on the outstanding principal balance of the loan payable at a rate of 1.00% per annum. Interest is due quarterly through the maturity date. Each advance is due and payable five years following the initial disbursement. As of December 31, 2022, the outstanding balance of the loan payable was $1,600,000 and accrued interest payable was $578. For the period November 29, 2021 (commencement of operations) to December 31, 2022, interest expense on the loan was $578.

DHOF was awarded a recoverable grant payable of up to $6,000,000 by the City of Dallas. The recoverable grant funds are available to DHOF to grow and administer an Affordable Housing Fund established to produce at least 1,500 units of housing on or before December 31, 2031, in compliance with the Affordable Housing Program Guidelines. No principal or interest payments on the recoverable grant shall be due and payable unless there is an event of default. The principal amount of the recoverable grant will be forgiven in 1/15 increments as each 100 affordable housing units is produced. As of December 31, 2022, the recoverable grant payable balance was $6,000,000.

Pledged assets
LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of December 31, 2022 and 2021, and (2) $43,151,871 and $44,669,802 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program ("CDFI BGP Loan") totaling $41,137,061 and $42,650,233, as of December 31, 2022 and 2021, respectively.

Subordinated debt
At December 31, 2022, LISC has subordinated debt in loans and bonds payable totaling $40.1 million in the form of twelve equity equivalent investments from seven financial institutions. At December 31,

2021, LISC had subordinated debt included in loans and bonds payable totaling $29.6 million in the form of eleven equity equivalent investments from six financial institutions.

Lines of credit

At December 31, 2022 and 2021, LISC had available bank lines of credit of $65,000,000, which expire between February 10, 2023 and March 28, 2024, with interest rates ranging from LIBOR + 1.80%, PRIME - 1.50%, SOFR +1.875% to + 1.90%, and BSBY + 1.50%. At both the years ended December 31, 2022 and 2021, the outstanding balance included in loans and bonds payable was $0, respectively.

NEF has a $20,000,000 revolving credit facility with a bank to provide a portion of the equity needed to temporarily invest in Project Partnerships, provide bridge financing to the Funds and to fund general corporate and working capital purposes that support NEF’s core business activities. The current maturity date is November 30, 2023. Interest on any outstanding amounts is due monthly calculated at the greater of Prime plus 25 basis points or 2.5%. The interest rates ranged from 3.75% to 7.75% in 2022 and was 3.5% in 2021. NEF borrowed $12,500,000 and repaid $12,500,000 in 2022 and borrowed $10,000,000 and repaid $10,000,000 in 2021. The outstanding balance as of December 31, 2022 and 2021 was $0.

NEF has a $20,000,000 revolving credit facility with another bank to provide a portion of the equity needed to temporarily invest in Project Partnerships, provide bridge financing to the Funds and to fund general corporate and working capital purposes that support the Corporation's core business activities. The current maturity date is March 11, 2024. Interest on any outstanding amounts is due quarterly calculated at Prime less 90 basis points. The interest rate ranged from 2.60% to 6.60% in 2022 and was 2.35% in 2021. NEF borrowed $12,500,000 and repaid $12,500,000 in 2022 and borrowed $10,000,000 and repaid $10,000,000 in 2021. The outstanding balance at December 31, 2022 and 2021 was $0. NEF is also required to pay a revolving commitment fee of 0.25% based on the daily amount of the undrawn portion of the revolving credit facility.

Covenants

In accordance with the terms of loan agreements with certain lenders, LISC is required to meet several financial covenants. LISC was in compliance with its financial covenants at December 31, 2022.

Note 12 - Pension and thrift plans

LISC has a Code Section 403(b) defined-contribution pension plan covering all eligible employees. Plan contributions are computed based on formulas defined in the plan. Total pension expense for the years ended December 31, 2022 and 2021, was $3,835,921 and $3,450,285, respectively.

LISC, NEF, NMSC, and immito maintain thrift plans under Section 401(k) of the Code covering all eligible employees. Under the plans, employee contributions are partially matched by LISC, NEF, NMSC, and immito, respectively. Total thrift plan expense for the years ended December 31, 2022 and 2021 was $2,957,544 and $2,723,482, respectively.

Note 13 - Financial instruments with off-balance-sheet risk and fair values

Off-balance-sheet risk

The Organization is a party to certain financial instruments with off-balance-sheet risk to meet the financing needs of community development organizations across the United States. These financial instruments and arrangements include financial guarantees and loan commitments. These transactions and arrangements involve elements of credit risk. The Organization uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The Organization's exposure to credit loss in the event of nonperformance of the Organization's loans have been guaranteed or sold with recourse is equal to the contractual amounts of the instruments.

Loan commitments are agreements to lend as long as there is no violation of any condition established in the contract. The following represents the composition of financial instruments with off-balance-sheet risk:

	2022 Contract amount	2021 Contract amount
Financial instruments whose contract amounts represent credit risk:		
Financial guarantees	$ 5,900,000	$ 6,199,522
Loan commitments outstanding	207,509,681	159,646,904
Total	$ 213,409,681	$ 165,846,426

LISC generally makes loans over $500,000 on a secured basis. The collateral for such loans generally consists of mortgages, security agreements, assignment of contract receivables, and guarantees.

At December 31, 2022 and 2021, LISC had interest rate swap agreements with notional amounts aggregately of $10,000,000, respectively. At December 31, 2022 and 2021, the fair value of the interest rate swaps was $548,937 and $(173,572), respectively.

Fair values

The following methods and assumptions were used by the Organization in estimating its fair value disclosure for financial instruments: for cash, cash equivalents, restricted cash escrow, accrued interest receivable, contributions receivable, government grants receivable, notes and other receivables, recoverable grants, real estate held for sale, accounts payable and accrued expenses, grants payable, capital contributions due to temporary investment in Project Partnerships, and capital contributions due to investment in Project Partnerships, the respective amounts reported in the consolidating and consolidated statement of financial position, approximate fair values due to the short-term nature of these financial instruments. The carrying value of loans receivable approximates fair value, which is based on a discounted cash flow analysis using current rates the Organization would charge to similar borrowers with similar maturities and is considered market rate for loans made by similar community development financial institutions. The inputs used for the fair value estimates of these financial instruments are unobservable and are considered Level 3 in the fair value hierarchy. The carrying value of long-term debt and loans and bond payable approximates fair value, which is based on a discounted cash flow analysis using current borrowing rates, which are significant observable inputs and are considered Level 2 in the fair value hierarchy. The Organization utilized Level 3 inputs in its evaluation of impairment of investments in Project Partnerships, the provision for loss on temporary investments in Project Partnerships, the provision for loss on receivables, and the value of the bond receivable. For a discussion of valuations of investments, see Note 1.

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on an annual basis as of December 31, 2022 and 2021:

	December 31, 2022		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 485,378,038	$ 485,378,038	$ -
Investments:			
Corporate bonds and fixed income funds	$ 28,360,926	$ 28,246,037	$ 114,889
U.S. government agencies	65,445,736	56,764,892	8,680,844
Certificates of deposit	15,679,788	-	15,679,788
	$ 109,486,450	$ 85,010,929	$ 24,475,521
Alternative investments:			
Real estate investment trust	$ 4,481,586		
Hedge funds	35,316		
Private equity funds	8,698,526		
	13,215,428		
Total investments	$ 122,701,878		
Interest rate swap held by LISC	$ 548,937	$ -	$ 548,937
Total interest rate swaps	$ 548,937	$ -	$ 548,937
Loan guarantee - LISC	$ (616,060)	$ -	$ (616,060)

	December 31, 2021		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 486,651,359	$ 484,914,483	$ 1,736,876
Investments:			
Corporate bonds and fixed income funds	$ 40,835,217	$ 40,676,381	$ 158,836
U.S. government agencies	58,878,840	51,202,320	7,676,520
Certificates of deposit	16,663,623	-	16,663,623
	$ 116,377,680	$ 91,878,701	$ 24,498,979
Alternative investments:			
Real estate investment trust	$ 3,588,675		
Hedge funds	8,756,843		
Private equity funds	7,276,125		
	19,621,643		
Total investments	$ 135,999,323		
Interest rate swap held by LISC	$ (173,572)	$ -	$ (173,572)
Total interest rate swaps	$ (173,572)	$ -	$ (173,572)
Loan guarantee - LISC	$ (655,764)	$ -	$ (655,764)

Note 14 - Concentration of credit risk

LISC makes loans throughout the United States primarily to local community organizations and non-profit developers that are primarily engaged in residential, commercial, and community facility real estate development. Although LISC's portfolio is diversified as to location of borrower, the ability of LISC borrowers to repay their obligations on a timely basis may be affected by a downturn in the economy, a cutback in government subsidies, or the availability of other permanent financing sources, which may limit capital available to complete projects. The Organization places its cash and cash equivalents with high credit quality financial institutions that are federally insured. At times, invested cash may exceed federally insured amounts.

BFF's, BFF Side Car's and CHF's major assets are loans receivable from borrowers with operations in the Bay Area affordable housing market. BFF's, BFF Side Car's and CHF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the geographical area or by changes in the economic condition of the borrowers or their parent companies.

AHLF's major assets are loans receivable from borrowers with operations concentrated in the Detroit, Michigan residential real estate market. The fund's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

CHOIF's major assets are loans to and an investment in borrowers with operations concentrated in the affordable housing market in the City of Charlotte and in the surrounding area of Mecklenburg

County, North Carolina. CHOIF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

SOAR's major assets are loan receivables from borrowers with operations concentrated in the south and southeastern United States. SOAR's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers.

BEDF's and EOCLF's major assets are loan receivables from borrowers with operations throughout the United States. BEDF's and EOCLF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the borrowers or their parent companies.

DHOF's major assets are loans receivable from borrowers with operations concentrated in Dallas, Texas. The Fund's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

Note 15 - Commitments and contingencies

Project Partnership guarantees and purchase commitments
In connection with the placement of a Project Partnership into a Fund in 2014, a subsidiary of NEF entered into a put agreement with the investor of the Fund. Under the agreement, the Fund investor could put, assign and transfer the Project Partnership to the subsidiary or its designee at any time after expiration of the credit period and before expiration of the credit compliance period of the Project Partnership, which is anticipated to be 2025 and 2030, respectively ("Put Period"). If the option is exercised, the subsidiary would be responsible for paying the tax credit recapture to the Fund investor if a catastrophic event occurs during the Put Period and the Project Partnership was unable to rebuild the lost units due to zoning reconstruction restrictions. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2022.

NEF entered into a subscription agreement with a LISC managed fund whose purpose is to provide debt financing to preserve investments in affordable housing projects. NEF has agreed to provide up to $100,000 in capital contributions to this fund in accordance with the subscription agreement. No amounts have been funded as of December 31, 2022.

In connection with NEF Predevelopment Loan Fund I LP, NEF entered into a guaranty agreement with the limited partners of the Fund. NEF has agreed to provide up to $4,000,000 in capital contributions upon the occurrence of a Realized Loss Event as defined in the NEF Predevelopment Loan Fund I LP limited partnership agreement. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2022.

NEF Support Corporation, a subsidiary of NEF, entered into seven California state tax credit purchase and transfer agreements with unrelated third parties. NEF Support Corporation agreed to purchase the state tax credits associated with seven project partnerships when they become available and immediately assign the state tax credits to Funds or investors. The cumulative estimated purchase price is $36,219,212. As of December 31, 2022, a $1,099,022 payment was made in relation to one of the Project Partnerships. Per the agreements, upon assignment, the Funds or investors will assume the responsibility for paying the purchase price or reimbursing NEF for any amounts advanced. It is expected that the majority of the purchase price will be payable after the assignment has been made to the Funds or investors.

NEF periodically enters into guaranty agreements related to Project Partnerships in the ordinary course of business. NEF provides backstop operating deficit guarantees, construction completion guarantees, and development completion guarantees to construction lenders, investors, and Funds. NEF's maximum exposure is $5,723,998 and $5,025,643 as of December 31, 2022 and 2021, respectively. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2022.

The CDA Partnerships' low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partner(s).

As of December 31, 2022 and 2021, immito had $0 and $1,551,075, respectively, of unfunded commitments in connection with its SBA 7 (a) loans where portions of loans originated were partially funded. immito will fund these commitments from the same sources it uses to fund its other loans.

Pursuant to the Guarantee Agreement dated September 25, 2020, AHLF incurs a guaranty fee due to the Kresge Foundation ("Kresge") in consideration for Kresge's guarantee, which is limited to the lesser of $10,000,000 or 15% of the aggregate principal amount of loans committed to AHLF by December 31, 2021, to enable AHLF to raise capital from lenders. The guaranty fee of $7,500 is due annually beginning September 25, 2020 through the Termination Date of the agreement, which is the earlier of the fifteenth anniversary of the closing date of the last Qualified Project Financing (as defined in the Guarantee Agreement), or December 31, 2040. Beginning on September 25, 2025 and annually thereafter until the Termination Date, the guaranty fee incurred will be equal to the amount that is 0.40% of the undrawn Guarantee Amount (as defined in the Guarantee Agreement). The guaranty fee incurred for each of the years ended December 31, 2022 and 2021 was $7,500. As of December 31, 2022 and 2021, accounts payable and accrued expenses included $0 of guaranty fees due to Kresge.

Pursuant to the Guaranty Agreement dated September 1, 2020, BFF Side Car is acting as a guarantor in favor of BFF. BFF Side Car irrevocably, absolutely, and unconditionally guarantees the payments due by BFF to its Qualified Lenders under the Qualified Loans (as defined in a Guaranty Agreement), including principal, interest, fees, premiums, expense reimbursements, etc. and BFF Side Car agrees to pay any and all reasonable costs and expenses incurred by BFF or a Qualified Lender in enforcing any rights under the Guaranty Agreement. As of December 31, 2022 and 2021, no claims or payments have been made relative to the Guaranty Agreement.

Litigation

In the ordinary course of its activities, the Organization is a party to several legal proceedings. In the opinion of management and legal counsel, the resolution of such matters will not have a material adverse impact on the Organization's operations or financial position.

COVID-19

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 has not had a negative impact on the Organization's operational and financial performance through December 31, 2022. During 2021, LISC received approximately $6.4 million in private contributions for COVID-19 relief grants to small businesses. Ongoing performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors, all of which are uncertain and cannot be determined at this time.

Operating lease, right of use asset and liability
The Organization's leased assets include office leases with remaining terms from less than one year up to 15 years. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured. The lease agreements do not contain residual value guarantees or material restrictive covenants. Operating leases are reflected on the consolidating statement of financial position as a right of use asset and a related right of use liability. Right of use assets represent the right to use an underlying asset for the lease term and were $47,548,771 and $50,129,732 as of December 31, 2022 and 2021, respectively, and right of use liability represents the obligation to make lease payments arising from the lease agreement which are discounted using the Organization's incremental borrowing rate, rates ranging from 1.54% to 3.04%, as of December 31, 2022 and rates ranging from 1.54% to 3.04% as of December 31, 2021. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area maintenance and property taxes are expenses as incurred.

Minimum rental commitments under noncancelable operating real estate leases in effect at December 31, 2022 and expiring at various dates through February 2035 totaled $62,996,625. These amounts exclude future escalation for real estate taxes and building operating expenses. Minimum future rental commitments as of December 31, 2022 are as follows:

2023	$ 6,010,490
2024	4,498,393
2025	5,172,735
2026	4,815,675
2027	4,799,234
Thereafter	34,027,723
Subtotal	59,324,250
Less: Effects of discounting	(8,512,014)
Total	$ 50,812,236

Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2022 and 2021, totaled $7,830,442 and $7,966,705, respectively.

Government contracting
Grant and contract revenue recognized from government agencies are based on actual costs incurred and reimbursable expenses from the respective government agencies. These costs are subject to audit by the Office of the Inspector General or the respective granting agencies and the ultimate revenue recognized is contingent upon the outcome of any such audits. Accordingly, the accompanying consolidating and consolidated financial statements are subject to reflecting

provisions for adjustments, if any, which may result from an audit. For the year ended December 31, 2022, no such provisions were necessary.

Note 16 - CDA partnerships - long-term debt, net and notes payable to funds

As of December 31, 2022 and 2021, the CDA Partnerships had an outstanding long-term debt balance of $22,758,710 and $35,687,915, respectively, which consists of mortgage notes held by banks and other lenders. Maturity dates range from 2046 to 2057 and interest rates range from 0% to 3.66% in 2022 and interest rates ranged from 0% to 5.32% in 2021. Debt issuance costs were $114,056 and $472,777 as of December 31, 2022 and 2021, respectively, and are presented net in long-term debt on the consolidating and consolidated statement of financial position.

Annual maturities on long-term debt and notes payable to Funds at December 31, 2022 are as follows:

2023	$ 123,171
2024	127,742
2025	132,484
2026	137,401
2027	142,501
Thereafter	22,781,355
Total	$ 23,444,654

As of December 31, 2022 and 2021, the CDA Partnerships had outstanding unsecured notes payable to the Funds in the amount of $800,000 and $2,261,721, respectively. Interest rates range from 1.68% to 2.86% in 2022 and ranged from 0.98% to 2.86% in 2021. The notes are payable out of surplus cash flow as defined in the promissory note.

Note 17 - Due from funds

Due from Funds, includes the syndication and asset management fees from Funds billed but not received as of December 31, 2022 and 2021. At December 31, 2022 and 2021, $17,163,832 and $9,499,197 in fees, respectively were due to NEF. All fees are due within one year.

Note 18 - Project partnerships

Investment in project partnerships

NEF (or its subsidiaries) has nominal (generally 1% or less) general partner or managing member interests in the Funds and other ventures and partnerships. At December 31, 2022 and 2021, NEF's investment balance in the Funds and other ventures and partnerships was $32,430 and $16,130, respectively, and is included in other assets, in the accompanying consolidating and consolidated statement of financial position. NEF accounts for its investments in Funds and other ventures and partnerships using the equity method of accounting, to the extent of its investment plus unrecovered advances. At December 31, 2022 and 2021, deficit balances related to certain of its investments in Funds and other ventures and partnerships were $947,191 and $891,030, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidating and consolidated statement of financial position. NEF recorded $56,161 and $40,331 of equity in losses as of December 31, 2022 and 2021, respectively.

NEF holds limited partner interests in certain Funds in which it manages. The investment balances of these interests are $66,694 and $7,404 as of December 31, 2022 and 2021, respectively. NEF recorded $2,832 of equity in income and $8,919 of equity in losses as of December 31, 2022 and 2021, respectively.

The CDA entities discussed in Note 1 hold generally a 1% or 0.01% general partnership interest in the CDA Partnerships. Pursuant to U.S. GAAP, CDA is deemed to control the limited partnerships and has, therefore, consolidated all entities in which it served as a general partner or managing member if the limited partners do not overcome the presumption of partnership control. CDA did not assume any general partner interests in 2022 and 2021. CDA transferred its general partner interests in two and one CDA Partnerships to an unrelated third party in 2022 and 2021, resulting in a $3,167,529 gain and $1,351,553 loss on disposition in 2022 and 2021, respectively.

Assignment of project partnership interests
The assignment of Project Partnership interests to a Fund is recognized when the parties are bound by the terms of a contract, all consideration has been exchanged, any permanent financing for which NEF is responsible has been arranged and all conditions precedent to closing have been performed.

Investments in joint venture
CNI owns joint venture interests in the below investees, which are North Carolina limited liability companies that own certain real properties in Charlotte, NC as follows:

Investees	Date	Equity Investment		Membership Interest
Archdale NOAH, LLC (“Lake Mist”)	12/10/2020	$	1,600,000	29.71%
Wendover NOAH, LLC (“Wendover”)	9/27/2021	$	725,000	22.58%
McAlway NOAH, LLC (“McAlway”)	11/3/2021	$	900,000	26.47%
Shamrock NOAH, LLC (“Noah”)	12/14/2021	$	3,800,000	29.80%
Central NOAH, LLC ("Peppertree")	11/2/2022	$	4,700,000	26.49%

FASB Accounting Standards Codification Topic 810 addresses how a reporting company should evaluate whether it has a controlling interest in a variable interest entity ("VIE") through means other than voting rights and under what circumstances the reporting company should consolidate the entity. CNI has determined that the Investees are variable entities and CNI is not the primary beneficiary. Consequently, CNI is not required to consolidate its investment in the Investees. This conclusion was based on the determination that CNI does not have the power to direct the activities that most significantly impact the Investees’ economic performance. CNI's maximum exposure to loss as a result of its involvement with the investment remains limited to the current investment balance. During the years ended December 31, 2022 and 2021, CNI provided no explicit or implicit financial or other support to the Investees that was not previously contractually required or intended.

CNI accounts for its investment in the Investees using the equity method of accounting. Under the equity method of accounting, the investment is recorded at cost and adjusted for CNI's share of income or loss of the Investees, additional investments, and cash distributions from the Investees. Since CNI has no obligation to fund liabilities of the Investees beyond its investment, its investment in the Investees may not be reduced below zero. To the extent that equity losses are incurred when CNI's carrying value of its investment in the Investees has reached zero balance, any losses will be suspended to be used against future income.

CNI has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the consolidated statement of cash flows. In accordance with this approach, distributions received from the Investees are classified as either operating or investing cash inflows based on the nature of the activities of the Investees that generated the distributions. Returns on investments are classified as operating activities in the consolidated statement of cash flows, while returns of investment are classified as investing activities.

CNI has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the statement of cash flows. In accordance with this approach, distributions received from the Investees are classified as either operating or investing cash inflows based on the nature of the activities of the Investees that generated the distributions. Returns on investments are classified as operating activities in the statement of cash flows, while returns are classified as investing activities.

CNI has implemented policies and practices for assessing impairment for its investment. Periodically, the carrying value is evaluated and CNI records a write down if it is determined that any impairment in value exists. If impairment exists, the carrying value is reduced to its fair value. Fair value is determined based on future cash flows. There were no impairment losses recognized for the years ended December 31, 2022 and 2021.

In 2022 and 2021, CNI made a total of $4,700,000 and $5,425,000, respectively, of equity investments to acquire membership interest in the Investees. The Investees were formed to purchase, own, hold, maintain, finance, refinance, lease, renovate, repair market, and sell apartment buildings and other improvements in Charlotte, NC. For the years ended December 31, 2022 and 2021, loss and equity in income from the Investees was $191,643 and $125,996, respectively.

Note 19 - NMTC award administered

As of December 31, 2022 and 2021, approximately $1.155 billion and $1.105 billion, respectively, of the $1.208 billion of total NMTC authority awarded to LISC had been closed. The following tables show the total allocation received, total QEIs closed, and total allocation remaining by round for the years ended December 31, 2022 and 2021:

	Projects	Allocation received	QEIs closed before 2022	QEIs closed during 2022	Total QEIs closed through December 31, 2022	Allocation remaining as of December 31, 2022
Round 1-9 and 11-12	138	$ 993,000,000	$ 993,000,000	$ -	$ 993,000,000	$ -
Round 13	18	60,000,000	58,862,662	1,137,338	60,000,000	-
Round 15	9	50,000,000	40,000,000	9,000,000	49,000,000	1,000,000
Round 16	10	65,000,000	13,000,000	40,000,000	53,000,000	12,000,000
Round 17	—	40,000,000	-	-	-	40,000,000
Total	175	$ 1,208,000,000	$ 1,104,862,662	$ 50,137,338	$ 1,155,000,000	$ 53,000,000

	Projects	Allocation received	QEIs closed before 2021	QEIs closed during 2021	Total QEIs closed through December 31, 2021	Allocation remaining as of December 31, 2021
Round 1-9 and 11-12	122	$ 908,000,000	$ 908,000,000	$ -	$ 908,000,000	$ -
Round 13	16	85,000,000	83,828,125	1,171,875	85,000,000	-
Round 15	13	60,000,000	55,255,208	3,607,454	58,862,662	1,137,338
Round 16	8	50,000,000	19,000,000	21,000,000	40,000,000	10,000,000
Round 17	1	65,000,000	-	13,000,000	13,000,000	52,000,000
Total	160	1,168,000,000	1,066,083,333	38,779,329	$ 1,104,862,662	$ 63,137,338

Note 20 - Subsequent events

In connection with the preparation of the consolidating and consolidated financial statements, the Organization evaluated subsequent events after the balance sheet date as of December 31, 2022 through June 30, 2023, which was the date the consolidating and consolidated financial statements were available to be issued, and concluded that other than the subsequent events discussed below, no additional matters have occurred that would require recognition or disclosure in the consolidating and consolidated financial statements.

On November 4, 2021, LISC entered into a letter agreement regarding a proposed sale of immito to a third-party buyer ("Buyer"). On September 8, 2022, the SBA approved the Lender Assessment Plan (“LAP”) submitted by the Buyer. LISC and the Buyer entered into a definitive purchase agreement on September 22, 2022, and the Buyer submitted an application to the SBA on October 2, 2022, for approval of the purchase agreement and the sale of immito. The SBA has approved the purchase agreement and sale of immito. The sale of immito is expected to be finalized in July 2023.

On January 23, 2023, NEF sold its interest in one CDA partnership to an unrelated third party. The CDA partnership had completed its fifteen-year compliance period.

EXHIBIT 1

Marlborough Community Land Trust

Dear Regional Housing Partnership Team:

Thank you for the opportunity to serve you and the Kansas City region in preparing this Business Plan for a Regional CLT or Similar Model. Many thanks to Regional Housing Partnership team for their professionalism and commitment to the project during our months working together.

After meeting with community groups and community leaders, MCLT feels confident in the likelihood of this plan moving forward. The communities studied during this consultation find themselves at a critical juncture, and are willing and ready to continue working together on shared RHP goals. It is in the best interests of all parties to continue the conversation and work under this Plan.

Attached you will find our Business Plan with supporting information.

We look forward to answering any questions or discussing further.

Thank you for the opportunity to serve the community, and thanks for your leadership.

Sincerely,

Rebecca McQuillen

Rebecca McQuillen

Director of Development
Marlborough Community Land Trust

MCLT

Marlborough Community Land Trust

BUSINESS PLAN

FOR A REGIONAL COMMUNITY LAND TRUST OR SIMILAR MODEL

MAY 2, 2023

Prepared for: Regional Housing Partnership

Prepared by: Marlborough Community Land Trust

Executive Summary

The Kansas City region can be a thriving locale in which all citizens have access to safe, affordable housing. The efforts to provide such housing should optimize public and private funding through an economy of scale that maintains local decision-making and serves as a wealth-building tool by creating long-term, high quality, affordable, owner-occupied housing options. Individuals, organizations, and communities of all sizes, wealth, and organizational status should have a clear pathway to collaborate to meet their needs. The following Business Plan for a Regional Community Land Trust ("CLT") or Similar Model can assist the Regional Housing Partnership ("RHP") in its efforts to make housing affordability in the region a reality.

In order to better understand the varied housing needs of the many cross-sections of the region, MCLT was hired as a consultant to create this Plan. MCLT engaged in a two-phase analysis. Phase One included a report that summarized the pros and cons of affordable housing development models active in both Kansas City and across the country that could serve as a base model for this Plan, from which the CLT model was selected. Phase Two included five groups throughout the metro, known as "Focus Communities," that engaged in in-depth workshops to discuss CLT planning. Focus Communities identified the workshop topics, attendees, and schedules, while MCLT facilitated the workshops, and from the outputs identified there, prepared this Plan.

All Focus Communities are hoping to continue engaging in CLT workshops after the culmination of this consultation. Four Focus Communities are actively considering specific real estate developments they wish to be included in a regional CLT, while the fifth Focus Community, composed of existing CLTs, is eager to continue working together on policy goals.

Based on information gathered from the workshops and existing regional CLTs, MCLT proposes a membership-based, centralized Kansas City Regional CLT Consortium ("The Regional CLT Consortium" or "The Consortium") with local, wholly-owned subsidiaries developing CLT housing at the local level, and multiple membership classes, plus a robust committee structure for local participation, to meet the large-scale administrative needs of a CLT, while providing oversight by communities most directly impacted by The Consortium. This Plan seeks to reconcile the needs for scaled development and central administration with local governance in a way that allows The Consortium to reach its objectives of long-term, quality, affordable owner-occupied housing while optimizing public and private funding.

In addition to creating a framework for local communities to govern development in their boundaries, The Consortium will continue to self-develop housing into homes that improve the greater community. Simultaneously self-developing and developing through partnership allows for more affordable housing units with longer-term impacts while using less foundation and public funding. Importantly, The Consortium can also provide technical assistance, education, and policy support that is localized and targeted to the Kansas City region for maximum benefit to all affordable housing efforts in the region.

Acknowledgements

This Plan is the result of many hours of engagement with community members, board members, committee members, organizational staff, city staff, county staff, and volunteers throughout the region over a seven-month period. We thank everyone for the time and ideas they have shared with us in order to further the mission of affordable housing in the region. Namely we thank:

The Regional Housing Partnership

Mid America Regional Council, especially Katie Killen for her thoughtful leadership

LISC, especially Amanda Wilson and Andrea Generaux for their support

Regional Housing Partnership Community Land Trust or Similar Model Business Plan Stakeholder Group ("RHP Stakeholder Group")

We thank these individuals and the entities they represent for their guidance and ongoing support throughout the duration of the consulting.

Mid-America Regional Council, Katie Killen and Lauren Palmer

LISC, Andrea Generaux and Amanda Wilson

Community Housing of Wyandotte County, Brennan Crawford

Truman Heritage Habitat for Humanity, Christina Leakey

Westside Housing Organization, Warren Adams-Leavitt

United Community Services of Johnson County, Kristy Baughman

Johnson County, Kansas Government, Jay Leipzig and Megan Foreman

City of Kansas City, Missouri, Jennifer Tidwell and Kyle Elliott

City of Osawatomie, Kansas, Michael Scanlon

City of Excelsior Springs, Missouri, Laura Mize

City of Prairie Village, Kansas, Nickie Lee

Focus Communities

We thank the individuals and groups who organized, planned, marketed, and facilitated the Focus Community workshops. We thank them for their time and their feedback that allowed us to tailor each workshop to the needs of the community.

Habitat for Humanity of Kansas City/Johnson County Focus Community

- Habitat for Humanity of Kansas City Staff, namely Lindsay Hicks and Kylie Navarro
- Habitat for Humanity Board of Directors
- United Community Services of Johnson County, Kristy Baughman and Julie Brewer
- City of Olathe, Chris Grunewald
- Johnson County Government, Jay Leipzig and Megan Foreman

City of Excelsior Springs

- City of Excelsior Springs staff, namely Laura Mize and Melinda Mehaffey
- City of Excelsior Springs City Council and Mayor's office
- City of Excelsior Springs Housing Task Force
- City of Excelsior Springs residents

Englewood Arts/ Truman Heritage Habitat for Humanity
◊ Englewood Arts Staff, namely Michael Baxley
◊ Englewood Arts Board of Directors
◊ Englewood Arts Housing Committee members, namely Steve Israelite
◊ Truman Heritage Habitat for Humanity staff
◊ Truman Heritage Habitat for Humanity Board of Directors
◊ Englewood neighborhood residents

Historic Northeast Kansas City, Missouri
◊ Jerusalem Farm staff and volunteers, namely Jordan Schiele and Jessie Schiele
◊ Jerusalem Farm board of directors
◊ Lykins neighborhood association
◊ Historic Northeast neighborhood residents

CLT Working Group
◊ Community Housing of Wyandotte County, Brennan Crawford
◊ Manheim Community Land Trust, Doug Shafer

Regional CLTs

We are indebted to the many regional CLTs who have paved the way for a Regional CLT Consortium in the Kansas City region, and we thank the board and staff of many regional CLTs for their time in meeting with us throughout this process and sharing their lessons learned in providing quality, affordable housing for low-income households.

Virginia Statewide CLT, Amelie Rives, Senior Associate HDA Advisors

Bay Area CLT, Tracy Parent, Organizational Director

Elevation CLT, Dindi Gaines Director of Community Engagement & Communications and Tiana Patterson, Vice President of Social Impact & Community Wealth

Bright Community Trust, President Frank Wells

Southeast Connecticut CLT, Frida Berrigan, New London Chapter Chair

City of Lakes CLT, Jeff Washburne, Executive Director

One Roof Housing, Jeff Corey, Executive Director

SHARE Baltimore, Cynthia Keenan, Director of Operations

MCLT Consulting Team

Screen Door Consulting, Margo Farnsworth, for lending her regional business planning and nonprofit leadership experiences to the creation of this Plan.

Hoxie Collective, Christina Hoxie, for lending her community planning and business leadership experiences to the Focus Communities and this Plan.

MCLT, Meghan Freeman, for leading the Focus Community workshops with perpetual grace and enthusiasm.

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Preface

Goals of Consulting

On May 6, 2022, the Mid-America Regional Council (MARC), on behalf of the Regional Housing Partnership (RHP) solicited a Request for Proposals (RFP) for a Business Plan for a Regional Community Land Trust ("CLT") or Similar Model in order to "enhance housing affordability in the region" while (1) achieving an economy of scale (2) maintaining local decision-making (3) serving as wealth-building tool and (4) preserving long-term, affordable owner-occupied housing options, among other goals.

Description of Need

The need for considering a regionally-coordinated affordable housing model is multifaceted. That discussion alone could be the subject of a research paper much longer than this Plan. In America, where homeownership has long been the key to acquiring moderate generational wealth and civil stability, home prices have risen substantially faster than inflation and wages for three decades, and have put homeownership and its resulting economic, community, and civic wealth out of reach for Americans at increasingly higher rungs of the income ladder.[1] This Plan seeks to create more affordable housing opportunities throughout the region so that households and communities today and tomorrow can thrive.

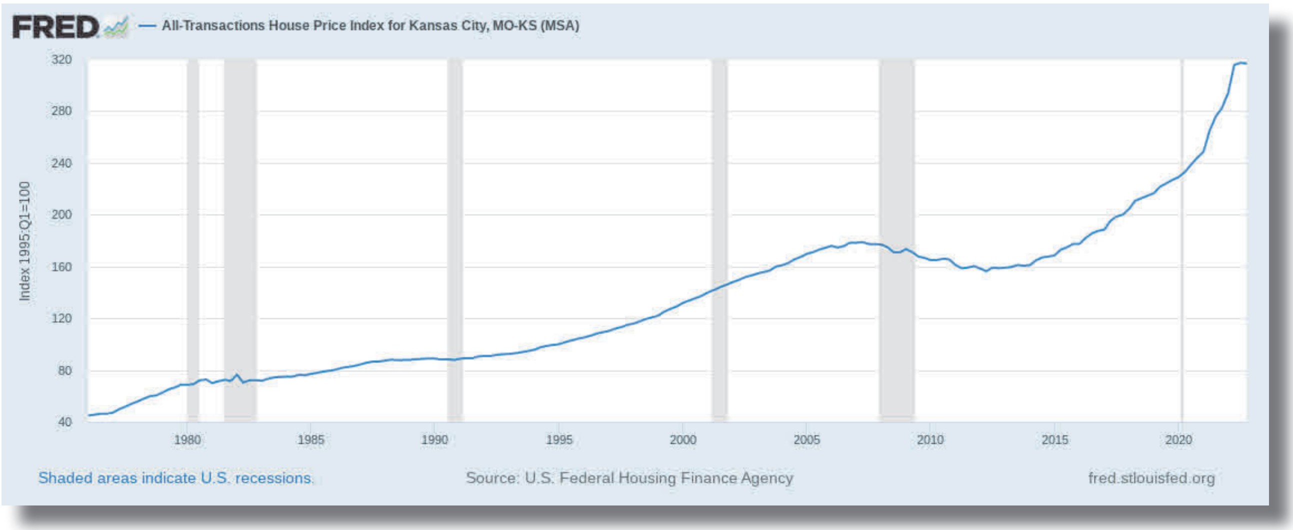
In December 2022, it was reported nationally that households earning median incomes or less, which comprises the majority of the population, could afford only 20 percent of homes for sale.[2] According to the Department of Housing and Urban Development (HUD) guidelines, a four-person household earning an annual maximum of $77,450 in the Missouri-Kansas HUD Metro Fair Market Rent Area, which includes all RHP counties[3] qualifies as "low-income," (defined as earning 80% or below of the Area Median Income (AMI")).[4] According to 2011-2015 American Community Survey data[5], RHP counties have prevalent percentages of HUD-defined low income households, with low-income households comprising 30% or more of all counties' households except for Johnson County.[6]

Table: Percentage of households that are low-income per RHP County, as defined by HUD[7]

County	% Households at or Below 80% of the AMI
Wyandotte County, KS	63.95%
Jackson County, MO	52.07%
Ray County, MO	46.51%
Cass County, MO	39.94%
Clay County, MO	38.58%
Leavenworth County, KS	37.43%
Miami County, KS	36.24%
Platte County, MO	33.41%
Johnson County, KS	28.64%

[1] Jerry Anthony (2022) "Housing Affordability and Economic Growth," Housing Policy Debate, DOI: 10.1080/10511482.2022.2065328
[2] Choi, Jung Hyun and Amalie Zinn."Eighty Percent of Homes on the Market Aren't Affordable for Households Earning Median Incomes or Less." Urban Wire, Urban Institute. 7 December 2022. https://www.urban.org/urban-wire/eighty-percent-homes-market-arent-affordable-households-earning-median-in comes-or-less
[3] A full list of the HUD Missouri-Kansas HUD Metro Fair Market Rent Area counties is: Johnson County, KS; Leavenworth County, KS; Linn County, KS; Miami County, KS; Wyandotte County, KS; Caldwell County, MO; Cass County, MO; Clay County, MO; Clinton County, MO; Jackson County; Lafayette County,, MO; Platte County, MO; and Ray County, MO. Department of Housing and Urban Development, FY 2022 Income Limits Summary : MO-KS HUD Metro FMR Area (18 April 2022).
[4] Department of Housing and Urban Development, FY 2022 Income Limits Summary : MO-KS HUD Metro FMR Area (18 April 2022)
[5] HUD's 2022 Fiscal Year Low and Moderate Income summary used 2011-2015 American Community Survey ACS 5 year estimates because the data necessary to determine an LMI percentage for an area is not published in the publicly-available ACS data tables. Therefore, the Bureau of Census matches family size, income, and the income limits in a special tabulation to produce the estimates. This is to clarify why 2011-2015 numbers are being used for this section.
[6] Low- and Moderate-Income Area Data, based on 2011-2015 ACS https://hud.maps.arcgis.com/apps/webappviewer/index.html?id=ffd0597e8af24f88b501b7e7f326bedd (26 August 2020)
[7] *Id.*

Despite the concentration of low-income households, housing prices in the RHP region have continued to soar over thirty years.[8]



Higher income households are purchasing homes that previously would be purchased by lower income households, making households with lower income and particularly households of color face great difficulty in accessing housing. The inequitable access to affordable housing across income and race can widen existing disparities and create a civic crisis. More American adults rate availability of affordable housing as a higher problem than drug addiction, economic and health impacts from COVID-19 and even crime.[9] Interventions on housing supply are needed to increase the number of and access to affordable housing units and to mitigate the damages stemming from a lack of such housing.[10]

CLTs provide such housing-supply interventions by reserving homes for families who have not amassed wealth, but who have steady, albeit modest, incomes, and who find it difficult to compete in a fast-paced, cash-centric real estate market. CLTs permanently remove land from the speculative market to create affordable housing for the benefit of low-income homeowners now and in the future. The CLT ensures that sale after sale, a home will reflect local values, serve as a wealth-building tool for the household, preserve affordability, maintain owner-occupancy, and never return to the speculative market.

The Kansas City region, as all regions, possesses a finite amount of resources. A framework for regionally-coordinated affordable housing developments creates an opportunity for funders to optimize their contributions; for organizations to collaborate to change housing policies; and for communities of all sizes, wealth, and organizational status to effectively collaborate in the development of affordable housing for their communities.

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[8] Federal Reserve Bank of St. Louis "All-Transactions House Price Index for Kansas City, MO-KS (MSA)" (1976-01-01 to 2022-10-01)
[9] Schaeffer, Katherine. "A growing share of Americans Say Affordable Housing is a Major Problem Where They Live" Pew Research Center. 18 Jan. 2022
[10] Choi (2022)

Activities to Date

Under this consulting, MCLT performed a two phase analysis, further described below, which culminated in this business plan.

Phase One: *Summary*

MCLT's Phase One approach included researching various affordable housing development types, interviewing affordable housing developers, and creating an overall synopsis of the pros and cons of the affordable housing development models active in both Kansas City and across the country in meeting the goals of the RHP. MCLT presented a Phase One Report to the RHP Stakeholder group for review, consideration, and discussion. After presenting the Report findings to the RHP stakeholder group, MCLT both sent the stakeholders a survey to select the model from the Phase One Report to pursue and also contacted stakeholders one-on-one to ascertain which model the stakeholders wished to pursue for Phase Two. The CLT model was overwhelmingly selected due to its flexibility and ability to work well with many housing and development types.

Abstract of Phase One Report : *Research and Suggestions*

Despite the current public policy focus on the need for affordable housing, the Kansas City region seems to lack concise research regarding the different affordable housing development models, which models could work in the Kansas City region, and why. There is an overall generalized sentiment of "Kansas City needs more affordable housing," but not a plan of how to systematically create more affordable housing, starting with which model(s) to pursue. Relying on academic research, interviews with affordable housing professionals, and a review of results of the various housing development models and housing types, this Report reviews the following common sources of affordable housing developments: generic deed-restricted dwellings, cooperatives, community land trusts, community-based trusts, hybrid rental models and naturally occurring affordable housing. An analysis of each development or housing type considers the following factors:

1. Pros
2. Cons
3. Ability to Work with other Models and
4. Achieving an Economy of Scale.

Factors within the pros and cons include:

A. Wealth-building potential
B. ease of implementation
C. governance structure
D. community oversight and
E. ownership.

One objective of the Report is to suggest an affordable housing model for further research in Phase Two of the consulting that maximizes the RHP's goals of achieving an economy of scale, maintaining local decision-making, serving as a wealth-building tool, and preserving long-term, affordable owner-occupied housing options. An analysis of the various models, factors, and goals yielded MCLT's suggestion that the RHP consider the CLT model for further exploration under Phase Two, as the CLT model could host deed-restricted houses, cooperatives, various trusts, rentals, naturally occurring affordable housing, and other housing and use types that the RHP could explore in the future.

The full Report from Phase One is attached to this Plan as Appendix 1.

Phase Two: *Summary*

MCLT's Phase Two approach included requesting RHP Stakeholders to suggest geographic areas or organizations in the metropolitan region that were prepared for CLT development. MCLT contacted those groups, as well as existing MCLT contacts, and interviewed neighborhood, community, City, county, and organizational (together "local stakeholder") representatives about their interests in participating in the Phase Two research regarding local feasibility of starting or joining a CLT. After interviewing local stakeholder groups, MCLT sent out nearly twenty information-gathering surveys, requesting the information that RHP Stakeholders identified as important to local stakeholders to ascertain which groups were ready for an imminent discussion about CLT planning. A sample of the survey is attached in Appendix 2, and the information collected is further described under Phase Two: Full Report.

From these surveys, MCLT organized information to share with the RHP Stakeholder group. Five Focus Communities, described more fully under Phase Two: Full Report, emerged for participating Phase Two in-depth community planning workshops regarding the CLT model. MCLT held in-depth workshops in each of the Focus Communities, on topics identified by the local stakeholders to attendees invited by the local stakeholders. Taking information from these workshops, MCLT prepared essential pieces of this Plan, including The Consortium Structure, to best address the variety of needs raised by the participants at the Focus Community workshops. MCLT also held a series of general workshops to educate all groups throughout the metro curious about the CLT model. More information regarding these workshops and the next steps for each group can be found under Community Workshops, below.

Phase Two: Full Report

After the CLT model was selected for MCLT to further research in a regional framework, MCLT set out to research how and where such a model could be implemented in the Kansas City region.

Defining Focus Communities

In order to select partners and locations for further research under Phase Two of the consulting, MCLT asked RHP Stakeholders for suggestions of community stakeholders via a form emailed to all RHP Stakeholders and shared at RHP Stakeholder meetings. MCLT held one on one meetings with all RHP Stakeholders to further inquire about community stakeholders to consider for participation in Phase Two. MCLT called, emailed, and met with local stakeholders as identified by RHP Stakeholders and local stakeholders that had previously contacted MCLT about an interest in starting or joining CLT efforts. MCLT met with the local stakeholder groups to learn about their interest in participating in the CLT business planning or CLT workshops. After meeting with local stakeholders, MCLT sent a survey to each group to learn which groups:

1. Are ready to imminently hold planned/existing developments in CLT versus groups that are ready to learn more about community land trusts and how they could benefit their community;
2. Have production capacity to begin or continue development in the next twelve months;
3. Would benefit from Local public policy support;
4. Have Community stakeholders with capacity to support; and
5. Are located in an area that promotes a thriving environment for low income families.

MCLT received ten (10) responses to the nearly twenty surveys it sent out. The responses were from the following groups:

- **Johnson County Kansas Government**
- **Englewood Arts**
- **Manheim Community Land Trust**
- **Washington Wheatley Neighborhood Association**
- **Santa Fe Area Council**
- **Jerusalem Farm**
- **City of Excelsior Springs**
- **Habitat for Humanity of Kansas City**
- **Truman Habitat for Humanity**
- **Community Housing of Wyandotte County**

Based on the responses to the surveys and follow-up discussions, five groups, each composed of organizations that exhibited production capacity with plans for developing specified, geographically-related property in a CLT in the next twelve months, emerged for further participation under Phase Two. The remaining groups, whose survey responses did not exhibit capacity to develop specified property in the next twelve months, were recommended to join the General Workshops with the goal of including those groups in a hopeful future phase of Focus Community workshops as they gain production capacity. The five groups that emerged were:

- **Jerusalem Farm/Historic Northeast Kansas City, Missouri;**
- **City of Excelsior Springs, Missouri;**
- **Englewood Arts/Truman Heritage Habitat for Humanity in Independence, Missouri;**
- **Habitat for Humanity of Kansas City/City of Olathe/Johnson County/ United Community Services of Johnson County; and**
- **CLT consortium group made up of Marlborough Community Land Trust, Community Housing of Wyandotte County and Manheim Community Land Trust.**

Introduction to Focus Communities

City of Excelsior Springs, Missouri

The City of Excelsior Springs ("Excelsior Springs") established a housing task force ("HTF") in 2021 to study housing issues facing Excelsior Springs, namely high levels of investor ownership and increasing numbers of vacancy. Excelsior Springs began studying the CLT model in 2020, has identified 60 privately-owned vacant properties and several city-owned lots to consider for the CLT, and has established planning and development standards for development on such lots.

Habitat for Humanity of Kansas City/Johnson County, Kansas Government/ United Community Services of Johnson County/ City of Olathe, Kansas

Habitat for Humanity of Kansas City ("Habitat KC") is in the process of purchasing land in south Olathe to build the Olathe Pathway Project. This new construction development will include green space featuring walking paths and a community garden and 22-38 newly-built, owner-occupied affordable homes available to low-income families struggling to live and work in Kansas's most wealthy county where nearly 40% of all renters and nearly 20% of all homeowners are housing cost-burdened.[11] Habitat KC desires the Olathe Pathway Project to be in a CLT, and has been working closely with Olathe Schools, United Community Services of Johnson County, Johnson County planning, and others on pre development matters for the Olathe Pathway Project, which is set to break ground in August 2023.

[11] Habitat for Humanity of Kansas City (2021) Olathe Pathway - An Attainable Housing Project [Brochure]

Jerusalem Farm / Historic Northeast

Jerusalem Farm is a neighborhood organization serving The Historic Northeast ("HNE"). One of Jerusalem Farm's main services includes a volunteer-powered home repair program. In 2022 alone Jerusalem Farm led over 250 volunteers and neighborhood partners to complete over 57 home repair projects with nearly 20,000 hours of volunteer labor. Home repair projects vary in scale from roof replacements to whole house rehabs, and many small plumbing, electrical, painting and HVAC jobs in between.[12]

Between 2020 to 2022, Jerusalem Farm conducted the largest survey to date in the Historic Northeast, in partnership with a researcher from Bard College. This survey compiled feedback from 589 residents living in the six Northeast Neighborhoods. The Following are responses directly related to housing affordability and homeownership interest.

- 68% of respondents have struggled to pay their rent or mortgage in the past three years
- The top three difficulties faced by residents seeking housing for their family are: (1) Limited number of affordable homes for sale, (2) Don't have enough money for required down payment on a home, and (3) Shortage of affordable rental housing
- For tenants surveyed, 68% would like to become homeowners within the next 5 years, and an additional 12% would like to become homeowners in the future
- For those tenants who want to become homeowners, the top three barriers are: (1) Do not have enough for a downpayment, (2) Do not have access to credit, and (3) Income is not stable.

The survey showed a lack of affordability, with 54% of the Hispanic community indicating their current housing situation is unaffordable, and showed a desire for homeownership in a community which is 90% rental. 61% of current renters said they would like to become a homeowner in the next five years (among those identifying as Hispanic the number was 89%). The highest barrier noted for homeownership was access to credit and not having enough funding on hand for a down payment.[13]

To address this, Jerusalem Farm, in partnership with Community Development Corporation Oikos Development Corporation, is purchasing 20 land bank lots to build new, affordable housing. Jerusalem Farm hopes to place this housing into a CLT to ensure that volunteer labor, materials, and public and private funding serve multiple generations of homeowners.

Truman Habitat for Humanity / Englewood Arts

Englewood Arts organization began as a grassroots effort of west Independence, MO community members. This area had suffered disinvestment and blight for several decades, but in 2009, with a vision for new economic development and housing stability, the group was successful in establishing an Arts District. Since then both residential and commercial investment has been attracted to the area. Englewood Arts is a 501(c)(3) organization with two primary focus areas: a community hub for arts programs, and affordable and sustainable housing development. Their mission is, "*To assist the community through development of residential and commercial incentives, public art, art events, art programs, philanthropy and community outreach solutions, which result in a thriving community with engagement and pride.*"

Englewood Arts accomplishments related to housing include:

1. Rezoned the Arts District: this process established a model for putting community needs first. Arts district zoning is a base zoning district classification for a special purpose. This is a unique special purpose district in the region, and can serve as a model for other communities. The new Arts Center is a manifestation of the new zoning district opportunities.
2. Created a Community Improvement District (CID) to support maintenance, cleanliness, and safety in the Arts District shared public spaces.
3. Zoning overlay (in process): This goes beyond the Arts District zoning to codify community interest in updating the code for residential areas around the Arts District. The overlay under consideration would allow small businesses in homes, accessory dwelling units on residential parcels, cluster communities, and tiny homes. After a thorough community input process, the overlay will be reviewed by the City Planning Commission and then the City Council in April 2023.
4. Renovating the most blighted building in the community into a community arts center that is a hub for the community.

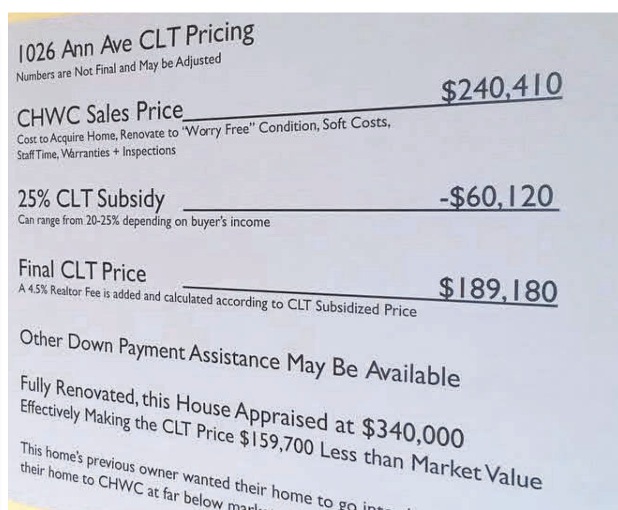
[12] Ayala, Jordan (2022) "Community Listening Project Historic Northeast Kansas City, Missouri Resident Survey" [Unpublished Data] Jerusalem Farm
[13] Id.

Community Housing of Wyandotte County ("CHWC") / Manheim Community Land Trust ("CLT Group")

Both CHWC and Manheim CLT are operating CLTs. CHWC sold its first CLT house in early 2023 and Manheim is renovating its first house for rent in partnership with the local nonprofit Teachers Like Me. The goal of this group is to learn from one another how different CLTs operate in the same geographic region and support one another both formally and informally. The group has discussed common hindrances to meaningful development, from lending issues, to title work, to training real estate professionals on the CLT model.

The CLT Group identified the need for a centralized entity that could bring together all practitioners in affordable housing development for regular training meetings, and with those combined interests, jointly approach and address local policies. The CLT Group further identified the need for an entity that could provide technical assistance to new and existing local affordable housing development practitioners and administer affordable housing developments for third parties with less capacity. The CLT Group wanted local residents to be able to share at the community level in decision-making, funding, and policy work.

Guided by the CLT Group, and led by Focus Community workshop attendees, MCLT created The Consortium model, detailed throughout much of the remainder of this Plan. Throughout the Focus Community workshops, MCLT began to weave the ideas of a Consortium in with its presentations and discussions to gain a community perspective of such an entity. The local communities throughout the workshops overwhelmingly demanded such an entity that can simultaneously serve, empower, and lead in the field of affordable housing in Kansas City.



Review of Focus Community Workshops

The intent of the workshops was to create an opportunity and framework for intentional community planning of land development within each community. Communities identified the subject of each workshop, the location and time of the workshop, as well as the parties to invite to the workshop. More workshops, ongoing and over time, are required for thorough buy-in, discourse, comprehensive planning and accountability.

City of Excelsior Springs, Missouri

Demographics and Housing:

- The median household income in Excelsior Springs is $68,679. (Census tracts 217.01, 217.03, 217.04)
- There are 2,390 owner-occupied housing units,1,305 renter-occupied housing units, and 528 vacant units.
- There are 86 vacant properties held by the Land Clearance for Redevelopment Authority of Excelsior Springs, and 9 have structures on them.
- The latest published HUD 80% Income Limits range from $54,250 for a 1-person household to $102,250 for an 8-person household. The 4-person household limit is the typical reference, at $77,450. Two of the three census tracts of Excelsior Springs (217.03, and 217.04) have average household incomes that are below the typical reference of 80% AMI.

Data sources: Social Explorer, ACS 2020 5-year estimates; Fannie Mae Area Median Income Lookup Tool; MARC Housing Data Hub; and City of Excelsior Springs website on LCRA Properties (https://cityofesmo.com/development/index.php/lcra-properties/)

Workshops Defined to Meet Need:
Staff and volunteers with interest in housing issues in Excelsior Springs conceived of a 4-workshop series to inform the community and build towards the of CLT homes in Excelsior Springs. City staff decided workshops would be held at City Hall. They planned the first workshop to be an introduction to “What is a CLT?” and waited to gauge interest before planning future workshops. They later decided to plan more workshops and have even identified a first property for CLT development identified a first property for CLT development.

Workshop One: *CLT FAQs 1/13/2023*
While The Excelsior Springs HTF had been working for over a year to research the CLT model, catalog vacant property, and prepare the City for meaningful development, the HTF wanted MCLT to present to the entire City Council and other interested parties before planning out all five workshops.

The first concern discussed was that CLT homes would reduce surrounding property values. Trend analysis shows that generally there is an increase in value of the surrounding community especially if the CLT is addressing blighted properties. Many of the privately-owned vacant homes in Excelsior Springs are in the R2 zoning near Downtown, and 90% have code violations and approximately half are owned by out of town owners. It is possible that they could be acquired through Abandoned Housing Act cases.

Another concern discussed was foreclosure. Attendees were assured that CLTs boast a very low foreclosure rate as CLTs have the opportunity to assist the homeowner before any foreclosure proceedings begin. If it is determined that the homeowner can not continue in the role of owner, the CLT has the right of first refusal. It can purchase the home back from the current homeowner and resell it to a new qualified buyer.

Taxation of CLT property was also a concern. Typically CLT properties are assessed at a standard rate, unless there is a legislative fix to allow for a reduced taxing. In most cases the reduced rate is higher than the tax paid when they were vacant or otherwise underutilized. Some community members did not agree with that as a standard practice.

The topics surrounding how to manage the cost of the rehab of the home were discussed. MCLT described the first steps of taking control of the property - clearing liens, due diligence, and environmental testing assures full knowledge of the conditions and rehabilitation needs from the beginning. All major repairs are handled in advance of selling the home so that the new homeowner is not burdened with them. The homeowners pay a monthly lease fee. If the CLT chooses, a monthly maintenance fee may be charged. The monthly maintenance fee is set aside for repairs needed by the homeowner on the property. When either party identifies a needed repair in the home, funds from the maintenance fee can be used to pay this expense with agreement of both parties. When the homeowner decides to sell, they may receive the balance of this maintenance fund. This would depend on the condition of the home at time of sale. Universal Design is an Excelsior Springs priority and could be included in the selection of properties to acquire and renovations of the home.

Another topic of interest was how to prioritize applications. A tailored Ground Lease sets priorities for the specific community. Excelsior Springs community members expressed interest in prioritizing people who are public servants such as teachers, police, and firefighters who already live in the community. It was also discussed that increase in income does not cause disqualification once a person is a CLT homeowner since no recertification is required.

Workshop Two: ***Ground Lease Discussion 3/3/2023***

Rather than holding additional introductory community workshops, the Excelsior Springs Council and Housing Leadership group decided to dig deeper on their questions and hold the second workshop on Ground Lease provisions in early March. A set of questions were sent in advance to prompt responses that guided conversation on necessary Ground Lease terms and allowed MCLT to make the workshop as interactive and applied to Excelsior Springs' needs as possible. After a thorough review of the Ground Lease, including terms particular to Excelsior Springs, MCLT introduced terms for the resale formula.

- ◊ *Renovation and maintenance:* Excelsior Springs community members said that lack of funds as well as lack of motivation or community pride are leading causes of property maintenance issues. Absentee owners also contribute to this lack of community pride. Most common problems are trash, peeling paint, unkempt lawns, and broken screens and windows.
- ◊ *Home owner tenure:* Most thought that CLT homeowners should live in the home for an extended period of time to help stabilize the neighborhood. One participant suggested a period of five years or as long as is recommended for financial stability. Several mentioned the need for a clause in case the homeowner needs to relocate for employment.
- ◊ *Subleasing:* In general Excelsior Springs community members think that allowing a homeowner to lease a part of their CLT home could create much more complexity to manage. A CLT home is meant to be the primary residence for a homeowner earning below AMI, not an investment vehicle. Subleasing could be considered in the case of extended family or multiple generations if the property is suited to the increase in population and traffic.
- ◊ *Businesses uses:* Excelsior Springs community members are in favor of allowing small businesses to be operated in the CLT home, as allowed by zoning.
  Inspections: Excelsior Springs community members are in favor of regular inspections in order to support the homeowner.
- ◊ *Future liens:* The community members thought that a home equity loan could be appropriate but not to exceed the portion of the market appreciation the homeowner is entitled to based on the resale formula.

Next Steps:

Excelsior Springs continues to be interested in the Community Land Trust model. Excelsior Springs has identified a specific property it would like to develop (413 Benton Avenue), as well as approved house plans for the site. They would like to host the third workshop that walks through the real estate development process, funding the project and identifying a buyer using this property as an example. After that workshop they are interested in gathering the financial partners in the community for another workshop to further discuss how to manage acquisition and construction costs. Finally, they would like to host a workshop that will include drafting a Ground Lease, Buyer Requirements, and Buyer Qualifications reflecting community standards.

Habitat for Humanity of Kansas City/Johnson County Government/ United Community Services of Johnson County/ City of Olathe

Demographics and Housing:

- The median household income in Olathe, KS, is $100,849.
- There are 36,900 owner-occupied housing units and 13,300 renter-occupied housing units.
- There are 1,700 vacant housing units total. The latest published HUD 80% Income Limits range from $54,250 for a 1-person household to $102,250 for an 8-person household. The 4-person household limit is the typical reference, at $77,450. Over one-third of Olathe households have an average household income that is below the typical reference of 80% AMI.

Data sources: Social Explorer, ACS 2020 5-year estimates; Fannie Mae Area Median Income Lookup Tool, MARC Housing Data Hub

Workshops Defined to Meet Need:
Habitat for Humanity leadership defined five workshops to meet the needs of their board members, the Olathe public policy makers, and Olathe community members. The first planned workshop was to be with pertinent members of Olathe City Planning, Johnson County Government, United Community Services of Johnson County and Habitat for Humanity to plan out the next workshops. After that workshop, the group took a break for Habitat for Humanity to finalize the purchase terms with the Church that would dictate future workshops. During that time, Habitat for Humanity planned two more workshops with Habitat board members, a workshop with potential buyers through the Olathe school system, and a final community workshop for neighborhood representatives. As purchase negotiations were not finalized during core meeting months, MCLT and Habitat were only able to complete the Habitat-specific meetings and could not host the more public engagement meetings.

Workshop One: *Team Meeting 12/3/2022*
Representatives of MCLT, Habitat KC, County of Johnson County, City of Olathe, and United Community Services of Johnson County met to discuss the best ways to proceed with the CLT planning process. It became apparent in that meeting that Habitat KC had some pre-existing restrictions put in place by Habitat KC's board and the seller of the land for development. The group decided that prior to proceeding with more group meetings or public meetings, Habitat KC and MCLT must first decide what factors are open for public discussion, and which factors are unlikely to change. To that end, Habitat KC must first finish negotiating its purchase agreement for the land for development and MCLT and Habitat KC must determine base buyer requirements as set by Habitat KC to allow for the meaningful public engagement.

Workshop Two: *Introduction to Ground Lease 1/26/2023*
MCLT met with Habitat board members and staff to introduce the Ground Lease to the board. Prior to the meeting, MCLT sent a survey to ascertain Habitat's current practices on matters included in the Ground Lease, such as exterior maintenance, home occupancy requirements, and inspection requirements. MCLT used Habitat's answers to create a presentation of the Ground Lease tailored to Habitat's needs. Using information from the survey and the workshop, MCLT acquired the information necessary to begin drafting the Ground Lease for Habitat's properties in the Olathe Pathway Project, should Habitat desire MCLT to do so.

Workshop Three: *Habitat for Humanity Ground Lease Terms 3/23/2023*
MCLT met with the Habitat board members to discuss further questions about the Ground Lease during the March Habitat for Humanity board meeting. This meeting was less of a presentation format and more of a Questions & Answer format for board members. Some of the issues Habitat board members raised about the Ground Lease are as follows:

- ◊ Additional Habitat requirements
- ◊ Ability to later afford a market-rate home
- ◊ Ability to rent rooms in the house
- ◊ Long term maintenance requirements
- ◊ How to match homes association requirements in the Ground Lease
- ◊ Property Taxes

Workshop Four: *Team Meeting 4/7/2023*
MCLT met with Habitat for Humanity Kansas City's Executive Director to update the Johnson County group on the status of the project in Olathe Kansas. Habitat shared it is finalizing details with the church group donating the property. Johnson County shared that there has been discussions with Olathe government about the project and how the funding gap could be covered. MCLT shared there will be several opportunities for educating the population in Olathe. The group agreed to continue collaborating.

Next Steps:
As of March 23, 2023, Habitat KC had nearly-finalized the MOU with the Church for further development of the lots. MCLT and Habitat KC are meeting on April 28, 2023, to discuss an MOU for MCLT to continue the work on partnering to put properties into a CLT, creating governing documents to include matters raised during the workshops, and reaching out to the Olathe community, but has not yet had an opportunity to discuss in detail with Habitat KC. Next steps would include further negotiations on the draft MOU.

Historic Northeast/ Jerusalem Farm

Demographics and Housing:

- The census tracts of Jerusalem Farm's study area are in the Historic Northeast neighborhoods of Kansas City, MO (tracts: 6-10, 18-20, 22, 23, 154.02 +160)
- There are 6,253 owner-occupied housing units and 6,595 renter-occupied housing units.
- There are 2,545 vacant housing units total, and 188 vacant lots managed by the Land Bank.
- The latest published HUD 80% Income Limits range from $54,250 for a 1-person household to $102,250 for an 8-person household. The 4-person household limit is the typical reference, at $77,450. The average household income in these twelve census tracts is $40,457.

Data sources: Social Explorer, ACS 2020 5-year estimates; Fannie Mae Area Median Income Lookup Tool, MARC Housing Data Hub

Workshops Defined to Meet Need:
Jerusalem Farm leadership defined five workshops to meet the needs of their community members. They recommended that the gatherings be facilitated as Listening Sessions to encourage as wide and diverse a group of residents to attend as possible. With a high percentage of renters in their community, they hoped to attract potential first-time home buyers who had never considered homeownership as feasible before. For that reason, they wanted to focus the first few workshops on simply building awareness of Community Land Trust models, and how to prepare to be a homeowner. They suggested translation of communications materials in Spanish and potentially a few other languages if interest could be garnered from the immigrant and refugee communities in the Historic Northeast neighborhoods. MCLT prepared outreach materials in English and Spanish and hired translators.

Workshop One and Two: *Introduction to CLTs and Review of HNE Housing Surveys 1/21/2023 and 1/26/2023*
MCLT hosted the same workshops twice in an effort to reach the maximum number of people for this introductory workshop. One goal for these workshops was to give everyone a base knowledge of the information gathered by Jerusalem Farm on the housing needs in the community and how the CLT can address those needs. The other goal was to create a base CLT knowledge from which to work for future in-depth CLT workshops, and not need to reintroduce the model at each workshop. MCLT had trained translators on the CLT model prior to the workshops and provided translators at the meetings.

Workshop Three: *Homebuyer Workshop 2/4/2023*

The third workshop in HNE focused on Preparing for Homeownership. The attendees were set up in groups to discuss:

1. Is home ownership beneficial to a household? To a neighborhood? To a community? Why or why not?
2. What do you think is an affordable price for a home for your family? What do you think is an affordable monthly payment for a home? Why? How did you determine that?
3. What monthly income do you think you need to have to be able to buy a home?
4. How much savings are necessary to buy a home?
5. What do you understand to be the home-buying process?
6. What is necessary to qualify for a mortgage loan?
7. What types of homes do you think are needed in your community? Single family homes? Multi family homes? Number of Beds, number of baths? Why?
8. What do you like about homes in your community? Describe your favorite home, what is it that you like about it? Describe your least favorite home, what do you not like about it.
9. List the qualities of a high quality home in your community.
10. What questions do you have about the homebuying process?

After meeting within their groups, attendees shared their thoughts with the rest of the workshop attendees. Attendees generally thought that homeownership could be beneficial if the family is supported through the process, and the maintenance of the home is addressed. They also offered that long term rental can provide family and community stability. The equation of affordability was discussed, and the attendees offered that affordability of a home must include moving costs, utility cost, tax cost, interest variables, maintenance costs, and a stable market capacity for income. The learning curve, for average residents in the Historic Northeast to understand all the different pieces of buying a home (banker, realtor, inspector) let alone trusting strangers to work with them, is very steep.

The attendees discussed the assets and the challenges of the Historic Northeast:

Assets:
- Many cultures and backgrounds
- Historic homes with front porches
- Variety of housing types
- Proximity to transportation and job centers
- Alleys

Challenges:
- Many homes are in disrepair
- Some areas with poor visibility (vacancy, blight)
- Slum lords
- Speculation because of proximity to transportation and job centers

Attendees offered that homebuyer education processes must take into consideration language barriers, financial education including how to improve credit, and that in many cases extended families or multiple families live together. They are in support of the Historic Northeast acting as a coalition of neighborhoods.

Workshop Four: *Ground Lease and Resale Formula 2/25/2023*

The fourth workshop in late February was facilitated to discuss the factors of a Ground Lease that seem appropriate for the Historic Northeast. Most topics raised the question of the CLT's capacity for follow-through and accountability to enforce the rules of the Ground Lease.

Maintenance: HNE community members offered that the most common property maintenance problems arise from aging older structures (50-100 years old) that owners are not regularly maintaining.

Homeowner tenure: Most thought that CLT homeowners should live in the home for at least 6 months. If it is part of the agreement, there must be follow through on verification.

Leasing: The HNE attendees agreed that short-term rentals should not be allowed but allowing extended family or friends to stay short term should be allowable.

Businesses: HNE community members are in favor of small businesses being operated in the CLT home, as allowed by zoning, but perhaps with restrictions on auto related businesses.

Monthly fees:

Ground lease fee for CLT admin costs: The HNE community members wondered what the fee pays for and how the CLT would enforce month payment. Does it expire once the house is paid off? MCLT shared that the fee is a lease fee for the land. It is generally kept at a low dollar amount, so it doesn't create a barrier for ownership for those earning under AMI. Since the land is leased by the homeowner for the entire term of ownership, the lease fee continues to be collected. This fee is used to pay for the management of the administration of the CLT including monitoring ground lease parameters and the resale of the property.

The monthly maintenance fee to be put in an account for later repairs: The community members agreed that this was an appropriate fee at approximately $25/month but also questioned the length of time for this fee. MCLT shared that the maintenance fee can be stopped and restarted during the time of homeownership. A threshold amount can be chosen by the CLT.

Workshop Five: *Ground Lease, continued and Long-term Community Engagement 3/11/2023*

The fifth and final workshop with Jerusalem Farm and the Historic Northeast communities focused on the topics of resale formulas and ongoing commitments. The three main resale formulas the group discussed were:

- *Appraisal Based:* Adjust resale price by adding to the base price a certain percentage of an increase in market value
- *Fixed Rate:* Adjust resale price upward by applying a fixed rate of increase on the base price from year to year. That rate is determined by the CLT. Some CLTs have chosen 3% compounded annually because this has been considered a typical cost of living increase.
- *Indexed:* Adjust resale price upward by applying an increase based on a chosen index.

Community members offered that the indexed formula would be most beneficial for those who are working at lower wages, recognizing that the first buyer might get a higher return and then it would likely level off. It was questioned whether there is ever more than one resale formula used in a CLT. MCLT offered that using multiple resale formulas would complicate managing the fee collection and could lead to tension among CLT homeowners if they are being charged different fees.

The community members believe that most families in the HNE prefer to live in their home long term and may be less concerned about receiving gains from a resale. This may make establishing the resale formula not be as much of an issue here. Passing the home down to heirs may be important to this community. MCLT shared that traditionally the home would be passed to an heir as long as that heir is earning below AMI at the time of transfer. This is to retain the affordability of the home for low to moderate income homebuyers. However, if the CLT is willing to remove the home from continual affordability, there are ways the house could be purchased out of the land trust.

It is important to have one central CLT, not many neighborhood-based ones, and it is important to do it now in order to acquire land, overcome speculation, and not lose more of the HNE to gentrification. Representation on the local committee should include Neighborhood Associations, tenants, Jerusalem Farm, and also neighbors who are not members of the Neighborhood Association. Board members should have an understanding of the housing options in the HNE.

Next Steps:

The responses to the Community Listening Project showed that many renters in the study area are interested in becoming homeowners (80% of respondents who were tenants said yes). The average income in all census tracts of this area is below 80% AMI, which is one factor of qualifying to be a CLT homeowner. While there seems to be the potential for a large portfolio of properties that could become CLT homes since there are a high number of vacant housing units (2,545) and City managed lots (188) in the study area, a feasibility study for acquisition, rehabilitation potential, and infill development is needed. Other next steps include:

- Draft an MOU that lays out expectations and terms of the relationship for creating a partnership
- Continue to educate a larger and more diverse population of the HNE
- Set local committee members
- Identify most suitable properties for the CLT
- Set Ground Lease, Buyer Requirements, and Resale Formula in a manner that reflects community decisions.
- Jerusalem Farm is under contract for purchasing 20 Land Bank lots, has identified a builder, and worked with MCLT and other groups to identify development financing.

Truman Heritage Habitat for Humanity / Englewood Arts

Demographics and Housing:

- The census tracts of the study area are in the Englewood community of western Independence, MO (tracts: 116.01, 117.01, 117.02, and 118).
- The average household income in the Englewood community is $36,071.
- There are 1,971 owner-occupied housing units and 3,403 renter-occupied housing units.
- There are 334 vacant lots in the Englewood community.
- The latest published HUD 80% Income Limits range from $54,250 for a 1-person household to $102,250 for an 8-person household. The 4-person household limit is the typical reference, at $77,450. All four census tracts of the Englewood area have average household incomes that are below the typical reference of 80% AMI, and all are below $44,000.

Data sources: Social Explorer, ACS 2020 5-year estimates; Fannie Mae Area Median Income Lookup Tool, MARC Housing Data Hub

Workshops Defined to Meet Need:
The Englewood Arts staff conceived a series of five workshops. Three would be Community meetings held at the Englewood Arts Center. The first would introduce the topic of the CLT; the next would be focused on the Qualifications and Resale formulas; and the last would be about the Buyer Process and Oversight role. The other two workshops would be with bankers. The first with Community America about development and construction funding for CLTs; and the second with a group of local lenders to share what banks need to know for end loans on CLT homes.

Workshop One: *Community America Credit Union CLT Introduction and Financing 1/20/2023*
Englewood Arts and Truman Habitat wanted the first workshop to be with Community America Credit Union (CACU), as CACU has previously contacted both groups about the potential of providing large scale financing and funding of affordable housing initiatives through the Federal Home Loan Bank grant programs. MCLT presented on the CLT model and financing needs with Kathryn Harvel, the Executive Director of the Community America Foundation, Carrie O'Connor, the Senior Vice President of Lending Services of CACU, representatives of Englewood Arts, Truman Heritage Habitat and others. The overall reception was strong from CACU, and MCLT has been following up on the meeting to maintain relations as the possibility to access the funding continues.

Workshop Two: *CLT Buyer Process and Community Oversight Role 2/2/2023*
MCLT presented to the Englewood Arts and Truman Heritage Habitat community groups a general overview of the CLT model. This meeting described the purpose of a Community Land Trust, how it is set up, and how it operates, including a preliminary conversation on resale formulas and the description of the community's ideal buyer.

Workshop Three: *Buyer Discussions, continued. Resale Formulas 3/2/2023*
The third workshop was a community meeting held in early March to dive deeper into Resale Formulas and Buyer Requirements.

The community discussed the advantages and disadvantages of the three different resale formulas:

- ◊ *Appraisal Based:* Adjust resale price by adding to the base price a certain percentage of an increase in market value.
- ◊ *Fixed Rate:* Adjust price upward by applying a fixed rate of interest on the base price from year to year. A fixed rate of 3% was discussed as this has been historically considered the cost-of-living increase.
- ◊ *Indexed:* Adjust the resale price above by applying a single factor drawn from an index (the community discussed this one the least).

If using an appraisal-based formula there is a risk that if too high a percent is given to the first buyer, it makes the house less affordable for the next buyer. Also, standardization on percentage between all regional CLTs would be important to establish.

Another topic discussed was appreciation in value based on improvements made. The community agreed that the homeowner would be incented to maintain their property and even improve it because that would cause the appraised value at sale to be higher. However, if the cost of the improvements exceeded their established percent of appraised value, should they still be allowed to make those? The community members felt that it should be up to the homeowner and the buyer, not the CLT.

If using a fixed-rate formula how do you pick the amount of increase? It could be 3% to align with cost-of-living, but the community was concerned that might eventually create an unaffordable home. This rate could change based on the length of time the homeowners stay in the home. Community members agreed that could incentivize longer residency in the home which in turn stabilizes the community. They also recognized that might make the contract more challenging to administer.

The community members realized that between the three formulas the amount the buyer received was not all that different.

The second half of the workshop focused on the qualifications of Englewood's ideal CLT buyers. The group discussed the desire to make the homes available for those most in need with the least restrictions. Maintenance was discussed as a challenge for very low-income households. This can be supported through a nominal monthly fee to create a maintenance fund for the homeowner. If the house needs additional maintenance that the homeowner can't afford, the CLT can do the repair and deduct the cost of it from the sale proceeds when the homeowner sells.

Workshop Four: *Ground Lease Terms 3/15/2023*

The fourth workshop was to discuss Ground Lease Terms between the homeowner and the CLT that seem most appropriate for the Englewood Neighborhood.

Community members organized in small groups to discuss a series of questions about what should be included in this agreement. They were asked to consider the first homeowner, future homeowners, and the neighborhood where the home is located in their discussions. Participants shared that the most important factors that make a place feel like a community are social connections, mutual support, and hospitality.

- *Homeowner tenure*: Some Englewood community members referenced a 10-year term, while others thought that the length of time should be similar to rental terms as established by the City.
- *Leasing*: Since Accessory Dwelling Units are likely to be allowed as part of the zoning overlay, this was discussed as a potential new structure and lease for either the homeowner or the CLT on each CLT parcel. The Englewood community members were not sure what would be enforceable. Balancing the expense of a new structure and owner satisfaction is paramount.
- *Businesses:* Englewood community members thought that home businesses should adhere to zoning (Arts District and overlay are based on community input for desired uses and businesses.)
- *Maintenance:* Englewood community members like the idea of a monthly maintenance fee. Interior inspections should only be allowed at the time of sale. Regular interior inspections would be too invasive.
- *Taxes:* Englewood community members thought that the CLT should pay the property taxes. This could be deducted from the homeowners pay out at the time of the sale.

Current Related Work:
Englewood Arts has acquired a vacant lot and plans to build a cluster community for artists in residence. Once the new zoning overlay is approved, this would allow for up to four small homes to be built on this vacant lot. Englewood Arts has been working with 10 different lending institutions to create favorable loans for their neighborhood. These are flexible loans for home repair or mortgages depending on the applicant. This favorable lending environment has already attracted 18 new homeowners to Englewood through word-of-mouth referrals.
Englewood Arts has been working with Mid Continent Public Library, Truman Heritage Habitat for Humanity, and Community Services League to create homeownership education programs for artists and other interested potential first time homebuyers. Partners who are providing counseling include Mid-Continent Public Library, Community Services League, Hope House, Truman Heritage Habitat for Humanity, and Community Veterans Project. These agencies also make referrals for unhoused individuals and families.

The community members believe that most families in the HNE prefer to live in their home long term and may be less concerned about receiving gains from a resale. This may make establishing the resale formula not be as much of an issue here. Passing the home down to heirs may be important to this community. MCLT shared that traditionally the home would be passed to an heir as long as that heir is earning below AMI at the time of transfer. This is to retain the affordability of the home for low to moderate income homebuyers. However, if the CLT is willing to remove the home from continual affordability, there are ways the house could be purchased out of the land trust.

It is important to have one central CLT, not many neighborhood-based ones, and it is important to do it now in order to acquire land, overcome speculation, and not lose more of the HNE to gentrification. Representation on the local committee should include Neighborhood Associations, tenants, Jerusalem Farm, and also neighbors who are not members of the Neighborhood Association. Board members should have an understanding of the housing options in the HNE.

Next Steps:
Workshop Five: *End Loan Financing with Englewood Arts Partner Banks*
Englewood is planning to have a fifth workshop with a group of local lenders to share what banks need to know for end loans on CLT homes. This will be scheduled after the Zoning Overlay work culminates with April voting. This meeting will introduce CLT lending to 10 existing lending partnerships Englewood has created.

After the Overlay Zoning is approved by City Council, Englewood Arts will start work on the five-year Housing Strategy Guidebook where CLT work will be considered. Englewood is very interested in pursuing the CLT model and participating in a regional CLT. It is recognized that managing and staffing a local CLT would be a challenge and that a regional entity would be much more sustainable. The next conversation with the Englewood Housing Committee will be about how Englewood can participate in a locally tailored CLT managed and staffed by a regional CLT entity.

CHWC and Manheim CLT "CLT Group"

Workshop One: *Introduction to Needs 12/14/2022*
In this meeting, MCLT, CHWC, and Manheim CLT representatives discussed the various needs each group has as a CLT, and how each could share resources and receive assistance from other CLTs. The group discussed issues of financing, training, document drafting, educating the community through workshops, and sharing ideas.

Workshop Two: *How to Join Together 1/26/2023*
In this workshop, the group started to plan out the formalities of how multiple CLTs could operate together under one umbrella organization that would assist both separate stand-alone CLTs and groups without the capacity to create a separate stand-alone. The group also discussed how to seek and share funding opportunities together. The group planned that MCLT would research the topics discussed and return for another workshop with a proposed model.

Workshop Three: *Review of Proposed Consortium Model 2/28/2023*
In this workshop, MCLT proposed a draft of a consortium entity considering the discussions from the previous workshop. The group analyzed the proposed model and made suggested changes to the model, which serves as the basis of The Consortium discussed throughout the rest of this Plan. A diagram of The Consortium model is attached as Appendix 3 and narrated in more detail in The Consortium Activities section of this report.

General Workshops

Workshop One: *Introduction to Needs 12/14/2022*
MCLT presented the CLT model at three identical general CLT workshops open to all. These workshops sought to inform various groups about the CLT model, as well as ascertain whether there are communities interested and prepared to participate in in-depth community CLT planning. These workshops were well-attended by a geographic cross-section of the community. After the workshops, the RHP sent out a survey to workshop attendees. The responses to the survey questions, along with additional information, can be used to help MCLT identify any future communities ready for CLT workshops. Additionally, MCLT prepared and emailed to attendees a list of questions asked at the workshop, along with MCLT-provided answers, attached as appendix 4.

> "We need a CLT in Overland Park and Johnson County and everywhere!"
> -Workshop Attendee

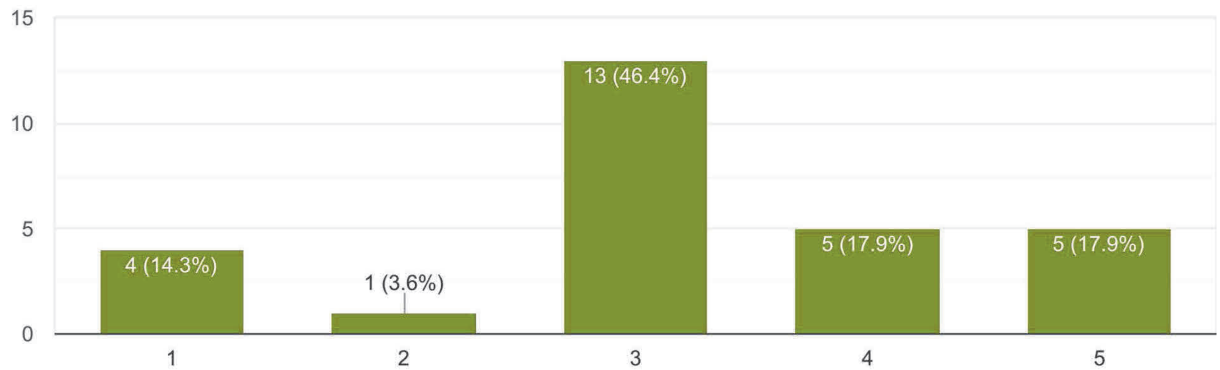
> "Thought it was really well done -- seen dozens of these both in Kansas and Colorado -- one of the best."
> -Workshop Attendee

General Workshop One: 2/22/2023
General Workshop Two: 3/2/2023
General Workshop Three: 3/7/2023

As of March 23, 2023, MCLT received 28 responses to the survey questions. A review of pertinent questions in determining next steps is below:

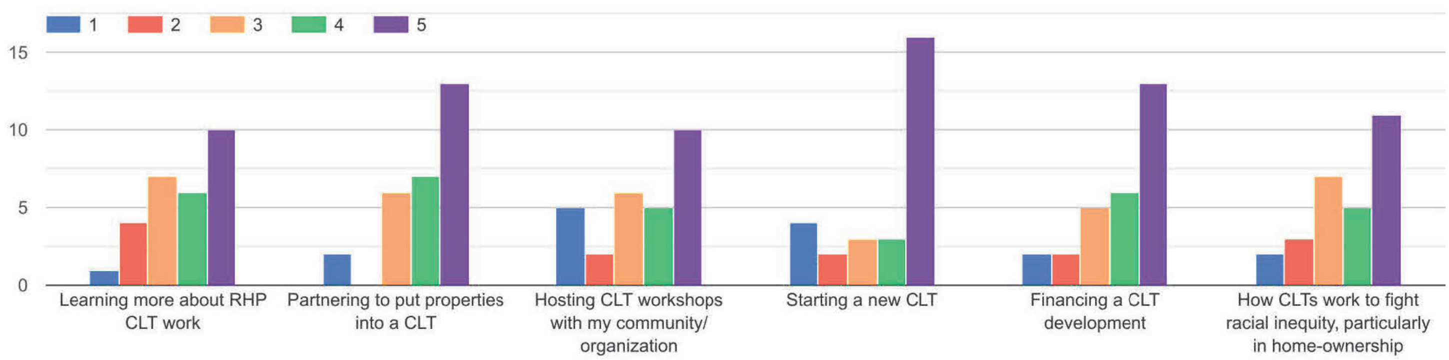
When asked how likely were likely to consider a CLT in the next 12 months on a scale of:
1- Not likely (We have never owned property, and are still researching!)
to
5- Likely (We own property and want it to be in a CLT!)
Five attendees indicated they owned property and wanted it to be in a CLT within the next 12 months.

How likely is your community or organization to consider a CLT within the next 12 months?



13 attendees indicated that they were "very interested" in learning more about partnering to put properties into a CLT while 16 marked that they were "very interested" in learning more about starting a new CLT, indicating that among attendees, there is a strong interest in moving from theoretical knowledge of CLT, to assistance in developing properties in a CLT.

Which topics would you like to know more about?



The remainder of the survey questions and answers is attached to this as Appendix 5.

Scaling/Establishing Regionally Coordinated CLTs

Due to a housing crisis that has limited the number of affordable, quality, owner-occupied homes and displaced urban residents, grown out into the suburbs, and even entered into rural areas, it is important to view the issue of housing affordability from a regional perspective in a way that addresses the contrasting needs of these various communities in the region. Creating regional scale for the sake of scale is not the final goal of this Business Plan, but rather, creating regional scale that allows community members to participate, plan, and govern the development of land within their community is the final goal of this business plan.

The Consortium should develop multiple classes of membership to allow for a wide and strong participation base for the group, and to grant concentrated decision making via committees to the people most directly impacted by any decisions of The Consortium. While there is no perfect way to represent all local opinions in a single regional entity, it is not practically possible to create unlimited numbers of well-staffed, local groups of capacity. "A reconciled approach holds the most promise for significantly impacting communities by holding racial and economic justice and integration at the heart of the CLT."[15] A well-thought-out organizational structure can provide that reconciliation between the need for scaled services to more communities over a larger geographic footprint and the needs of the individual participating communities.

Regional CLT Consortium Organization and Governance Structure

Based on information gathered from the workshops and existing regional CLTs, MCLT proposes a membership-based, centralized Kansas City Regional CLT Consortium ("The Regional CLT Consortium" or "The Consortium") with local, wholly-owned subsidiaries developing CLT housing at the local level, and multiple membership classes, plus a robust committee structure for local participation, to meet the large-scale administrative needs of a CLT, while providing oversight by communities most directly impacted by The Consortium. This Plan seeks to reconcile the needs for scaled development and central administration with local governance in a way that allows The Consortium to reach its objectives of long-term, quality, affordable owner-occupied housing while optimizing public and private funding.

The Consortium's corporate form should be a 501(c)(3) organization, incorporated to match Abandoned Housing Act (AHA) requirements in both Kansas and Missouri, incorporated to qualify as both a Community Housing Development Organization (CDHO) and Community Based Development Organization (CBDO), incorporated to redevelop and own property as a CLT, and registered with the Secretary of State in both Kansas and Missouri to conduct business in both states. The Consortium's development should be governed by voting committees and multiple membership classes at the local level.

Attaining 501(c)(3) status is important because a 501(c)(3) charitable organization can access certain HUD funding, receive tax-deductible donations of land, and raise funds with tax-deductible charitable contributions, among other benefits. 501(c)(3) organizations must be incorporated exclusively for exempt purposes, and no net earnings may inure to private individuals, among other requirements.[16]

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14 Shatan, Nichola and Olivia R. Williams "A Guide to Transformative Land Strategies: Lessons from the Field" Just Urban Economies Community Innovators Lab Massachusetts Institute of Technology. June 2020

15 Thaden, Emily and Tony Pickett "Community Land Trusts: Combining Scale and Community Control to Advance MixedIncome Neighborhoods" Grounded Solutions Network https://case.edu/socialwork/nimc/sites/case.edu.nimc/files/2019-10/Thaden.Pickett.%20Community%20Land%20Trusts%20Combining%20Scale%20and%20Community%20Control.%2010.24.19.pdf

16 IRC 501(c)(3)

Incorporating as an entity qualified to file AHA lawsuits in both Kansas and Missouri is important, because leveraging the AHA can help communities remediate blight associated with abandoned homes, an issue identified particularly by Excelsior Springs, Missouri, and turn those properties into beautiful, affordable homes. Both Missouri and Kansas require an organization to be intra-state incorporated, so in order to have standing to file AHA lawsuits in both states, the 501(c)(3) will need to set up a subsidiary in one of the states, while being incorporated in the other. In addition to being domestically incorporated, The Consortium's/subsidiary's formation documents need to specifically include the purpose of enhancement of housing. [17][18]

In addition to AHA requirements, The Consortium should comply with CHDO and CBDO requirements to increase the likelihood of accessing funding from HUD. The HOME Investments Partnerships (HOME) regulations requires each HUD Participating Jurisdiction (PJ) to reserve at least 15% of its HOME funding for CHDOs.

> *"CHDOs are private non profit organizations that meet certain legal and organizational requirements and have the capacity and experience to carry out affordable housing projects. CHDO reservation funds must be used for projects where the CHDO develops, owns, or sponsors affordable housing. CHDOs can engage in other eligible HOME activities using HOME funds, but any funding spent on projects in which the CHDO is not the developer, owner, or sponsor will not count toward the 15% set-aside requirement for CHDOs."* [19][20]

CBDOs are "generally non profit organizations that undertake specific kinds of Community Development Block Grant (CDBG) -funded activities. CBDOs can be for-profit or nonprofit organizations, but cannot be governmental entities."[21] CBDOs require a certain board makeup that is representative of the community it serves.

Board of Directors for CLT Consortium

The classic CLT model is a tripartite board, which has an even number of members in each of three main groups: CLT Lessee Board Members, Community Representative Board Members, and At-Large/Public Board Members. This board structure seeks to balance the board's interests and decisions regarding what is best for the homeowner, the community, and the larger needs of affordable housing.

If The Consortium desires to work with the entire 9-county MARC region, based on best practices, the number of Board Members should not exceed 21 members, with a maximum of 7 board members per each of the three parts of the board. The board member requirements in the Bylaws should be dynamic and should be subject to annual review to ensure the board of Directors is meeting the needs of the 9-county population.

One suggestion for the Public/At-Large board seats would be to require those seatholders to be real estate development practitioners who possess real estate development knowledge. If the Board of Directors finds it difficult to fill those seats with real estate development practitioners and still comply with the remaining requirements of the bylaws, then the Board of Directors should create a real estate development advisory committee of real estate practitioners.

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17 Mo. Rev. Stat. 447.620 (f)[16] IRC 501(c)(3)
18 KSA 2021 12-1750 (e)
19 U.S. Department of Housing and Urban Development "CHAPTER 3: CHDO Requirements And Activities" Building HOME (March 2008)
20 CHDO Requirements are defined by 24 CFR § 92.2, for a complete list of requirements please see the pertinent parts of 24 CFR § 92.2 attached in appendix 6.
21 Congressional Research Service (24 March 2021) "Community Development Block Grants: Funding and Allocation Processes" R46733 For a complete list of requirements for a CBDO see 24 CFR § 570.204(c) reprinted in appendix 7.

CHDO and CBDO Requirements

As mentioned above, CBDO and CHDO have certain board requirements they must maintain. These requirements include:

- ◊ No more than one-third may be public officials or employees of the PJ or State Recipient;
- ◊ At least 51 percent of its governing body's membership should consist of low- and moderate-income residents of the geographic area of operation, owners or senior officers of private establishments and other institutions located in and serving the geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; and
- ◊ Members of its governing body will be nominated and approved by the general membership of the organization. [22] [23]

For a more thorough review of the CHDO and CBDO requirements, see appendices 6 and 7.

Addressing Bi-State Needs through Board Membership

All workshop attendees inquired about how each community can represent its view on the board. In addition to the Open, Locally-Governed CLT, and Next-Door Neighbor Membership voting rights, described further under "Organizational Membership Types," which allow for democratic control over development and the voting rights for board members, The Consortium must also set board member guidelines to ensure broad geographic coverage on the board at all times.

The Bylaws would require, as a whole, a minimum of one representative from within each participating county and a maximum number of representatives from within each participating county to hold a combined number of seats across the three sections of the Board of Directors at any one time, allocated by county population.

For example, based on the following county populations, as identified by MARC, the number of minimum/ maximum participants on the board seats could be:

CONSORTIUM BOARD SEATS BY PARTICIPATING MARC COUNTY POPULATION

	RAY COUNTY	MIAMI COUNTY	LEAVENWORTH COUNTY	PLATTE COUNTY	CASS COUNTY	WYANDOTTE COUNTY	CLAY COUNTY	JOHNSON COUNTY	JACKSON COUNTY
POP.	23,008	33,968	81,601	105,189	106,966	168,333	250, 134	605,154	713,229
MIN/ MAX	1/1	1/1	1/1	1/1	1/1	1/2	1/3	2/5	2/6

source: https://www.marc.org/economy/workforce-development/demographic-data-count

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[22] U.S. Department of Housing and Urban Development "CHAPTER 3: CHDO Requirements And Activities" Building HOME (March 2008)
[23] 24 CFR § 570.204

If, hypothetically, The Consortium develops in Kansas City, Missouri; Independence; and Olathe, in its first year of Operations, then a minimum of 2 and a maximum of 6 seats are allocated to Jackson County (Independence and Kansas City); a minimum of 2 and a maximum of 5 seats are allocated to Johnson County (Olathe).

Consortium members would vote on open board positions in relation to their membership voting privileges, further described below under “Organizational Membership Types” and in the Bylaws Membership and Board of Directors Articles found in Appendix 8.

Example Board Make up Year 1 Operations

HOMEOWNER 1/3	COMMUNITY RESIDENT 1/3	PRACTITIONER AT LARGE 1/3
2 Jackson County 1 Johnson County (voted on by resident members)	3 Johnson County (voted on by development community members)	1 Johnson County 1 Wyandotte County 1 Jackson County (voted on by individual and peer to peer members)

If, hypothetically, after the first year, a Miami County, Kansas, organization wishes to place properties into trust via Locally-Governed CLT Membership, the Board of Directors could add one total seat to the board for a member of Miami County.

All of the board representatives must allow the organization to maintain its CHDO and CBDO status. Sample Bylaws Articles regarding board membership is attached as appendix 8.

Should a new entity incorporate to execute this Plan, the RHP can facilitate the appointment of the initial board in a staggered initial three-year term, with one-third of the appointees rolling off after year one, one-third of the appointees rolling off after year two, and one-third of the appointees rolling off after year three. At the turn of each appointee rolling off, the membership body votes on a two-year term replacement for the vacant member’s position.

Should an existing organization scale to the regional level to execute this Plan, that organization would likely need to add additional board member seats to that organization’s board of directors, ensuring compliance with the aforementioned restrictions.

Organizational Membership Types

To broaden the community support for The Consortium, The Consortium should create multiple membership classes throughout the regional area. The Consortium memberships classes could include:

A. Open Membership: Individuals at large that support the CLT movement, but who do not reside within a Locally-Governed CLT Member geographically-defined area. These membership benefits include:
    a. Ability to demonstrate support for affordable housing in the KC region
    b. Annual voting on open seats of Public/At-large portion of the board.
    c. Free subscription to newsletters
    d. Invitations to all Regional CLT Consortium events
B. Existing CLT Membership: CLTs operating in the region who join The Consortium. Further membership benefits are described under "Consortium Activities" below. Annual voting on open seats of Public/At-large portion of the board.
C. Locally-Governed CLT Membership: Communities who wish to partner with The Consortium to administer a CLT in their community. Further membership benefits are described under "CLT Administration: Locally-Governed CLT Membership" below. Annual voting on open seats of the Community Representation portion and the Public/At-large portion of the board.
D. "Next-Door Neighbor" Membership: Individuals who reside in geographically-defined areas where The Consortium is co-developing properties through a Locally-Governed CLT Membership. Annual voting on open seats of the Community Representation portion of the board. Further membership benefits are described under "CLT Administration: Locally-Governed CLT Membership" below.
E. CLT Lessee Membership: Residents of Consortium self-developed properties, or properties developed in partnership with Locally-Governed CLT Members. Annual voting on open seats of the Lessee portion of the board and the Public/At-large portion of board.
F. Supporting Partners Membership: These are Members who do not qualify for any other membership classes identified in the Bylaws, but who wish to be a supportive member of The Consortium, such as a local business or real estate developer. These members have no voting rights.

Multiple classes of membership increase opportunities for local governance and further the RHP's goals of having local decision making and scale. A robust committee schedule, further described under "Locally-Governed CLT Membership: CLT Administration Process" ensures each community can advance its own land acquisition campaigns, hold democratic discourse, and make accountable decisions.

Consortium Activities

One suggestion MCLT made in the Phase One Report was for the stakeholders to "...focus on regional affordability comprehensively, including: (1) creating/scaling a regional CLT/network of CLTs to partner and self-develop (2) supporting policy/legislative changes to ensure affordability for non-partner and non-CLT developments and (3) assisting new and growing affordable housing models with education, outreach, and a support network." The activities identified for The Consortium are supported not only by the Phase One research, but by the demands of the Focus Community workshop participants.

Developing Affordable Housing

The Consortium itself is a direct affordable housing developer and can be on the forefront of piloting new ideas in affordable housing. In addition to self-developing affordable housing, The Consortium can scale development across the region in partnership with Locally-Governed CLT Members.

Resource Sharing: Existing CLT Membership, Open Membership, and Supporting Partners

Currently-existing CLTs, potential future CLTs, and all others that support affordable housing can join The Consortium as Members who participate in regular resource-sharing in the region. Some of these membership benefits could include:

1. A Consortium-vetted document bank for acquisition, development, financing, and sale of properties.
2. Quarterly peer-to-peer and speaker-led meetings to discuss hindrances to development, CLT needs, and other high importance topics of existing CLTs in the community such as:
    a. Buyer Education and Outreach
    b. Homeowner Engagement
    c. Home Stewardship
    d. Organizational Budgeting
    e. Working with Real Estate Professionals (appraisers, realtors, title companies, lenders, etc)
    f. Developer Partnerships
3. Newsletters
4. A comprehensive contact list of developers, CDCs, local government department heads, and others with whom CLTs must interact regularly.
5. Shared efforts to present, educate, and train third parties on the benefits and needs of the CLT model in the region.
6. Coordinated approach to addressing policy changes needed throughout the region.
7. Icons to include on organizational websites to show membership in The Consortium.
8. For qualifying members: annual voting on the Public/At-Large section.
9. Discounts on technical assistance

> "It takes wealth to build wealth."
> -Jerusalem Farm Community Listening Project

One-on-one technical support for services beyond the scope of these group meetings would fall under the technical assistance services of The Consortium.

It is likely the Manheim CLT, Community Housing of Wyandotte County, and Marlborough CLT would be CLT members of The Consortium's Existing CLT Membership.

Technical Assistance for CLTs and CLT Start-Ups

The Consortium can provide technical assistance for new and growing affordable housing start-ups in the region. This technical assistance is preferable to other CLT trade groups as the technical assistance The Consortium provides is localized to the Kansas City Region. The Consortium can develop organizational structures, create governance documents, and work through specific one-time issues that require technical assistance like grant applications and home sales.

At this time, it does not appear that groups in the consulting study are interested in starting a new stand-alone CLT, but rather joining part of an existing, broader regional CLT. In the future, different groups may decide to start a separate CLT, and The Consortium can consult in the creation of new CLTs with less demand on public and private funding.

> "What makes a community? People connections, support, sharing, hospitality"
> "Englewood Arts Workshop attendee"

CLT Administration: Locally-Governed CLT Membership

The Consortium, as an active CLT, can administer properties in a CLT for those groups that wish to have their properties placed into a trust that their community can govern, but who do not have the time, funding, or capacity to create, maintain, or oversee a stand-alone CLT. The Consortium must administer such CLTs in a way that the local community has the opportunity to govern the development to meet the individual and varied needs of each local community:

For example, within three of the areas of study, the communities wish to use a CLT to serve these diverse needs:

In the HNE, the majority of Jerusalem Farm's housing rehabilitation clients are over 65.[24] Jerusalem Farm hopes to create an aging in place program modeled after a successful program in Minneapolis that would allow existing qualifying HNE residents over the age of 65 to enjoy a full rehabilitation of their home, transfer the home to the CLT, and to continue living in their own home as long as they please.[25]

Habitat for Humanity of Kansas City is creating a large-scale, contiguous development. In addition to common CLT restrictions, Habitat for Humanity needs to ensure Habitat guidelines are imposed on the properties that are developed in partnership with The Consortium.

Englewood Arts has just announced its Call For Entry for an artist residence to live and work in the Englewood neighborhood. The housing in which the resident artist lives in could be a CLT home and subject to the artist in residence requirements of Englewood Arts, including field of work and student status.

These are just a few examples of the community needs that a CLT can serve. As discussed in the Phase One Report, in addition to these example community needs, CLTs can also include rental, cooperative, owner-occupied, Low-Income Housing Tax Credit (LIHTC) or any other housing or development type each community determines benefits that community. CLTs allow for commercial, agricultural uses or light industrial uses that a community may desire, in addition to residential. The Consortium is set up to allow for each community to determine its own needs under one umbrella organization. Creating such an entity takes time, patience and a willingness to modify over time. This Plan will most certainly not be a final model, but rather a starting place.

Case Studies

A review of case studies of CLTs throughout the US that operate regionally or state-wide show that common tools used to maintain community control with CLT scale include: (1) increasing organizational membership (2) growing the board structure with reserved seats to accommodate representatives from more locales and (3) creating geographically-based “satellite” groups for local participation.

24 Ayala (2022)
25 Abrams Amanda. “Helping At-Risk Homeowners Stay Put With a Land Trust” Shelterforce (25 April 2019). https://shelterforce.org/2019/04/25/helping-at-risk-homeowners-stay-put-with-a-land-trust

1 Berkshire Community Land Trust

Berkshire CLT (BCLT) is a rural, county-wide CLT in the Westernmost area of Massachusetts with agrarian and residential purposes. BCLT was created by one of the original founders of the CLT movement, Robert Swan. It operates with a two-tier system of a centralized 501(c)(3) CLT, the Berkshire CLT, and a local 501(c)(2) real estate holding company, the CLT in the Southern Berkshires (CLTSB). CLTSB locally controls and manages the land in an area called the Southern Berkshires, while the BCLT provides central education, funding, outreach, and support to the local CLTSB. [26]

501(c)(2) organizations are organizations that are:
- effectively owned and controlled by a single, tax exempt 501(c)(3) organization
- organized to hold title to property and collect income from that property,
- required to turn over all income, less expenses, to a single parent tax exempt 501(c)(3). [27]

These 501(c)(2) organizations may not conduct any activities other than owning and collecting rent from land. They are exempt from federal income tax as a corporation but cannot receive tax-deductible charitable donations.

Benefits of 501(c)(2) Organizations for Local Decision-Making

As a separate entity from the centralized 501(c)(3) CLT, a 501(c)(2) local CLT that owns real estate in one community can limit the central 501(c)(3) or other wholly owned 501(c)(2) CLTs from liability for actions in each separate 501(c)(2). Keeping property in a separate 501(c)(2) can also increase the legitimacy and transparency of some gifts and bequests to a local 501(c)(2) organization that are intended for only that organization, and are not intended to be shared with a centralized CLT or other CLT operating in another geographic area. 501(c)(2) organizations can also be used to keep titles clear, as only the land owned by each 501(c)(2) secures the debt of only that individual 501(c)(2). 501(c)(2) can simplify accounting because the 501(c)(3):501(c)(2) relationship structure is defined by the IRS, and it has a standardized framework to adopt and manage.[28]

Disadvantages of 501(c)(2) Organizations for Local Decision-Making

Some of the disadvantages of the 501(c)(3):501(c)(2) ownership structure for centralized: localized CLTs include the 501(c)(2)'s narrow focus on only owning property. This means that all education, fundraising, marketing and decision-making other than property rental would still need a vehicle for local control at the centralized CLT level. While the 501(c)(2) can clarify title, accounting, and liability issues for the land involved, creating another parallel entity for all of the local activities could create additional confusion resulting in slower scaling and/or a less robust degree of support, both financially and from the community. Also, creating a 501(c)(2) entity requires significant time and specialized legal advice. The organization must meet all requirements of the Internal Revenue Code the IRS form 1024. The 501(c)(2) structure might not be the best fit to "test out" a new partnership, but may be better to formalize an established, well-running centralized: localized CLT structure due to the nature of time required to create such an entity.

Lessons Learned for The Consortium

An alternative to the 501(c)(2) structure could be the centralized tax exempt 501(c)(3) CLT creating a wholly-owned local LLC, rather than 501(c)(2), to own and operate local CLTs. A single member LLC that is wholly owned by a 501(c)(3) is also seen by the IRS as a tax-exempt entity.[29] The LLC may be easier to create than the 501(c)(2), engage in more activities than the 501(c)(2), but still provide the benefits of a separation of liability for the centralized-localized CLTs.

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[26] https://berkshirecommunitylandtrust.org/
[27] Department of the Treasury Internal Revenue Service (2022) . Tax-Exempt Status for Your Organization. Publication 557
[28] IRC 501(c)(2) - TITLE-HOLDING CORPORATIONS https://www.irs.gov/pub/irs-tege/eotopicc86.pdf
[29] Department of the Treasury Internal Revenue Service (2021) Standards for Section 501(c)(3) Status of Limited Liability Companies. Notice 2021-56. https://www.irs.gov/pub/irs-drop/n-21-56.pdf

2 City of Lakes CLT

City of Lakes Community Land Trust (CLCLT) operates in the urban Minneapolis, Minnesota area. Four different local communities came together to incorporate CLCLT as a city-wide, rather than neighborhood-based, community land trust, in 2002. Rather than creating separate holding companies for local community involvement, staff conducted "intensive education and outreach to neighborhood associations and community groups," teaching local groups how a CLT could benefit their community.
As Executive Director Jeff Washburne said in a 2007 interview:

> *"We've gone out and met with all of the Minneapolis neighborhood organizations. We went to their meetings and talked about the land trust, but didn't ask them to provide us with anything. We wanted them to see us as a community asset, but one that doesn't require any neighborhood resources. The only thing we asked of them was to think about the CLT model, particularly if there was potential for a housing development to be built in their neighborhood. Our message was, 'If you and your neighbors feel that the development requires affordability—especially long-term affordability—then your neighborhood association should suggest that the developer come and talk to us.' In more than one instance, neighborhood groups have told developers to talk to us before the groups would agree to move forward on a project."*[30]

Rather than local committees, chapters, or other organizations for local input and control, the CLCLT utilizes a 15-person board composed of one-third lessees and one-third community members. CLCLT credits its geographically broad organizational membership of about 350 CLCLT community members and CLT residents with ensuring CLCLT actions are tailored to local needs. CLCLT celebrated its 100th resale in 2021 and is now one of the largest CLTs in the United States.[31]

Benefits of Large Board and Broad Membership for Local Decision-Making

Increased numbers of directors, geographically broad organizational membership, and neighborhood outreach to implement local decision-making of a region-wide CLT can ease the administrative burdens of real estate development that come with granting decision-making authority to local committees, chapters, or entities while scaling the endeavor. The geographically broad organizational membership votes on representatives for the board of directors and the elected board of directors and staff have the ability to make all other decisions internally. Local groups have the opportunity to participate and the CLT can develop affordable housing without wading through the hyper-local politics in each jurisdiction.

Disadvantages of Large Board and Broad Membership for Local Decision-Making

The opportunity to participate, although real, may seem nominal to some. Jeff Washburne, Executive Director of CLCLT, indicated that although the membership was large, CLCLT did not mobilize the membership to its potential. (Jeff Washburne, phone call, 14 Nov, 2022) In fact, Jeff and every CLT Executive Director interviewed throughout this consulting process shared that they had difficulty engaging organizational members for annual meetings. This indicates that CLTs who rely on large membership alone provide an opportunity to self-govern, albeit only once a year, but that local members may not substantially influence development. Additionally, annual meetings alone may not create an opportunity for some of the most difficult and stagnating, but most important aspects of democratic participation: dissent. Without the structure to regularly discuss concerns, the large corporate membership alone may not allow for true local decision-making.

Lessons Learned for The Consortium

An alternative to the large organizational membership annual meeting structure alone, is one which includes separate committees of members that meet more frequently, stay engaged at the community level, meet at the community level, and have ability to vote on matters other than the open board seats.

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[30] Thaden, citing Federal Reserve Bank of Minneapolis, "A conversation with Jeff Washburne -- Director, City of Lakes Community Land Trust," (1 July 2007) https://www.minneapolisfed.org/publications/communitydividend/a-conversation-with-jeff-washburne-director-city-of-lakes-community-land-trust?sc_device=Default

[31] https://www.clclt.org/

3 Southeastern Connecticut Community Land Trust

The Southeastern Connecticut CLT (SC CLT) is a regional CLT that intentionally chose in 2019 to incorporate as a regional CLT rather than a local CLT in the first area of development: the city of New London, Connecticut. The SC CLT wanted to be broad enough to act quickly in new areas with new partners in the region and wanted to support both residential and agricultural land across a large geographic footprint. Working on farms, in the City, and on the beach presents varied needs for the CLT. Founders created a system of local chapters, rather than a large board and broad membership body.

As the founding board member said, "Every community knows its own community… if you're going to be a regional [organization] like we are, we can't have 16 different people on our board representing every town just in order to get to know the town."[32] All who "know their own community" also know that the local politics can get tiring. Being able to operate in different chapters allows the SC CLT freedom to move where the political will is at a given time. The first Chapter, the New London Chapter, is not a separately incorporated entity, but operates more like a committee of the central CLT. New London's chapter coordinator, Frida Berrigan notes that the Chapter meets separately from the CLT, and reserves Chapter Board seats for the treasurer and vice president of the central CLT. Anytime the Chapter desires to acquire property or start a new program, the Chapter must present to, and receive approval, from the board of the SC CLT. The board gives strong deference to the Chapter.

The organization operates under one budget, so any grants awarded for Chapter programs become a budget item of the central CLT for the Chapter's use, while the CLT allocates general funds for education and outreach from separate sources. Southeastern Connecticut CLT is prepared to start two more chapters it has been cultivating over time in the surrounding communities (Frida Barrington, phone call, 15 March 2023).

Benefits of Chapters for Local Decision-Making

Chapters create an opportunity for local groups to meet together to plan for the needs of their community. Chapter members who are literally and figuratively closest to the land in question have the opportunity to propose, analyze, dissent, and refine local community plans with other informed and critical contacts in that community before bringing the matters to the central CLT board. Allowing for local planning removes some of the burden of a central Board of Directors and increases the local legitimacy of the projects of the CLT. When an organization can create multiple chapters, it can increase its service capacity with local control while allowing the CLT Board more opportunities to focus on organizational longevity, stewardship, and fundraising.

Disadvantages of Chapters for Local Decision-Making

Although chapters can increase CLT capacity while minimizing board demand, setting up Chapters can be a burden for a CLT board. The SC CLT has operated for 4 years and has only one house. It is possible that if the Board were focused more on direct development, like City of Lakes Community Land Trust, rather than setting up Chapters, it could have developed more. Another problem of the Chapter system, at least in how it is used with SC CLT, is that Chapters do not have authority to act. Frida Berrigan notes that the chapter has identified property in the past, but could not effectively acquire the property due to the amount of time needed for the Chapter to decide, send the request to the board, wait for the Board to meet, answer the Board's questions, and then make a decision.

Lessons Learned for The Consortium

Chapters could perhaps work more efficiently if granted a specific set of powers in the resolution documents creating the Chapters. If the Board defined a set of parameters for properties that the Board pre-approves the Chapter to acquire, the Chapter could act quickly on behalf of the Board to make offers on properties, rather than waiting for board approval. The same concept could be applied to a separate bank account the board sets up for the Chapter, allowing the Chapter to have greater control over decisions.

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[32] Axel-Lute, Miriam "Keeping Community Control as Community Land Trusts Grow" Shelterforce (20 July 2021) https://shelterforce.org/2021/07/20/keeping-community-control-as-community-land-trusts-grow/

4 Elevation Community Land Trust

Elevation CLT is a centralized, state-wide CLT with no local committees or satellites. Elevation started in 2017 when philanthropies invested $24 Million to seed a state-wide Colorado CLT with the goal of creating 700 affordable units by 2027. Elevation partners with cities throughout the state on a 50-50 match program: Elevation brings some of its seed-money to subsidize the price of each unit it develops, and requires the local jurisdictions to match Elevation's subsidy. By partnering with cities in such a way, Elevation requires buy-in from the local jurisdiction on a performance-basis, allowing communities to control how much they develop and when. Communities who are unwilling to match Elevation's subsidy are unable to benefit from Elevation's development. (phone call with Tiana Patterson Vice President of Social Impact and Wealth Equity Elevation CLT) Elevation CLT operates with a centralized, tripartite board with no current local satellites, although some are planned in the future. Local decision making relies on the Municipal government contacts at the time negotiating the 50-50 match and development.

Benefits of Municipal Actors for Local Decision-Making

By working directly with, and requiring financial support from, local municipalities, Elevation has the necessary support from policy makers prior to beginning development. It is able to negotiate the terms of development policy in a community directly with local elected officials and staff who are knowledgeable in their field and of their City. This communication with policy makers extends beyond breaking ground. After Elevation has finalized its developments in a community, it is able to efficiently contact public and private groups who can provide homeowner assistance should it become necessary.

Disadvantages of Municipal Actors for Local Decision-Making

A glaring disadvantage of partnering with municipalities is that depending on how large the municipalities are, they may not be able to identify and plan development for the needs of hyper local community groups. Elevation is aware of this issue and is committed to creating sub-boards of concentrated local representatives within various regions who can share concerns and provide guidance to the central board.

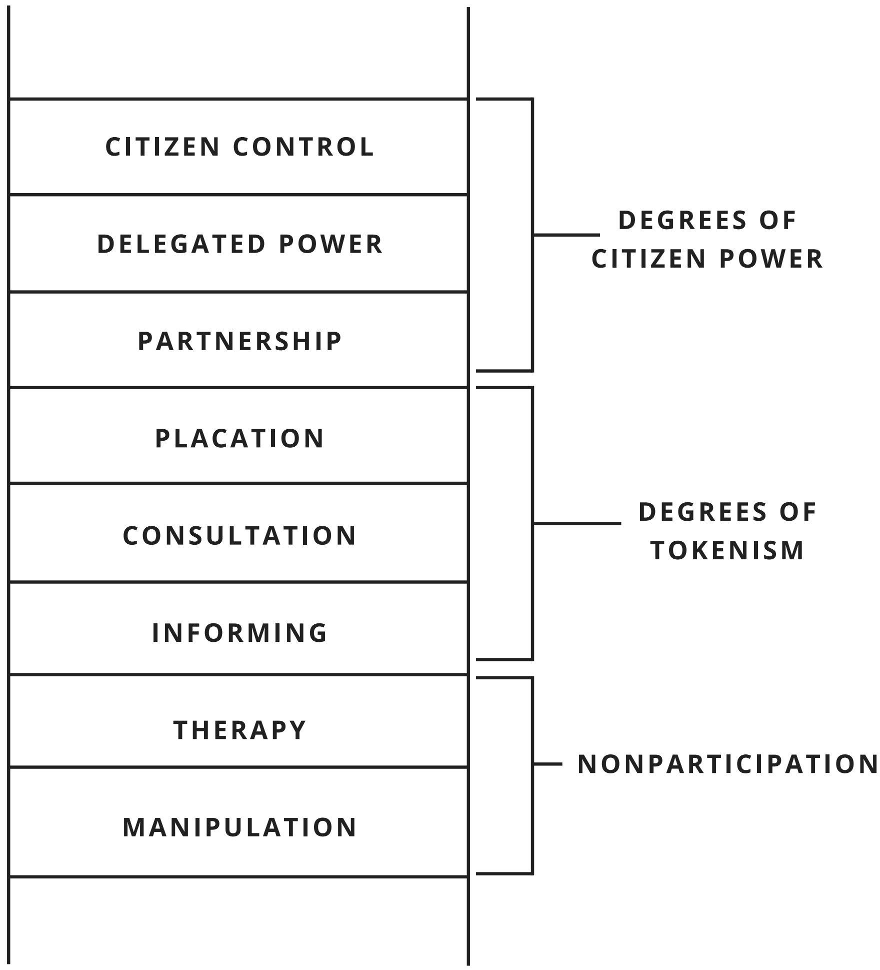
Lessons Learned for The Consortium

These local groups of concentrated local representatives would be much more effective if Elevation created a network of information not only at each regional level, but at least at the City or County level to allow for feedback and involvement in a way most meaningful to residents.

Consortium Structure for Local Decision Making

Borrowing from these case studies, and many other regional CLTs, The Consortium would be a centralized 501(c)(3) with various classes of membership intended to give voices to a variety of interests. As previously described, one of these membership classes would include Locally-Governed CLTs, whose primary benefit includes CLT development administered by The Consortium. Locally-Governed CLT Membership benefits also include The Consortium creating a Consortium-owned, locally-governed holding company for all Locally-Governed CLT real estate; selling Next-Door Neighbor Memberships to residents of the Locally-Government CLT Member's geographically-defined area; creating a voting, locally-governed committee of The Consortium comprised of Consortium Board Members, Next-Door Neighbor Members, and local Lessee Members to direct the acquisition and development of CLT property in the locally-governed holding company. Using this model, the RHP reaches its goals of allowing for regional scale with local control. Next-Door Neighbor Members enjoy "citizen control" of real estate within their communities, without the need to become developers.

Arnstein's Ladder of Participation (Arnstein, 1969)



Locally-Governed CLT Member
Steps to Establish Relationship to The Consortium

Pre-Membership Phase

After identifying, vetting, and engaging with a prospective Locally-Governed CLT Member, The Consortium will enter into a Pre-Membership Memorandum of Understanding (MOU) with prospective Member, to start determining the necessary parties, funding, and expectations to move forward. Some possible sources of funding can come from CBDG, HOME, or NeighborWorks technical assistance funding, joint grant applications, foundation funding, operation funding, or other sources. Under the MOU, the Locally-Governed CLT Member will set its boundaries, as reasonably identified by existing neighborhood boundaries, government records, or other local records or initiatives, and agree to share certain information that will allow The Consortium to determine the best way to proceed with Start-Up activities. This pre-membership process will likely take between 6-12 months. Once the Locally-Governed CLT Member has paid the appropriate membership dues, The Consortium can begin providing membership benefits, which include

Year One/Start Up Phase

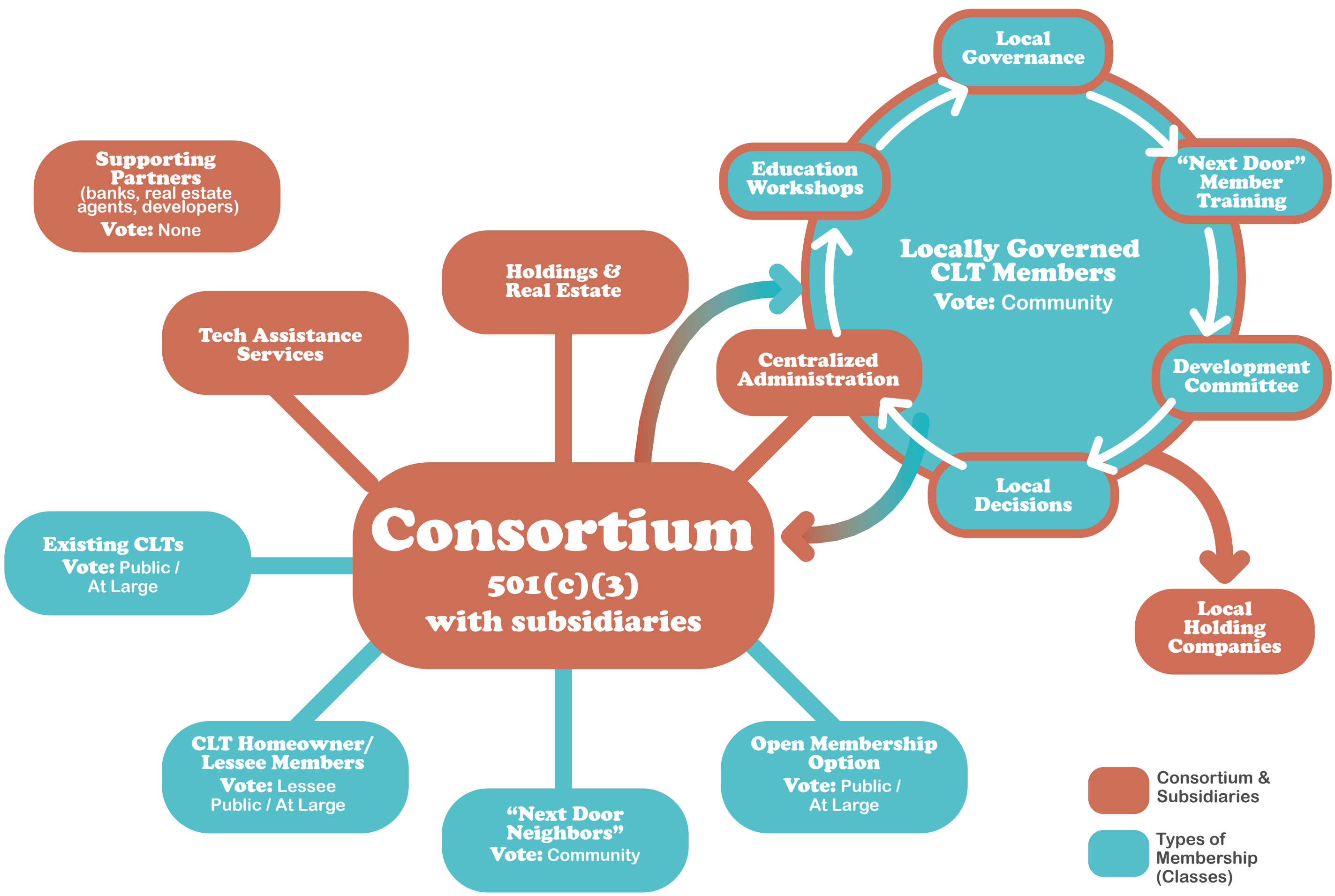
1. In-depth Community planning in local community, hosted by The Consortium, including up to 10 Workshops with buyers, community members, developers, funders on CLT operations in the Locally-Governed CLT member community covering
   a. CLT operations, generally
   b. How members will control local development
   c. Information for governing documents
2. With feedback from workshops and ongoing meetings, The Consortium will create long-term and short-term community plans in the community to aid development efforts over time.
3. With feedback from workshops and ongoing meetings, The Consortium will create community oversight standards for all Consortium-developed properties within the Locally-Governed CLT Member's boundaries during the membership period, including: buyer requirements, buyer process, ground lease, membership duties and responsibilities, and any specific MOUs necessary if applicable (i.e. if the parties have identified a grant for joint application).
4. The Consortium will organize or incorporate a local LLC or 501(c)(2) Consortium-owned real estate holding-company to own CLT property within the Locally-Governed CLT's boundaries.
5. The Consortium will open up and sell Next-Door Neighbor Memberships to individuals residing within the Locally-Governed CLT Member boundaries, as reasonably identified by the Locally-Governed CLT Member.
6. The Consortium will create a Local Committee of Next-Door Neighbor Members, Locally-Governed CLT Member representatives, and Consortium Board Members to direct the development of land within the local holding company.
7. The Consortium will host an initial membership meeting and ongoing training for the Next-Door Neighbor Members.

Succeeding years/After Start Up Phase:

1. The Consortium will host quarterly Local Committee meetings to discuss ongoing developments, train members to identify property for development, and learn how to improve communications.
2. The Consortium will work with the Local Committee to identify or approve property for development, the type of development, and the requirements for occupants of the property, the homebuyer, in accordance with Local Committee guidelines on each sale or resale within the local boundaries.
3. The Consortium will identify and apply / co-apply for development funding for development types identified by the Local Committee, preparing any MOUs as necessary.
4. The Consortium will apply / co-apply for operations funding to oversee development and continue quarterly membership committee meetings, preparing any MOUs as necessary.
5. The Consortium will perform regular, ongoing buyer outreach for sale of properties.
6. The Consortium will perform all administration in conjunction with marketing, sale, and resale of homes.
7. The Consortium will perform all administration in ongoing owner training, support, communication, and collection of monthly fees.
8. The Consortium will perform all ongoing administration of leasehold mortgage.
9. The Consortium to attend quarterly community and or organizational meetings to stay educated on the needs of the community.
10. The Consortium will look for opportunities. to direct a share of proceeds or developer fees within the community, as applicable
11. The Consortium will conduct annual membership meetings.
12. Every three years The Consortium will review short- and long-term plans and update accordingly.

This potential model evolved from input from the various community groups in which MCLT held workshops, which indicated Englewood Arts, Jerusalem Farms, and Habitat for Humanity of Kansas City are ready for various phases of this Locally-Governing CLT Membership. Each of the areas of study is still in the "pre-Membership" phase.

Should a Locally-Governed CLT Member wish to cease participation in the Membership, all properties could become part of The Consortium's self-developed CLT portfolio. Should a Locally-Governed CLT Member wish to become its own stand-alone CLT, then it could become an Existing CLT Member. The ground lease could be drafted to give that group the right of first refusal on resale, and could buy out its community portfolio at the times of resale, if applicable.



Property Acquisition

The Consortium should seek to acquire property via a variety of methods. Operating regionally increases the market options and diversifies the Consortium's ability to continue in one market while political will or market forces decrease options in another.

Multiple Listing Services ("MLS"): The Consortium can purchase properties straight forward from the MLS. These will be more expensive, but may require less rehabilitation than other options. This will likely the best source for Buyer Initiated acquisition (below)

Land Bank: Various governments in the region maintain a Land Bank of vacant lots that have potential for building infill houses. Land Bank lots are likely to be the first CLT developments in the HNE.

School Districts: School Districts tend to own large tracts of vacant, undeveloped land in addition to decommissioned schools that The Consortium can acquire.

Churches: Churches tend to own large tracts of vacant, undeveloped land. Vacant church-owned land is likely to be the first CLT development in Johnson County, Kansas.

Tax Foreclosure Sales: The Consortium can bid on properties auctioned off to pay local property tax liens.

Abandoned Housing Act: The Consortium can file lawsuits to acquire properties defined as abandoned, pursuant to statute. The City of Excelsior Springs, Missouri is investigating using this tool in Excelsior Springs.

Foreclosure: The Consortium should monitor the local public newspapers of record for the various jurisdictions to identify property foreclosure Notices. The Consortium can bid at the foreclosure sale or can seek a donation of the property after foreclosure.

National Community Stabilization Trust (NCST): The Consortium should join NCST to have a preference period to buy all Freddie Mac foreclosed properties in The Consortium geographic services area before they are available for the open market.

Estate Planning / Age in Place / Beneficiary Deed Donation: The Aging in Place program currently proposed for the HNE for those living in homes needing significant repair, but who want to remain in their homes, can be a way to serve the community and grow the CLT. The Consortium can share with residents who wish for their homes to create a legacy in the neighborhood at the time of their passing how to list The Consortium as a beneficiary on a non-probate transfer of real estate.

Buyer Initiated Sales: By creating a fund that matches existing down payment assistance from the local governments and banks, The Consortium can create a large-enough down payment to subsidize the purchase of a market rate property to a CLT purchase price. Buyers using the matching fund + public and private down payment assistance select their own homes from the open market, and at the time of purchase, the property is transferred to The Consortium.

Financial Feasibility

The funding piece will focus exclusively on Consortium funding. Individual start-up CLTs or other housing models could borrow from these ideas. Funding a consortium, rather than countless start-up local groups, would allow for funders to optimize both funding and community control in affordable housing, while streamlining grant administration with one organization.

Operating Funding

It is imperative that an affordable housing organization, particularly a CLT, be well-planned to remain solvent. CLT dissolution has long-standing impact on vulnerable CLT homeowners and the communities in which the CLT operates. The CLT Ground Lease is designed to survive even in the event of a dissolving an organization, so having a Ground Lease in place without the supporting CLT can be problematic. Proper planning and budgeting can ensure the CLT will outlive the 99-year ground lease.

Operational funding goals include each Consortium program's administrative fees covering The Consortium's administrative costs, relying on government funding and foundation funding only for programs that are less profitable, and building a healthy reserve to cover bare essential services for one year in the event of decreased income.

Affordable housing in the United States has been a public policy concern at least since the 1930's when President Roosevelt signed into law the U.S. Housing Act of 1937 and declared in his 1944 State of the Union address a "second Bill of Rights" that included "the right of every family to a decent home."

The near-century of public policy focus shows us the political pendulum that currently swings in favor of affordable housing policies will one day, again, swing away. Cities around the country, including Kansas City, in the early 2000s saw how a change of focus in public policy devastated CDCs relying entirely on foundation and public funding. In the wave of a post-COVID public funding boom supporting housing programs, there is a risk that housing programs relying entirely on this funding will disappear when the COVID recovery programs expire. The Consortium must be well-planned to survive the inevitable change in housing policy focus despite the issue itself remaining critical.

It should be noted that the opportunities for operating funds below seek to create new channels of revenue for nonprofits, and The Consortium does not seek to disrupt existing channels of operating funding for other nonprofits in the region (ie Minor Home Repair or NeighborWorks funding). Failure to list those streams of income is not an oversight; it is intentional to allow for optimal partnerships.

Earned Income

Locally-Governed CLT Membership Fees: CLT Membership Fees: The consortium proposes a $30,000.00 initial annual fee and a $10,000.00 annual fee after the first calendar year for Locally-Governed CLT Membership per community/organization. This is set to be an amount less than third party start-up consulting, and far less than hiring staff to start a CLT, while still providing staff funding for The Consortium to adequately train new communities, buyers, and homeowners.

Existing CLT Member Fees: These fees should be $250.00 per year per organization joining. This is reasonable in light of membership fees to Grounded Solutions Network, Non-profit Connect, and other non-profit membership entities.

Open Membership and Next-Door Neighbor Membership: Most CLTs interviewed set these membership costs at a nominal amount, under $10.00, or donation, or in exchange for volunteer hours. Many community members made a donation in addition to the membership dues, which raised up to $100,000.00 for annual operating funding for at least one CLT interviewed.[33]

Developer Fees: As The Consortium self-develops or co-develops, The Consortium, just as any real-estate developer, charges a developer's fee of at least 3-5% of the hard costs of each development, depending on funding source and regulating statutes, if applicable. In the case of a partner development, The Consortium will share those development costs as it is able. This will likely generate a minimum $5,000.00-$10,000.00 per sale.

Technical Assistance: As The Consortium increases its knowledge through pilot projects, it sets itself up as a consultant to train other groups, both inside and outside of the Kansas City region to do the same. Grounded Solutions, the national trade group representing CLTs, provides direct consulting. Due to the high-demand, this consulting is expensive[34] and slow. A call in February 2023 proved the next available opportunity for consulting was the end of the 3rd quarter of 2023. Furthermore, Grounded Solutions, due to limited staff capacity and high demand, often contracts with local CLTs to provide the consulting requested. As groups in the Midwest wish to create their own CLT, cooperative, or incremental development, The Consortium can provide the start-up and ongoing assistance needed to assist at a lower cost than Grounded Solutions and with more local understanding. This can likely generate at least $20,000.00 per year. CLT consulting funding sources include: CDBG, NeighborWorks, and HOME.

Transfer Fees: Similar to transfer fees some organizations charge for down payment assistance, homebuyer counseling fees, non-profit sponsor fees, etc. The Consortium should charge a $500.00 transfer fee for each transaction in which it assists a CLT Member with a transaction.

Real Estate Brokerage and Real Estate Commissions: For each CLT house sold, a portion of the sales price (typically 6% of the sales price) is supporting the commissions of both the buyer's and seller's realtor, as well as both realtors' brokers. By becoming a real estate brokerage, The Consortium, whose staff are already walking buyers through the process and are already intimately involved in the transaction, can receive the 3% of sales price for each house it is currently paying to a third party and for the sale of any non-CLT houses the brokerage may also sell (from time to time MCLT receives inquiries to assist with homes that are not CLT, at this time MCLT just turns them away). This fee is likely $1,500.00-$3,000.00 per CLT house sold. For The Consortium, it would need to pay a staff member to prepare for and take the test for the real estate license, this can take up to 6 months and about $1,000.00. If a staff member has an active law license, that process is significantly faster and less expensive.[35] [36] To become a brokerage, the process can take up to another two years after licensure depending on the balance of professional experiences, which can include real estate development.[37] As a CLT broker, The Consortium can not only list its own and its Community member's properties, but can also readily assist CLT Members with their listings as either seller or buyer agents.

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33 Member-based CLTs interviewed for this Plan: Tenants to Homeowners; One Roof Housing, City of Lakes Community Land Trust, Bay Area Community Land Trust, Elevation CLT, Southeast Connecticut CLT, Bright Community Trust

34 $12,000.00 is the "current going rate" for a two-day site visit to determine whether long-term support is viable. Phone call with Grounded Solutions representative on 22 Feb 2023.

35 KSA 58-3039

36 Rev. Mo. Stat. 339.010-339.200

37 *Id.*

Sales Proceeds: The Consortium should seek to renovate properties only that will support a minimum average of 5-10% profit on the after-repair value per property based on market comparables at the time of acquisition. This will likely generate an average of between $10,000.00-$20,000.00 profit per rehabilitation. It is important to note that with certain HUD-related development funds, the PJ may limit the CLTs ability to retain proceeds. Incorporating with CHDO status increases the CLT's likelihood to be able to retain some HUD-developed-home sale proceeds. If a desirable profit cannot be achieved, then every effort should be made to receive in kind supply donations and volunteer work to create the desired profit.

Rental Fees: For those properties that cannot be sold for a profit, or to create diverse housing opportunities, The Consortium could also look to rental. In talking with peer CLTs throughout the country, every CLT had some form of rental income, varying from a few properties down the street from the office for easy property maintenance (City of Lakes CLT) from the CLT office to hundreds of units comprising the majority of the operating dollars for the CLT (Tenants to Homeowners CLT). Adding in a rental component will increase the demands and need for capacity on The Consortium, which should begin with a few units in close proximity to Consortium offices, as well as a trusted local contractor to provide maintenance. Adding a few small rental units, without the need for full-time staff, could add about $3,000.00-$5,000.00 to operating dollars per month. In MCLT's experience, several homebuyer applicants have needed to remain renting for a few years to prepare themselves for homeownership. Creating an option to rent a CLT property keeps that applicant in a high quality and affordable rental while being able to participate in the organization. The Consortium and its partners could structure rentals to operate as leasehold cooperatives to maximize resident control over the development (similar to Bay Area CLT). If the CLT would elect to use public funding (such as LIHTC) to pursue more large-scale rental. It is important to note that rental fees are set by regulation, statute or ordinance.

Homeowners Association ("HOA") Fees: The CLT Group during the course of this consulting has sought creative ways for non-CLT real estate ownership to support CLT work in an automated transfer fee. While a legislative change can add a nominal recording fee of $1.00 to the sale of every property to fund regional Consortium operations, similar to how a $3.00 recording fee on every transaction funds the Missouri Housing Trust Fund, such a proposal would likely receive a large amount of pushback. One creative idea to leverage the purchase of market rate housing to support the creation of affordable housing could come from HOAs throughout the region. In these HOAs, a transfer fee can be created for each purchase of property within the HOA, and that fee can be donated to The Consortium for the purpose of creating affordable housing. That HOA can support the creation of equitable, high-quality housing with a one-time cost paid by the incoming homeowner. This is not an increase in dues, it is a transfer fee paid by someone entering the HOA. These groups could become Supporting Partner members of The Consortium and put the logo on their website and show that they are actively working to support policies they may often be accused of opposing. HOAs in certain communities, particularly those who previously had racially discriminatory restrictions, might see this as an opportunity for the HOA to repair some of the long-standing impact those HOAs' restrictions have caused. Also, HOAs in very high-income areas that feel far away from affordable housing issues might see this as a simple and easy way to support affordable housing. In the MARC nine-county area in the last 365 days, almost 13,000 sales were made within an HOA. That number could be substantially higher, as the Heartland Multiple Listing Services prohibits searches with results in excess of 5,000, the amount provided for Johnson County.

Jackson County	3784
Clay County	1798
Ray County	0
Platte County	1092
Cass County	567
Wyandotte County	248
Johnson County	5000+ (searches with over 5,000 results cuts off at 5,000)
Miami County	86
Leavenworth County	290

Based on these numbers, with a one-time transfer fee of $50.00, assuming a 50% adoption rate, that would raise $321,625.00 per year. Even with a 10% adoption rate, one full-time staff salary could be raised at $64,325.00.

Foundation Support

As the Health Forward Foundation, H & R Block Foundation, Hall Foundation, and Sunderland Foundation already support the RHP, MCLT has focused on trying to identify other possible sources of funding.

Catholic Campaign for Human Dignity: This foundation has a history of providing large operating funding, up to $75,000.00, to CLTs throughout the United States and has a reputation for specifically supporting CLTs. Catholic affiliation is not required to apply, however there are some limitations that the organization receiving those funds "must not participate in or promote activities that contradict the moral and social teachings of the Catholic Church." Interested applicants must submit a pre-application by November 1 of the grant period.

Bluescope Foundation: The Bluescope Foundation operates locally in Kansas City supporting community development initiatives, including housing. Initial contact should be made in a letter, email or phone inquiry addressed to the Foundation Director describing the need, purpose and general activities of the requesting charitable organization. If the inquiry meets the eligibility criteria the Foundation Director will contact the organization to gather additional information for grant consideration

Kauffman Foundation / United Way Nonprofit Catalyst Grant: "Eligible organizations are 501(c)(3) public charities supporting education, human services, entrepreneurship, workforce skill building, economic mobility and community development. The intended beneficiaries of this fund are smaller nonprofit organizations that primarily serve communities of color or are led by Black, Latino or other people of color. Organizations will be able to use Nonprofit Catalyst Fund grants to cover staffing expenses, consultant contracts, professional services, small capital expenditures, and general operating expenses aligned with the capacity-building goals of the funding proposal."[38]

Private Fundraisers: The CLT of course has the option of seeking individual donations through private fundraising events, Banks, and individuals.

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[38] https://www.startlandnews.com/2023/02/united-way-nonprofit-catalyst-fund/

Local, State, and Federal Government

The most obvious sources of funding for affordable housing from the local, state, and federal government primarily come through HUD, and are filtered in various ways. Some of this funding can be used only for development, while the programs below illustrate opportunities for operations funding. There is also a growing demand on the Department of Transportation to ensure affordable housing in and around new and existing transportation.

Technical Assistance through Participating Jurisdictions:
HUD offers technical assistance funding on how to engage specific appropriated programs, thus effectively leveraging HOME or CDBG funding with a CLT. This funded assistance is only for those organizations already receiving a direct grant, or a PJ. The CLT could approach a PJ and seek Technical Assistance to further the mutual goals of the CLT and the PJ. The Technical Assistance request can be made via the HUD Exchange Link.

Eligible Homebuyer Costs for Direct Homebuyer Assistance Programs

- Purchase price assistance
- Downpayment assistance
- Closing costs, including financing fees, credit reports, title binders and insurance, surety fees, re cording fees, transaction taxes, legal and accounting fees, cost certifications, appraisals

Eligible Homebuyer Costs for Homeownership Development Programs
(Note, for CDBG these costs cannot be incurred for new construction, unless it is carried out by a CBDO.)

- Acquisition of land and existing structures
- Site preparation or improvements, including demolition
- Securing buildings
- Construction materials and labor
- Architectural and engineering fees
- Builders' and developers' fees

Relocation Costs

- Replacement housing, moving costs and out-of-pocket expenses
- Advisory services
- Staff and overhead related to relocation assistance

CDBG Technical Assistance: Similar to the PJ Technical Assistance mentioned above, a PJ can apply to HUD directly for CDBG funding for technical assistance to further mutual goals of the PJ and CLT.

CDBG and HOME Administration: The CLT can apply to the PJ directly for CDBG or HOME funding for operating dollars to support the CLT functions if they fall within the CDBG and HOME program delivery costs. This can include funding for operating costs such as marketing, buyer outreach and training potential homebuyers on the CLT model. The homebuyer training does not need to be a credit course, but can be more broad. Depending on how the PJ distributes the funding award, it may be subject to a HUD administrative cap. Incorporating as a CBDO and a CHDO can increase the CLT's ability to receive this funding.

Missouri's Affordable Housing Assistance Program (AHAP) housing production tax credit is used as an incentive for Missouri businesses and/or individuals to participate in affordable housing production. This state tax credit is earned by an eligible donor for the donation of cash, equity, services, or real or personal property to a non-profit community-based organization for the purpose of providing affordable housing assistance activities or market rate housing in distressed communities. The AHAP tax credit is a one-time credit that may be allocated to an eligible donor for up to 55 percent of the total value of an eligible donation. There are $1 million in operating assistance credits annually.

State/Local

Missouri Housing Trust Fund (MHTF) provides $150,000.00 for operating funds per applicant per Missouri region. Awarded to organizations that provide housing and housing services to individuals and families with incomes at or below 50% of the area median income of the geographic area. Fifty percent of the awarded funds must be used for individuals and families at or below 25% of the area median income of the geographic area.

Kansas City Affordable Housing Trust Fund: A fund to "promote, preserve and create long term affordable housing for extremely low, very low and moderate-income households"[39] in the Kansas City area. The fund is supported by American Rescue Plan Act funding. The City has opened two rounds of Affordable Housing Trust Fund applications to date.

Kansas Department of Commerce: The majority of the state programs in Kansas are primarily focused on development financing. These programs typically all allow for incidental operating funds in the form of development and contractor's fees. For a thorough review of Kansas funding opportunities, look under Development financing.

Federal

Federal Transit Administration (FTA) One of the survey questions used to determine the Focus Communities was the proximity of the development to reliable public transportation. The FTA awards Transit Oriented Development (TOD) planning grants to support community efforts to improve access to public transportation. The grants help organizations plan for transportation projects that connect communities and improve access to transit and affordable housing. The Consortium, the local transportation organizations and departments, and development corporations, could submit a joint application for the 2023 round of funding to ensure affordable housing is located with reliable transportation to workforce jobs.

Development Financing

Foundations

Program Related Investments (PRIs) are heavily underutilized in the Kansas City region. These are investments that foundations can make that count toward the foundations' 5% annual disbursement requirement, but do not have to be grants. These PRIs can be repaid to the Foundation while still counting toward the disbursement requirement. PRIs are a great source of development financing, gap financing, or as initial payment on reimbursable grants and subsidies. PRI can be repaid at cost or very low interest rates, additionally, a foundation could decide to consider the PRI a grant and not require repayment. That decision to consider the PRI a grant can be made at any time, even after the repayment terms had previously been set. Under this consulting, it appears to MCLT that Health Forward Foundation, Hall Family Foundation, Sunderland Foundation, and Kauffman Foundation are all considering the possible uses of PRIs in relation to affordable housing. AnRHP-backed request could likely encourage the piloted use of this funding in the Kansas City region and allow scarce public funding to stretch further.

LISC

LISC offers pre-development financing on certain projects through its Catalytic Urban Predevelopment Fund.

[39] https://www.kcmo.gov/city-hall/housing/housing-trust-fund

Private Financial Institutions
Financing the development of affordable housing through a CLT qualifies for Community Reinvestment Act credits for participating financial institutions. The number of possible participating institutions is seemingly endless, and the individual communities should meet with local financial institutions. Within the areas of study, the following financial institutions expressed interest in supporting CLT development financing: Independence: Community America Credit Union, Blue Ridge Bank and Trust; Historic Northeast: Central Bank of Kansas City, Capitol Federal, UMB; Olathe: Capitol Federal Bank and Trust. As noted in the community plans, MCLT is meeting with possible private financial institutions in both Independence and Excelsior Springs in April.

Community Development Financial Institution (CDFI)
There currently exists a lack of CDFIs in the Kansas City region devoted to affordable housing. This is problematic for several reasons. CDFIs play a crucial role in financing projects that a Private Financial Institution might not otherwise finance due to unreliable comparable sales, high debt to asset ratios, or modest income generation, all issues distinctive to the development of affordable housing. Also, there exists a large possible tool for the development of affordable housing in a regional capacity–the Capital Magnet Fund-which can be best accessed by a CDFI partner with experience in affordable housing. In order to unlock this funding opportunity for the maximum use in owner-occupied affordable housing development, it would be ideal to support a CDFI aligned with those goals.

Public Financing/Funding:
While this list is not exhaustive, it is intended to cover the most likely avenues of funding for single-family owner-occupied homes.

- ◊ *Capital Magnet Fund (CMF):* A CMF provides competitively-awarded grants to CDFIs and eligible nonprofit organizations to attract private capital for, and increase, investment in development, rehabilitation, preservation, and purchase of affordable housing – both homeownership and rental –targeted to low-, very Low-, and extremely Low-Income families. By statute, for every $1 in CMF funding, Recipients are required to generate at least $10 in leveraged capital. To be eligible to apply for a CMF Award, an applicant must be certified as a CDFI by the CDFI Fund; OR be a nonprofit organization having as one of its principal purposes the development or management of affordable housing. Although CDFI status is not required, the 10:1 capital leverage requirement and certain experiences in lending making applying as a nonprofit with a CDFI partner attractive.
- ◊ *Federal Home Loan Bank Grants:* The Federal Home Loan Banks of Topeka and Des Moines (the two Federal Home Loan Banks that are over the MARC nine-county region) grant opportunities include the Affordable Housing Program (AHP). The AHP annually awards up to $1,000,00.00 total and $75,000.00 per project for affordable housing development in their regions. The CLT, in conjunction with a FHLB institutional member can put forth an application for owner-occupied renovation funding. The 2023 application opens July 3, 2023.
- ◊ *Low Income Housing Tax Credits (LIHTC):* As discussed in the Phase 1 Report, the LIHTC program is the federal government's primary policy tool for encouraging the development and rehabilitation of affordable rental housing. This funding source creates rental only, but it is included in the public sources because it is such an important source of funding for affordable housing. "The program awards developers federal tax credits to offset construction costs in exchange for agreeing to reserve a certain fraction of units that are rent-restricted for lower-income households. The credits are claimed over a 10-year period. Developers need upfront financing to complete construction so they will usually sell their tax credits to outside investors (mostly financial institutions) in exchange for equity financing." In both Kansas and Missouri, LIHTC awards are determined at the State level with priority areas noted in the Qualified Action Plan released annually.

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[40] https://www.cdfifund.gov/
[41] Congressional Research Service (6 Jan. 2023) "An Introduction to the Low-Income Housing Tax Credit"RS22389.

- *HOME Investment Partnerships Program (HOME):* HOME is a federal block grant program that provides funding to states and localities via a set formula to be used exclusively for affordable housing activities to benefit low-income households. This funding is then administered directly by the state or via PJs within the state, typically cities or counties via development contractors who are awarded funding via a competitive application process. HOME funds can support acquisition of the land, construction costs, demolition of existing structures, and utility connections. PJs may choose to make the HOME distributions as a grant or as a loan product to support the allowed uses.
- *Community Development Block Grants (CDBG):* CDBG funds can be used for largely the same purposes as HOME funds. Unlike HOME, CDBG does not prescribe a set of property standards that rehabilitated structures must meet when assisted with program funds. CDBOs may have preference in accessing CDBG funding.

Missouri State Level

Both Kansas and Missouri State level affordable housing corporations administer LIHTC, CDBG, HOME, and historic tax credit funding. The information below is specific to Missouri communities within the MARC region.

Missouri Housing Development Corporation: The Affordable Housing Assistance Program (AHAP) housing production tax credit is used as an incentive for Missouri businesses and/or individuals to participate in affordable housing production. "This state tax credit is earned by an eligible donor for the donation of cash, equity, services, or real or personal property to a non-profit community-based organization for the purpose of providing affordable housing assistance activities or market rate housing in distressed communities. The AHAP tax credit is a one-time credit that may be allocated to an eligible donor for up to 55 percent of the total value of an eligible donation. There are two types of AHAP tax credits: production credits for donations related to construction, rehabilitation, and rental assistance activities and operating assistance credits for donations that help fund the operating costs of the non-profit organization."[44]

Kansas State Level

Both Kansas and Missouri State level affordable housing corporations administer LIHTC, CDBG, HOME, and Historic tax credit funding. The information below is specific to Kansas communities within the MARC region; many funding sources in Kansas are specific to rural communities (<10,000 inhabitants) which are not included in this report. The chart below compares the funding sources available in Kansas.

Kansas Moderate Income Housing (MIH): This is a broad grant for development of housing for moderate-income households that don't qualify for federal housing assistance in Kansas cities and counties with a population of 60,000 or less. This funding source is important, as HUD guidelines strictly limit funds to a maximum of 80% AMI. A household making 81% of the AMI experiences the same day to day struggle with housing as a household making 80% of the AMI, but cannot benefit from HUD funds. The applicant for MIH funding must be the City or County, which can subcontract with The Consortium for the development of CLT units. MIH awards are a maximum of $650,000.00 per applicant, and the state stresses its desire to distribute MIH funding evenly throughout the state. Uses can include demolition, vertical construction, site utilities, landscaping, and other development costs. While the areas of study in this consulting do not qualify for the MIH funding, other cities and counties in the region do. The Kansas Housing Corporation is currently accepting applications for the 2023 MIH award.

Kansas Neighborhood Revitalization Act: Any municipality in Kansas may adopt and implement this legislation, which allows property owners the opportunity to receive a property tax rebate on additional taxes levied as a result of qualifying property improvements within designated NRA areas.

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[42] Congressional Research Service (4 Jan. 2021) "An Overview of the HOME Investment Partnerships Program" R40118.
[43] Congressional Research Service (24 March 2021) "Community Development Block Grants: Funding and Allocation Process" R46733
[44] Missouri Affordable Housing Assistance Program. https://mhdc.com/programs/community-programs/missouri-affordable-housing-assistance-program-ahap/

Rural Housing Incentive District (RHID) Is a broad tool for developers in Cities of less than 60,000 that allows the creation of RHID, which captures the incremental increase in real property taxes created by a housing development project for up to 25 years. The incremental increase can be used to pay debt service to fund the project or transferred to the developer as reimbursement for costs incurred in the development of the project. Examples of costs or debt services that the RHID can use incremental increases in taxes to reimburse/pay include: land acquisition, site preparation, and much more. While the areas of study in this consulting do not qualify for the MIH funding, other cities and counties in the region do.

Private Activity Bonds: Private Activity Bonds provide low interest, long-term financing options for developers and businesses. This tax-exempt bond program provides 4% floating tax credits, which provide a source of equity to the developer.

Kansas Housing Investor Tax Credit (KHITC): The KHITC program is a tax credit program that allocates state tax credits to builders, developers, and/or investors developing housing in counties with fewer than 75,000 people and amounts to $13 million/year in credits. A Qualified Housing Project is a project within a city or county for the construction or rehabilitation of existing vacant housing or single-family residential dwellings, manufactured housing, modular housing, or multifamily residential dwellings or buildings. Presently, only Miami county qualifies for the KHITC.

Policy / Ordinance Fixes

In order to maximize access to affordable housing funding, The Consortium should continue to encourage local governments to enact policy changes that support CLTs. While there are seemingly endless policy solutions that can further the goals of affordable housing, here are a few immediate examples that could further goals identified by the five areas of study.

Investor-owned vacancy tax: The problem of investor ownership was noted in each of the five working groups. In Berkley, California, in November 2022, voters passed Measure M which allowed the City government to tax certain real estate investors who keep housing vacant and off the market. This tax is estimated to raise up to $5,900,000 per year for the City to support organizations like CLTs to create permanently affordable housing.[45]

Preferential funding for CLTs: Foundations, local jurisdictional staff, and active practitioners cited lackluster local government involvement as an impediment to regional CLTs in the Kansas City region. This presents a great opportunity for the CLTs to come together under The Consortium to work for policy change. Cities across the country have enacted ordinances that support affordable housing developments leveraging public funding in perpetuity. One such example is the City of Minneapolis, Minnesota. In 2020 the City of Lakes City Council allocated $14 million to subsidize the affordability gap (the difference between the affordable price and the lesser of the total development costs or market price) for properties that are held in perpetual affordability by a CLT or similar perpetual deed restriction. In this way, private funding is maximized, public funding is maximized, and developers are made whole, thus incentivizing them to develop properties that can be held affordable in perpetuity to gain access to the additional funding.[46]

Missouri Tax Changes: Nearly all of the areas of study inquired about how to tax CLT properties when the real property and the improvements are separately owned. The Kansas state legislature has already addressed this issue. The State of Missouri should adopt measures that allow for the property under a CLT home to be taxed in proportion to the CLT market value, as taxing those homeowners at the market rate creates a disproportionate burden on the homeowner. Legislation regarding CLT property taxation varies from state to state. It may be specific to CLT, as in Florida and North Carolina, or it more broadly to apply to other forms of shared equity homeownership, as in Vermont, or anywhere in between.[47]

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[45] Measure M Vacancy Tax; https://berkeleyca.gov/sites/default/files/documents/Measure%20M%20-%20November%208%2C%202022%20Election.pdf

[46] City of Minneapolis, Minnesota (21 July 2021) "Minneapolis approves investments of $14 million to create affordable homeownership opportunities and mitigate racial disparities in homeownership" [Press Release]

[47] White, Kirby, ed. "The CLT Technical Manual" Community Land Trust Network (2011)

CLT End Loan Financing

Due to advocacy efforts on both sides of the state line, there are now several banks offering, or in the steps of finalizing, CLT mortgages, including: First Federal, Holy Rosary Credit Union, Commerce Bank, Central Bank, US Bank, Country Club Bank, Wells Fargo, Community America Credit Union, Capitol Federal Bank and Trust, UMB, and that number is only growing. In fact, during the course of this consultation MCLT and CHWC began to work together to propose CLT products to banks, an example of sharing administrative burden under the CLT Consortium. For end loan financing, banks must have a Low-Moderate Income loan product in place that can match with the CLT Ground Lease. Most banks require homebuyer training, a minimum credit score or credit score alternative, a rider for foreclosures, a review of underwriting guidelines.

In addition to private financing, MCLT has been working under the terms of this consulting to identify Section 8 Housing Choice Voucher (HCV) benefits that can be used as payments. The HCV homeownership program allows families to use their voucher to buy a home and receive monthly assistance in meeting homeownership expenses. Not every Public Housing Authority (PHA) offers HCV homeownership programs. According to data from HUD, From 2015-2021, the following PHAs in the MARC region assisted in providing HCV homeownership

HCV Homeownership Enrollment

STATE	PHA NAME	PHA CODE	2015	2016	2017	2018	2019	2020	2021
KS	KANSAS CITY, KS	KS001	4	4	5	5	4	3	3
KS	OLATHE	KS043	1	1	1	1	1	1	1
MO	KANSAS CITY, MO	MO002	28	28	25	26	26	28	27
MO	INDEPENDENCE	MO017	10	7	7	6	5	5	5
MO	LIBERTY	MO210	1	1	1	1	1	1	1

In addition to the HCV program, the Housing Authority of Kansas City MO also has a Family Self Sufficiency program that has assisted 150 HCV families to move into home-ownership. MCLT will start presenting this concept to local housing authorities regarding shared equity homeownership options for HCV beneficiaries.

Consortium Budget

The proposed budget, attached as appendix 9, shows an example of how a consortium could use the above-listed funding types, including construction loans and grants; work with members; and develop to a regional scale with optimal funding efficiency. The budget is intended to rely on a minimum amount of public and foundation funding for operating dollars and for the programs themselves to be self-sustaining. This budget is exemplary only, and a final budget for The Consortium will vary based on whether a new or existing entity serves The Consortium role. For a narrative explanation of the budget, please see below:

Expenses: *Staffing and Payroll*

This budget starts with a relatively low Executive Director salary. Based on a review of Executive Director salaries as identified in 990s filings from around the country, The Consortium should have a goal to increase the salary to about $120,000.00 per year over time. Should The Consortium desire to hire from within the Kansas City CLT community, a salary of $75,000.00 with a goal to raise to $120,000.00 over time is likely fine. Should The Consortium desire to hire via a national search, The Consortium will likely need to raise the starting salary to at least $90,000.00 to begin such a search. Payroll and benefits are estimated to be 15% of the salary for each.

Expenses: *Administration and Overhead*

The budget numbers are averaged from MCLT's own budgets as an operating CLT, along with the budgets of three developing CLTs.

Expenses, Consortium Program Expenses, Predevelopment

These expenses consider the acquisition costs of land bank properties, donated properties, or properties acquired via the Abandoned Housing Act. Due to the still-increased prices of the current housing market, it may not be possible for The Consortium to acquire properties off of the MLS for some time. The pre-development budget is separate from the construction budget as oftentimes pre-development expenses are pulled from operating dollars, rather than from construction financing.

Expenses, Consortium Program Expenses, Construction

While construction-related expenses are typically not in an Operating Budget, these expenses constitute the majority of costs associated with CLTs, so it is important to be able to highlight these expenses. These examples are intended to show how the above-mentioned development financing options can be used in a Regional CLT. Expenses, Consortium Program Expenses, Technical Assistance, Peer to Peer, Contingency and Carrying Costs: These are the remaining costs anticipated outside of Salaries, Payroll, and development.

Total Consortium Program Expenses Excluding Construction Costs

This number includes total payroll, salary, administrative and overhead costs, predevelopment costs, Technical Assistance, Peer to Peer, Contingency and Carrying Costs. This amount does not include construction costs. This is intended to show the total operating costs for The Consortium CLT.

Total Expenses Including Construction Costs

This number is the total amount of funding the CLT needs to both operate and develop housing. It is important to note that in this sample budget, all development costs are covered by the sale of the properties, so all are short-term debt and are not factored into the remaining operating budget.

Revenue, Earned Income

Includes all earned income for the CLT from various sources.

Revenue, Foundation Operating Support

Includes all operating grants for The Consortium from foundations.

Revenue Fundraiser
Includes Consortium operating funds and fundraised dollars.

Total Revenue
Includes all earned income and non-construction related grants.

Grants/Loans for Construction Financing
Details out all the funding sources for construction, using examples of funding/financing identified under Development Financing.

Total Funding/Financing to CLT Including Construction Financing
This includes funding and financing to The Consortium to cover operating, programming, and project expenses needed to develop housing across the region. This amount is intended to show how The Consortium can finance and pay all possible expenses in the Total Expenses including construction costs category.

Net Gains and Losses
Under this budget, The Consortium will have net gains of $167,280.00 for year One of Operations the budget

Costs without CLT Consortium

Using the example budget, it assumes there are three communities that are choosing to put their properties into trust with The Consortium. Under the benefits of their membership, they have the full ability to make all decisions pertaining to property in their membership area. If, instead, each of these communities desired to start up its own CLT, it is estimated that with just one staff person*, and with $50,000.00** in startup administration, legal, consulting, and other fees, the total administrative and overhead costs of four separate CLTs is likely to be $902,220. Under The Consortium model, the consortium can administer the same number of properties with just $312,820 in administrative costs. In just one year, the foundation, public, and private funding can be reduced by nearly $600,000.00 through regional partnerships while expanding the number of affordable housing available.

> * MCLT has operated in this space with just one staff person. For such an organization to be sustainable for more than just a few months with one staff person, that person should have experience in real estate development, property law, nonprofit management, and a purpose that drives them to far exceed the roles of one position. It is highly unlikely that there would be just one staff person, and that the actual salary budget would be much higher than noted on the budget. To be successful, a new CLT would need at least an Executive Director, a Director of Development, and administrative support.
>
> ** This $50,000.00 number is based on a Grounded Solutions Network (GSN) $12,000.00 site visit to begin consulting, plus approximately $3,000.00 in legal fees to incorporate, and an additional $35,000.00 in consulting fees on the CLT model. This number is admittedly very low, considering GSN proposed consulting services to the City of San Antonio for $225,000.00,[48] Spartanburg, South Carolina for $225,000.00,[49] and the City of Baltimore for $125,000.00 for technical assistance and training on the CLT model.[50] Locally, Legal Bridge Community Collaborative received $36,000.00 as a consultant to research and incorporate the Marlborough Community Land Trust. For purposes of this budget, the lowest known consulting amount is used to create a conservative budget, but actual consulting costs are likely to be much higher.

[48] City of San Antonio Department of Neighborhood and Housing Services (13 June 2019) File No. 19-3942 https://sanantonio.legistar.com/.
[49] City of Spartanburg City Council Agenda Packet (25 Feb 2019) https://www.cityofspartanburg.org/
[50] Baltimore City Board of Estimates Agenda (22 June 2022) https://www.baltimorecitycouncil.com

Steps to Scale and Three Year Program Goals

The length of time to execute each of the steps and goals below will vary whether an existing CLT or a new entity assumes The Consortium role, as indicated by the proposed timeline.

Next Steps to Initiate Scale

Organizing Next Steps

1. RHP should facilitate defining roles of currently-participating or new actors in moving the Plan forward.
2. RHP should facilitate securing funding to advance the Plan in partnership with currently-participating or new actors.

Practical Next Steps to Develop The Consortium Structure

1. Prepare (or amend) and file Articles of Incorporation (or Articles of Amendment) as a non-profit in the state of operation, including provisions for member-governance, qualifications for 501(c)(3) status, and qualifications to file Abandoned Housing Act cases. Sample Articles of Incorporation for States of Kansas and Missouri are attached as appendices 10 and 11, respectively.
2. Prepare 1023 Form if necessary
3. Prepare Ground Lease and other internal governing documents[51]
4. Prepare or amend Bylaws[52] provisions creating and detailing membership types and Board member restriction, Sample attached as Appendix 8
5. Appoint Board Members
6. Prepare Standard Pre-Membership MOU detailing the relationship between The Consortium and prospective Locally-Governed CLT Members, Sample attached as Appendix 12
7. Prepare marketing materials explaining The Consortium to various pertinent interests
8. Prepare Standard Local Committee Resolution, including pre-approved powers allowing the committee to act quickly, Sample attached as Appendix 13
9. Prepare Standard Co-Development MOU, Sample attached as Appendix 14
10. Identify financing

MCLT is not providing any legal advice or legal assistance to the RHP, and any sample documents are for review only to add context. The RHP should meet with independent legal counsel

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[51] The 2011 Community Land Trust Technical Manual Sample Ground Lease and Ground Lease commentary provide great boilerplate language for CLT Ground Leases. The Consortium can tailor the sample Ground Lease to the needs of the Community Partners as identified in community workshops[49] City of Spartanburg City Council Agenda Packet (25 Feb 2019) https://www.cityofspartanburg.org/

[52] The 2011 Community Land Trust Technical Manual Sample Bylaws and Bylaws commentary provide great boilerplate language for CLTs. The Consortium can tailor these sample Bylaws to the needs of The Consortium as in appendix 8.

Three Year Program Goals

PHASE 01 1-18 MONTHS	**During this start-up The Consortium will:** 1. Complete Organizing Next Steps, above 2. Complete Practical Next Steps, above 3. Establish membership and membership categories and begin open membership campaign 4. Identify at least three locations and members for immediate scaled CLT efforts 5. Host or continue informational workshops with identified groups 6. Execute MOUs with groups wishing to proceed with Locally-Governed CLT Memberships 7. Assist prospective Locally-Governed CLT Memberships to identify membership financing 8. Work with groups to identify development and operational financing 9. Provide Locally-Governed CLT Membership benefits as identified under Consortium Activities 10. Identify at least three prospective new Locally-Governed CLT Memberships 11. Continue self-developing CLT properties 12. Seek realtor licensure for Consortium staff member(s) 13. Begin outreach to HOAs in region The estimated funding for this is Phase approximately $108,000.00, as defined in the Start Up page of the Budget in the appendix.
PHASE 02 6-24 MONTHS	**During this early growth phase, The Consortium will:** 1. Continue to provide services under Phase One 2. Host first elections for organizational Board Members 3. Start delegating decisions to Local Committees 4. Providing technical support and assistance to local affordable housing developers 5. Begin buyer outreach 6. Start providing Locally-Governed CLT Membership benefits to three new groups 7. Organize members around policy issues impacting the development of affordable housing identify properties for development 8. Start developing Aging in Place programming 9. Start developer Buyer Initiated Sales programming 10. Grow real estate sales portfolios 11. Increase Executive Director salary by 10%
PHASE 03 18-36 MONTHS	1. Continue operations and programming in Phases 1 and 2 2. Sell first Locally-Governed CLT Member houses, 3. Seek brokerage status, 4. Begin a small rental portfolio 5. Increase Executive Director Salary by 10%

Summary and Recommendations

In order for the RHP to support affordable housing that operates with an economy of scale, maintains local decision-making, serves as a wealth-building tool, and preserves long-term, quality, affordable, owner-occupied housing options, it should support the creation of The Consortium as detailed in this report. Such a Consortium meets the goals of the individuals, organizations, and communities of all sizes, wealth, and organizational status included in this study and at-large.

A CLT works to correct the impacts of a problematic housing market that Focus Community participants identified in the workshops, including: high levels of investor-ownership, high levels of absentee ownership, and difficulty in accessing quality housing options at attainable rates. The CLT model provides opportunities to low-income households or those looking for workforce options in high-cost communities that Focus Community participants noted as important, including: access to homeownership and opportunity to build civic, economic, and generational wealth. The Consortium amplifies the long-term impact that CLTs can have by giving democratic control of real estate to the communities most impacted by the CLT, while optimizing public and private funding sources.

The groups participating in this consulting process are now ready for the next step, eager to move into partnership with a regional entity and prepared to begin development on specific properties. To meet these needs, MCLT recommends the RHP take the following next steps:

1. Define existing and future roles for implementation.
2. Identify short-term funding in partnership with MCLT to continue Focus Community workshops. MCLT is already continuing these beyond the expiration of this consulting for a period of time due to high interest and need;
3. Grant access to the Intellectual Property of this Plan to partners outside of the RHP to assist in Community-planning and financing processes;
4. Develop cooperative agreement(s) and assist in funding requests for creating The Consortium as identified in this document namely for its roles of providing:
    a. Continued education
    b. Membership training
    c. Technical Assistance
    d. Local project development

For each of these next steps, MCLT stands ready to work with RHP in implementing the plan, including stepping into The Consortium role in order to seamlessly transition and build off of the momentum built under this consulting.

Grassroots efforts have taken root during the course of this consulting and are ready to integrate with a Consortium that can meet their needs. MCLT is choosing to continue workshops for a period of time after this consultation because of the high levels of interest in communities both inside and outside of this consulting, and because MCLT believes that a regionally-coordinated CLT framework is the best option, but cannot do so indefinitely without long-term support. By allowing and supporting MCLT's continued efforts in these workshops, the RHP can bring life to the Plan and ensure these grassroots efforts grow and scale into the types of developments that can serve the communities both today and in the future in a regionally, coordinated manner.

Mid America Regional Council Regional Business Plan for Community Land Trust or Other Similar Model

Phase 1: Research and Suggestions

Prepared by:

Marlborough Community Land Trust

September 27, 2022

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I. Phase I Research Introduction

As MCLT presented in it's proposal to MARC for a Business Plan for a Regional Community Land Trust or Similar Model, the purpose of this report is to "discuss (1) an overview of affordable housing tools and models in the community, including CLTs, limited-equity cooperatives, neighborhood trusts, and naturally occurring affordable housing; (2) a thorough review of the pros and cons of each model and tool, including wealth-building among individuals and families and creating owner-occupied housing options; (3) how each development type could achieve an economy of scale, (4) the feasibility and sustainability that such a scale could be achieved in a timely manner, and (5) a recommendation of which models and tools could be used together for the maximum public benefit."[1]

Please note that the models discussed below are generic models, and each has the opportunity to be changed in a way that best serves the needs of the Kansas City region and each community in which the model operates. This paper will not consider all of the zoning laws, policies, and funding strategies for each type of affordable housing development. The specifics of how to implement the chosen model will be considered in Phase II of the consulting, and will involve in-depth discussions with community groups, policy makers, financial partners, and trade groups.

As an operational CLT, MCLT has an inherent bias toward a CLT model. MCLT has made best efforts to objectively review each model by comparing and contrasting the same factors and the following pros and cons for each model, as appropriate:

1. Wealth creation
2. Homeownership creation vs Investor Ownership Creation

[1] MCLT's Proposal in response to MARC's RFP for a Business Plan for a Regional Community Land Trust or SImilar Model

3. Community Oversight/Involvement
4. Community Stabilization
5. Model Results and Application
6. Factors leading to scalability: capital, governance, partnerships

In addition to these pros and cons of common comparison, each model also has pros and cons that are specific to it. Highlighting these idiosyncratic pros or cons helps to show strong distinctions between the models.

II. Deed Restrictions

At the Stakeholder meeting on September 7, 2022, a request was made for a review of deed restrictions. Deed restrictions come in many shapes and forms, and have been practiced for as long as property transfers have existed.

A. Creating Restrictions

Generally, deed restrictions are written promises included in real property transfer documents. Deed restrictions allow owners and occupants of deed-restricted homes to own an interest in the home, but limit the use and transfer of that interest[2]. Valid deed restrictions are binding on each succeeding owner of the property for a predetermined period of time and are governed by local statutory and case law. As applied to creating affordable housing, these restrictions are often referred to as affordability covenants. Affordability covenants are applied to various tenures of housing, including: single family houses, cooperatives, and multi family rentals. The covenants can be public or private, and are used in almost all intentional affordable housing models.

[2] David Abromowitz, "Deed Restrictions and Community Land Trust Ground Leases: Protecting Long Term Affordable Homeownership" *Housing News Network* Summer 2003

B. Pros: Public Deed Restrictions Enforce Affordability Restrictions

As HUD's participation in developing affordable housing changed away from publicly financed, publicly owned developments to publicly financed, privately owned developments over the last half of the 20th century, HUD began to rely on affordability covenants to oversee the billions of dollars of public funding used to improve privately owned property.[3] It is roughly estimated that there are 3.8 million privately-owned residential housing units in America today with affordability covenants recorded in their chains of title.[4] These covenants are meant to "run with the land" to ensure that whomever owns the land both now and in the future will be bound by HUD's requirements.[5] Examples of covenants include: income restrictions for occupants, resale restrictions, residency and occupancy length requirements.

C. Cons: Issues of Enforcement of Public and Private Deeds Restrictions

Many public and private affordability covenants are "self-enforcing," meaning there is no third party overseeing the enforcement of the restrictions, and the covenantor (the land owner) is trusted to ensure compliance with the restrictions. History has shown that covenantors of these self-enforcing covenants have not kept their promises, and have used or transferred publicly funded properties in a manner not compatible with HUD restrictions.[6] Learning from the past, convenatees, often-times HUD Participating Jurisdictions, started to assign to third parties the responsibility to enforce compliance of affordability covenants.[7] The third party enforcer is typically involved at the time of transfer of the housing unit to enforce income qualification and

[3] John Emmeus Davis, *Shared Equity Homeownership The Changing Landscape of Resale Restricted, Owner Occupied Housing* National Housing Institute 2006

[4] Elizabeth Elia, *Perpetual Affordability Covenants: Can There Land Use Tools Solve The Affordable Housing Crisis?* 124 Penn St. L. Rev. 57 Fall 2019

[5] *Id.*

[6] John Emmeus Davis, *Shared Equity Homeownership The Changing Landscape of Resale Restricted, Owner Occupied Housing* National Housing Institute 2006

[7] *Id*

price restrictions, but often leaves ongoing use restrictions, such as requirements of owner-occupancy or sound maintenance, ignored.[8]

In addition to matters of practical enforcement, there is also a complicated issue of legal enforceability. According to an article published in the *Penn State Law Review*, affordability covenants may not satisfy the traditional requirements for real covenants or equitable servitudes at common law including: vertical privity of contract, touching and concerning the land, and reasonableness.[9] To date, the Courts have been enforcing challenged affordability covenants out of deference to public policy, rather than based on common law requirements.[10]

D. Ability to Work with Other Models

The ubiquity of deed restrictions allows them to work on any real estate and with any model. As discussed throughout the rest of this paper, shared equity models, such cooperatives, trusts, and community land trusts, rely heavily on deed restrictions. These models are able to enforce restrictions better than third-party enforces as each model presents some form of ongoing shared interest and/or ownership in the property.

E. Use of Deed Restrictions to Create an Economy of Scale: Enabling Legislation

As deed restrictions themselves are not always enforced absent third party oversight, and because disinterested third parties may enforce only some restrictions, it is not advised to rely solely on deed restrictions to achieve region-wide affordability. Deed restrictions could be fairly manageable for certain types of properties if used correctly. To strengthen the use of affordability covenants, the lack of enforcement should be addressed via legislative process. Six states have

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[8] David Abromowitz, "Deed Restrictions and Community Land Trust Ground Leases: Protecting Long Term Affordable Homeownership" *Housing News Network* Summer 2003

[9] Elizabeth Elia, *Perpetual Affordability Covenants: Can There Land Use Tools Solve The Affordable Housing Crisis?* 124 Penn St. L. Rev. 57 Fall 2019

[10] *Id.*

drafted enabling statutes to enforce affordability covenants, including: Vermont, California, Massachusetts, Oregon, New York, and Rhode Island. [11]

III. Cooperatives

Housing cooperatives are a form of homeownership in which the residents collectively own and control the developments in which they live. Cooperatives as we know them started around the time of the industrial revolution in Europe, but records of shared-ownership of housing have been recorded since ancient Rome. [12]

During the Industrial Revolution in European cities, the exponential growth in wealth-building production led to an influx of urban dwellers, which led to increased housing prices, and finally to deplorable working and living conditions.[13] Tired of poor working and housing conditions, workers organized to ensure democratic control over working conditions, prices of goods, and distribution of wealth.[14] These workers, later cooperative owners, identified the following list of principles, called the Rochdale Principles, which are followed by cooperatives worldwide today:

Rochdale Principles: Original Version, 1844

1. Open membership
2. Democratic control
3. Distribution of surplus in proportion to trade
4. Payment of limited interest on capital

[11] John Emmeus Davis, *Shared Equity Homeownership The Changing Landscape of Resale Restricted, Owner Occupied Housing* National Housing Institute 2006

[12] National Cooperative Law Center *A History of Housing Cooperatives https://nationalcooperativelawcenter.com/*

[13] National Cooperative Law Center *A History of Housing Cooperatives https://nationalcooperativelawcenter.com/*

[14] *Id*

5. Political and religious neutrality
6. Cash trading (no credit extended)
7. Promotion of education[15]

These principles were first applied to manufacturing, commercial, agriculture, and finally, to housing.

The first recorded housing cooperative started in New York in 1876.[16] A housing cooperative is an incorporated entity, typically a nonprofit organization, but can also be for profit, that owns and governs the land, improvements, and financing of a real estate development.[17] Housing cooperatives are flexible developments and can own a single family house or a multi unit apartment complex. They can be market rate, low income, student, elderly, or leasehold, among other types of cooperatives[18].

Regardless of the size and type of the cooperative, the basic operations are the same. "Owners" in a housing cooperative are not homeowners, but instead, are shareholders. Shareholders own shares of the cooperative, and the cooperative owns the housing development. The share gives the shareholder the exclusive right to lease a specific unit in the development by way of a "proprietary lease" [19]. Depending on the size of the share, each shareholder makes monthly payments to the cooperative to cover the operating expenses, maintenance of the common areas, and reserve fund for the cooperative. [20] In addition to giving the shareholder a proprietary lease to a unit, the share also gives the shareholder a vote to use in participating in the governance

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[15] *Id*
[16] *Id*
[17] *Housing Cooperatives An Accessible and Lasting Tool for Home Ownership* North County Cooperative Development Fund https://resources.uwcc.wisc.edu/housing/HousingCoops_HomeOwnership.pdf
[18] *Housing Cooperatives An Accessible and Lasting Tool for Home Ownership* North County Cooperative Development Fund https://resources.uwcc.wisc.edu/housing/HousingCoops_HomeOwnership.pdf
[19] Dale A. Whitman *Financing Condominiums and Cooperatives* 1 Tulsa Law Journal 13 1997
[20] *Id.*

of the cooperative.[21] When shareholders are ready to move, shareholders sell their shares. Typically, a cooperative has the right of first refusal upon the sale of a cooperative share.[22]

i. Limited Equity Cooperatives

In a market rate cooperative, the shareholder sells her share to the highest bidder and there is no cap or affordability limit. While buying a share of a cooperative is typically less than buying a comparable market rate condo, market rate cooperative shares can increase substantially depending on the market. Limited Equity Cooperatives (LEC) emerged in the 1920s in New York to provide permanently affordable housing and cap the market rate increase for cooperative shares.[23] LECs keep the sales prices subsidized by using a resale formula to determine the purchase and sales price of each share. These resale formulas are included in the proprietary lease, and are typically appraisal based, index based, or percentage based.[24] In addition to the resale formulas, LECs use buyer qualifications to ensure that shares of LECs can be sold to only low income households. Buyer qualifications are set by the cooperative's internal documents, as determined by the cooperative shareholders.[25]

ii. Leasehold Cooperatives

In a leasehold cooperative, the cooperative leases the entire premises from the Landlord, and tenants buy shares into the cooperative for a payment that might be equivalent to a deposit. The cooperative is responsible for all operations of the property, including: property maintenance, carrying costs, and management concerns. These costs are divided among the shareholders in

[21] *Id.*
[22] *Id.*
[23] Lillian M. Ortiz Will Limited-Equity Cooperatives Make a Comeback? *Shelterforce* Spring 2017
[24] Lillian M. Ortiz Will Limited-Equity Cooperatives Make a Comeback? *Shelterforce* Spring 2017
[25]*Housing Cooperatives An Accessible and Lasting Tool for Home Ownership* North County Cooperative Development Fund https://resources.uwcc.wisc.edu/housing/HousingCoops_HomeOwnership.pdf

proportion to their unit size.[26]

A. Creating Cooperatives

In addition to the Rochdale principles, cooperatives in the United States and their shareholders are governed by the laws of each individual state. An example of cooperative laws for Kansas and Missouri are found below

Kansas (non-agricultural) Cooperatives are governed by Kansas Statute Chapter Corporations, Article 15 Cooperative Societies

> "17-1501. Incorporation; name; cooperative plan defined. Any number of persons not less than twenty, who are citizens of the state of Kansas may associate themselves together as a cooperative corporation for the purpose and to the end of more successfully promoting and conducting any business or industrial pursuit….[27]

Missouri (non-agricultural) Cooperatives governed by two sets of mutually exclusive statutes: Chapter 351 General and Business Corporations or Chapter 357 Cooperative Companies. Only Missouri Revised Statute 357 Specifically addresses housing cooperatives:

> 357.015. Housing cooperative, defined, limitations. — 1. For the purposes of this section, a "housing cooperative" means a cooperative incorporated under this chapter, as modified by this section, for the purpose of producing or furnishing housing.

[26]Kim Skobba & Ann Ziebarth (2002) Empowerment in Leasehold Cooperatives and its Influence on the Member/Management Relationship, Housing and Society, 29:1-2, 13-22
[27]KS Stat § 17-1501 (2020)

2. Any number of persons, not less than five, may associate themselves together as a housing cooperative under section 357.010.

3. No shareholder in a housing cooperative shall own shares of a greater aggregate par value than twenty percent of the aggregate par value of all shares of stock of such housing cooperative for the purposes of section 357.050.

4. The bylaws of a housing cooperative may provide for the business activities which such housing cooperative is engaged in, and the manner and method of conducting such activities, which may be conducted independently or jointly with any other person, entity or organization for the purposes of section 357.130.

5. Section 357.150 shall not be applicable to a housing cooperative.[28]

The more recent Chapter 351, "The Missouri Cooperative Associations Act," provides codification of several common law issues with cooperatives, including: flexible taxation without risk of losing status as a cooperative, democratic election of officers to operate the cooperative while maintaining "democratic control" requirements, and how cooperatives can leverage third party management and maintain their cooperative status.[29]

After incorporation, shareholders must create internal documents governing the shareholder duties and responsibilities, such as:

- Membership Certificate or share, showing evidence of ownership or membership
- Subscription Agreement – document used to sell share in the cooperative

[28] MO Rev Stat § 357.015 (2017)
[29] Missouri Cooperative Associations Act: Flexibility for the Modern Cooperative July 11, 2011 https://www.riezmanberger.com/

- Proprietary Lease/ Occupancy Agreement
- Cooperative Agency Agreement
- Management Agreement [30]

While the formal incorporation requirements are straightforward, cooperatives take years to form. The more difficult aspects of starting a cooperative include (1) identifying shareholders, (2) identifying acquisition funding and (3) identifying share loans for individual shareholders. [31]

B. Pros of Cooperatives

- **Well Researched** Cooperatives as a legal entity have existed for over 100 years and have been well documented. Cooperatives as creating affordable housing have been studied and proven effective with large-scale data collection from throughout the United States. Cooperatives have a large pool of resources to turn to for information on best practices, and cooperatives have been refined over the decades to ensure maximum opportunities for low income households.
- **Wealth Building:** LEC owners recover a portion of the payments they have made in purchasing, mortgaging, and improving their cooperative units. Upon resale, shardholers realize the purchase price of their shares, retired share loan principal payments, and any equity recovered pursuant to the resale formula. While they do not recover full market equity, they do gain modest equity. According to a 30 year study published in 2019, shared equity homeowners realized about $14,000.00 on sale of their shared equity units.[32]

[30] *Housing Cooperatives An Accessible and Lasting Tool for Home Ownership* North County Cooperative Development Fund https://resources.uwcc.wisc.edu/housing/HousingCoops_HomeOwnership.pdf
[31]John Emmeus Davis, *Shared Equity Homeownership The Changing Landscape of Resale Restricted, Owner Occupied Housing* National Housing Institute 2006
[32]Ruoniu Wang et al *Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations* April 2019 Lincoln Institute of Land Policy

LECs have lower maintenance and management costs than comparable public or private non-cooperative rentals. The operating costs for LECs have been reported to be as much as a third lower than similar rental properties. Members' pooling resources, concern for their property, and oversight of property affairs are credited with these lower operating costs.[33] Lower operating costs translate into lower monthly payments to LEC shareholders, increasing affordability, and thus wealth-building opportunities.[34]

- **Increased Access To Ownership** Initial share prices in LECs can be as low as a standard down-payment. Because cooperative members have no personal liability for the blanket mortgage of the cooperative (the overall acquisition, development, capital improvement loan for the cooperative), and need not individually qualify on such a mortgage, people who otherwise would not qualify for an individual mortgage can buy into the cooperative.
- **Household Stability**: A number of studies of limited equity cooperatives have noted that cooperative shareholders live in their cooperative unit longer than average renters or market-rate homeowners [35]
- **Community Stability:** Cooperatives have proven resilient in remaining stable when the economy does not. During the Great Depression, all but two of New York City's market-rate cooperatives failed, but all of its LECs survived[36] Today's LECs have the lowest

[33]John Emmeus Davis, *Shared Equity Homeownership The Changing Landscape of Resale Restricted, Owner Occupied Housing* National Housing Institute 2006

[34] *Id*

[35] Nationally, the median length of tenure for renters in market-rate housing is 2.1 years; the median length of tenure for homeowners in market-rate housing is 8.2 years (Rohe, Van Zandt, and McCarthy (2002: 392), quoted in *Id.*

[36]Siegler, Richard and Herbert J. Levy. "Brief History of Cooperative Housing" *Cooperative Housing Journal of the National Association of Housing Cooperatives* 1986

default rate on Section 213 Federal Housing Administration insured loans for any other HUD multifamily program. [37]

- **Democratic Control** Cooperative shareholders have direct control over the conditions in which they are living, the maintenance of the buildings, rights and responsibilities of shareholders, and the ability to decide who can live in the cooperative.

C. Cons of Cooperatives

- **Organizing Prospective Shareholders** Finding a cohesive group ready to work together and to share ownership of a property together, simultaneously, is a major stumbling block for LECs[38] Many of the most successful LECs occur when tenants organize to buy the building from their landlord, easily putting into place the necessary group of people to create the cooperative [39] Missouri and Kansas have no tenant right of first refusal that typically brings tenants together in such discussions.
- **Governance Structure** As with any board structure, governance of a cooperative can be difficult. The cooperative structure requires maximum occupancy and involvement in order to be successful. When interpersonal disputes arise within the cooperative shareholders, cooperative boards can struggle to govern.
- **Financing** New member shareholders can borrow the share price, that, in theory, is secured by an interest in the cooperative.[40] In practice, finding financial institutions to provide share

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[37] John Emmeus Davis, *Shared Equity Homeownership The Changing Landscape of Resale Restricted, Owner Occupied Housing* National Housing Institute 2006
[38] *Id*
[39] Lillian M. Ortiz Will Limited-Equity Cooperatives Make a Comeback? *Shelterforce* Spring 2017
[40] Dale A. Whitman *Financing Condominiums and Cooperatives* 1 Tulsa Law Journal 13 1997

loans is difficult,[41] and is one of the most commonly cited challenges for LECs.[42] Financing a share loan is difficult because in a cooperative, the real estate and building are owned by the cooperative, and the shareholder does not have authority to use that asset as collateral for the loan. [43] The security interest is in the share, and the value of the share can be difficult to identify. The value depends on the cooperative as a whole, including its: restraints on alienation, affordability covenants, property conditions, rent control, conveyancing doctrines, availability of title insurance, institutional financing, and many other factors.[44]

For LECs in particular, share loans face the challenge of all smaller loans: they are less profitable than larger loans and so lenders are less likely to offer them.[45] In fact, in a recent survey of about 55 LECs around the country outside of New York, which does have more share loan assistance programs, 70 percent of LECs weren't able to get share loans for their buyers.[46] The national leading cooperative share loan lender does not currently lend in Missouri or Kansas for share loans.[47]

- **Deferred Maintenance/Large Scale Capital Projects** The problem of providing for large scale capital projects with LECs is difficult. Because LEC shareholders are necessarily low income, the ability to pay additional monthly assessments to cover large scale capital projects is limited.

[41] *Id*
[42] John Emmeus Davis, *Shared Equity Homeownership The Changing Landscape of Resale Restricted, Owner Occupied Housing* National Housing Institute 2006
[43] *Id*
[44] *Id.*
[45] Lillian M. Ortiz Will Limited-Equity Cooperatives Make a Comeback? *Shelterforce* Spring 2017
[46] *Id*
[47] *Id*

- **Restricted Equity Return** A commonly cited con of shared equity models is that owners of LEC shares are limited in their ability to gain wealth, and as low income households, they should be the very people empowered to build as much wealth as possible.

D. Ability to Work with Other Models

Many of the federal programs in the 1960's and 1970's that created large-scale LECs contained 30 and 40 year affordability restrictions. Absent any restrictions, the boards of many of the LECs created in the middle of the 20th century approved sales at market rate. The shareholders at the time of privatization realized a windfall for the value of their shares, leaving the properties unaffordable for the next generation of buyers.

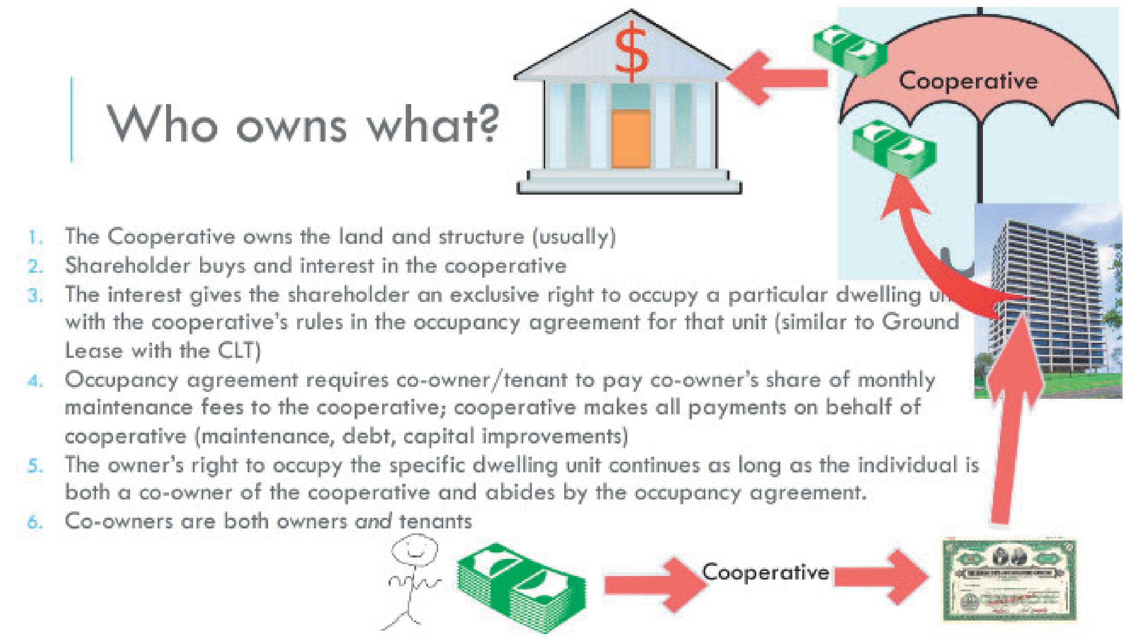
Learning from that loss of affordability, practitioners advocate for partnering new LECs with a community land trust or enforceable perpetual affordability covenant, to ensure that the units will not be lost to the private market after the expiration of any subsidies creating initial affordability.

E. Using Cooperatives to Achieve an Economy of Scale in the Kansas City region

Cooperatives are long-standing and well-studied shared equity housing types that have proven the ability to create access to wealth building for certain low income buyers. While ideal, LECs take years to put together, even when policy conditions are ripe for them. Rather than focusing on developing LECs across the region, time would be better spent in educating, engaging, and working on policy changes to create successful LECs in the future, including:

- Tenant organizing groups to start with LEC education and outreach
- Policy work with tenant rights groups to ensure tenant right of first refusal in Missouri and Kansas
- Training sessions on cooperatives: benefits, pros, cons, how to be involved
- Legal assistance in creating cooperative structure (bylaws, proprietary leases, shares)
- Public Funding for the acquisition of the entity
- Foundation guarantee of financing

- Identifying Share Loans



IV. Neighborhood Trusts

Neighborhood Trusts come in many shapes and forms to promote neighborhood empowerment. The trusts can be investment-focused[48], education-focused,[49] or focused on comprehensive revitalization.[50] Many neighborhood trusts focus on housing, and focus on housing through community-based developments or CLTs.[51] To study the neighborhood trust as a model in and of itself for affordable housing, this paper will focus on the Mixed Income Neighborhood Trust model ("MINT").

A. Creating Purpose Trusts

48 "Neighborhood Investment Trusts are promising wealth-building models for residents in revitalizing communities" The Kresge Foundation February 8, 2021
49 For example, See Harlem Children's Zone https://hcz.org/
50 For example, see Dudley Street Neighborhood Initiative https://www.dsni.org/
51 Margulies, J. (2019). Communities Need Neighborhood Trusts. *Stanford Social Innovation Review*, *17*(2), 48–55. https://doi.org/10.48558/SNDP-5A87

The ownership structure of a MINT consists of a perpetual Purpose Trust. Understanding a Purpose Trust is important in understanding the pros and cons of a MINT. The Purpose Trust is centered around a Purpose Statement, and all activities of the Purpose Trust should further that Purpose Statement. While many in real estate are familiar with investment trusts, Purpose Trusts differ from investment trusts, in that a Purpose Trust is established to carry out a purpose rather than to provide for beneficiaries.

To better understand why serving a purpose versus a beneficiary is important, a quick review of traditional Trust law is helpful. The essential elements of a trust are a competent settlor (maker of the trust) and a trustee (party chosen to carry out the wishes of the settlor), clear and unequivocal intent to create a trust, ascertainable trust res (assets of the trust), and sufficiently identifiable beneficiaries (who the trustee's actions must benefit).[52] The beneficiary of a trust must be designated with sufficient clarity and certainty.[53] Without such clarity, how can the Trustee know who is to benefit, and who would hold the Trustee accountable if he was directing Trust assets to people other than the identified beneficiaries? Historically, a trust would fail if there was no readily identifiable human beneficiary. Historically, the trusts now referred to as "Purpose Trusts" *did* fail for lack of readily identifiable beneficiary.

One of the earliest attempted Purpose Trusts was that of the late Irish playwright George Bernard Shaw, who died in 1950.[54] Mr. Shaw left his fortune in a trust, directing trustees "...to develop a new alphabet of at least 40 letters, to research the amount of time that would be saved by using such an 'improved' alphabet, and…to convince the government and the public to adopt

[52] *Lane Title and Trust Co. v. Brannan,* 103 Ariz. 272, 276-277, 440 P.2d 105, 109-110 (1968); *Jabczenski v. Southern Pac. Memorial Hosp. Inc.,* 119 Ariz. 15, 19, 579 P.2d 53, 57 (App. 1978).
[53] *Board of Directors of Theological Seminary v. Lowrance*, 126 S.C. 89, 119 S.E. 383 (1923).
[54] Bove, Alexander *The Purpose Trust Has A New Purpose* 33 Prob. & Prop. 40 (2019)

the new alphabet.[55]" The Court found Shaw's trustees could not possibly determine, without an unworldly amount of effort and financial resources, how many, and which, people could benefit from a new alphabet and the extent of such benefit. The trust, therefore, did not have a readily identifiable beneficiary. Without a defined beneficiary, the trust failed and the trust funds were otherwise distributed. [56]

Despite the Court's rejection of Shaw's trust for lack of readily identifiable beneficiaries, Trust settlors continued over the years to attempt Trusts for general purposes. After many trials and errors the Purpose Trust was adopted in the United States by the Uniform Trust Code in 2000.[57] Missouri and Kansas have both adopted the Uniform Trust Code and allow for Purpose Trusts, which can have a duration of only 21 years[58][59] A few states, such as Delaware, New Hampshire, and South Dakota, allow perpetual purpose trusts[60]

In a Purpose Trust, a settlor transfers assets, for example, voting shares of a business, to a Purpose Trust.[61] The settlor creates a Purpose Statement that the Purpose Trust must use Trust assets to serve. A committee of Advisory Trustees, typically three in number, are required to make business decisions on behalf of the Trust that serve the Purpose Statement. Because there is no specific beneficiary to enforce this general purpose, there is a committee of Trust Enforcers whose job is to ensure that the Advisory Trustees are serving the Purpose of the Trust. Trust Enforcers

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[55] *Id.*
[56] *Id* citing Shaw, [1957] 1 WLR 729 (Eng.).
[57] MO Rev Stat § 456.4-409 (2016)
[58] *Id*;
[59] KS Stat § 58a-409 (2021)
[60] Bove, Alexander *The Purpose Trust Has A New Purpose* 33 Prob. & Prop. 40 (2019)

[61] Bove, Alexander *The Purpose Trust Has A New Purpose* 33 Prob. & Prop. 40 (2019)

have authority to regularly review accounting, to amend the trust, appoint board members, remove Trustees, as well as other administrative authority, depending on the Trust documents.[62]

Despite several US-based companies successfully turning to Purpose Trust ownership models in recent years, Purpose Trusts are relatively unknown creatures with little guidance from the Courts or the IRS regarding taxation, implementation, or best practices.[63]

B. Purpose Trusts for Affordable Housing: MINTs

The Mixed Income Neighborhood Trust (MINT) is a community-based investment vehicle that develops, owns, and manages both market rate and affordable rental properties for a geographically bound area, governed with resident oversight.[64] At this time, MINT is not developing any owner-occupied properties. There is currently one MINT operating in the Kansas City region, in the Lykins neighborhood, with at least one more in Oklahoma and several more hopeful throughout the country. All of these MINTs are led by Kansas City non profit, Trust Neighborhoods. The MINT serves as a neighborhood's ownership vehicle for communities at risk of gentrification and displacement, and it must be led and implemented by an existing neighborhood group.[65]

Under a MINT, a development or holding company uses equity and debt financed from philanthropic dollars, traditional bank financing, and private investment to acquire rental housing units and rent out the units at stabilized rents, currently around $700-$800 per month in the Lykins neighborhood.[66] The assets of the development company, including voting shares, are transferred to the Purpose Trust. The Purpose Trust is directed by Trustees who are bound to comply with the

[62]Alexander A. Bove Jr., *Are We Missing the Purpose of the Purpose Trust?*, TR. &. EST., Oct. 2020
[63] Dan Holbrook *The Evolution of Purpose Trusts* Tennessee Bar Association Jan-Feb 2021
[64]David Kemper, presentation April 1, 2022 UMKC Real Estate Symposium
[65] David Kemper, presentation April 1, 2022 UMKC Real Estate Symposium
[66]Jason Dahemers, presentation to UMKC Urban Entrepreneurial Development Class February 25, 2022

Purpose Statement for the trust. Neighborhood committees serve as Trust Enforcers, ensuring that the Trustees are upholding the Purpose of the Trust in the ownership, rental, and maintenance of the property. As renters pay their rent and the company builds profits, the Purpose Trust's Equity returns are split between shareholders and the neighborhood.[67] In this way, a MINT serves to stabilize rental units in a neighborhood, curb displacement, keep rental units off the speculative market, increase neighborhood revitalization, provide more accountable ownership, and provide a stream of income for a community.

C. Pros Purpose Trusts and MINTs

1. Purpose Trusts Generally:

- **Ease of Governance** Due to the flexible nature of Purpose Trusts, the trustees must only ensure that the trust operates in furtherance of the Purpose Statement. Trustees have authority to meet charitable needs without restrictions under the law of Charitable Trusts or charitable organizations. The fairly broad set of expectations allows for Purpose Trusts to continue without much interference. The Trust Enforcement Committee is typically only three people who have the power to remove the Trustees if they are not enforcing the Purpose Statement, with little need for other involvement.
- **Long Term Focus** Operating a business with a view toward serving a long term purpose, rather than a tight focus on short-term profits, has produced strong performance results in businesses owned by Purpose Trusts.[68]

2. Pros Purpose Trust for Affordable Housing under MINT's model

[67] *Id*

[68] Bove, Alexander *The Purpose Trust Has A New Purpose* 33 Prob. & Prop. 40 (2019)

- **Rent Stabilization** Low income renters are the most vulnerable to displacement when communities gentrify. MINT removes rental units from the speculative market and stabilizes the rents to make sure low income renters can stay in their homes.
- **Creative Use of Private Equity** Trust Neighborhoods founders essentially leveraged an estate planning tool in order to create affordable housing. The mixture of private investment with affordable housing funding, and the mixture of building market rate units to subsidize affordable units is a focus that is lacking in many other affordable housing developments. This use of private equity allows MINTs to work quickly without layers of bureaucracy, which could ease in the quick scaling of the model.
- **Community Oversight** Through a committee of trust enforcers, which includes neighborhood residents, MINT checks on Trustees to ensure that the Trustees are complying with the Purpose of the Trust.
- **Community Stabilization** As each MINT works to revitalize in a defined geographic area, it is stabilizing a community through removing blight and replacing it with long- term stewardship of rental models. The focus on stabilizing both market rate and affordable units in the same community seeks to prevent poverty from being centralized, and promotes a long-term stable and diverse community.

Sharing profits 50/50 between investors and the community creates a stream of income for further stabilization for the community, which works to create a better place for MINT tenants and their families to live. This type of shared equity between investors and the community as a whole is a different take on the equity share directly to occupants considered by the other models.

Trust Neighborhoods trusts are incorporated in Delaware, where there is no statutory time limit for a Purpose Trust. The homes placed into the MINTs can be held in Trust in perpetuity, further increasing the opportunity to stabilize the community.

D. Cons of Purpose Trust and MINT

- **Limited Research and Application** There is little caselaw about Purpose Trusts, practically none about affordable housing Purpose Trusts, but plenty about parties seeking to invalidate a Trust for failure to name an identifiable beneficiary. The MINT lacks information about the applied pros, cons, and benefits of Purpose Trusts for affordable housing.
- **Investor Ownership** Using innovative private capital, affordable housing financing and community assets to create more investor ownership in a city with abundant investors seems a missed opportunity to help low income households gain access to wealth. While there are well-considered limitations in the Purpose Trust structure, ultimately, the Purpose Trust is an investor.
- **Ownership Structure** There are multiple layers of ownership, which can include holding companies owning holding companies, holding companies owning real estate, various classes of shareholders, Trustees, Trust enforcers, board members, and incorporation in Delaware. This ownership structure may impact the sense of ownership neighborhood residents feel over the model and their ability to confidently participate in it.
- **Capital Intensive to Scale** Because a MINT is buying and holding onto investment properties with rents held at affordable rates, without selling ownership interests to a low income household as with other models, there must be a need for a large amount of capital

to acquire and hold properties. This capital is difficult to raise for the average community member.

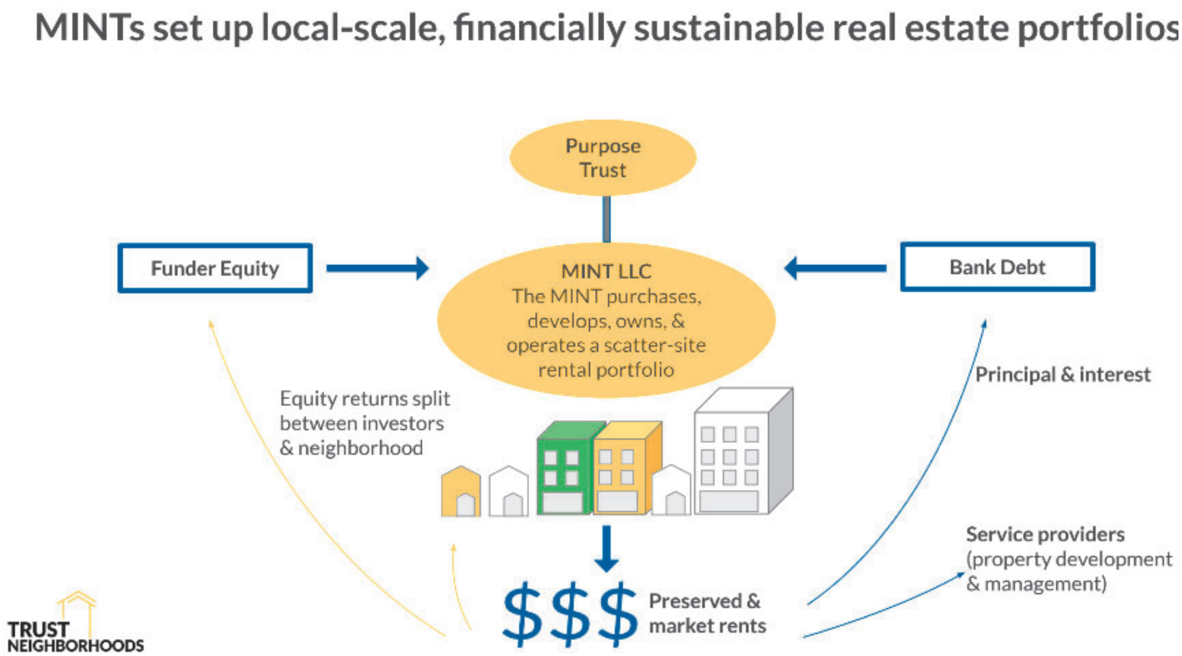
E. Ability work with other models

A MINT development could be operated as a leasehold cooperative, giving even more community oversight to the model. The primary question in encouraging a leasehold cooperative with a MINT is that cooperatives and MINTs are both highly dependent upon specific types of properties available. A MINT could partner with a CLT. Partnering a MINT with a CLT would be a great check on the Trustee's ability to transfer the home of the low income person. While MINT + CLT partnership is possible, it might not be feasible, as the MINT is using debt financing and private investments for acquisition. Partnering with a CLT would take the land below the MINT houses from the assets upon which a financial institution could lien and might devalue the shareholders interests.

F. Ability to Create an Economy of Scale Suggestions:

If given unlimited private capital, MINTs could very likely achieve an economy of scale quickly thanks to its ease of operation. As MINTs have only been active for a couple of years, private investment at a large, sustainable scale remains unknown. It is recommended that the MINT's success and promise of returning wealth to the neighborhood be monitored.

(Figure of model below. Source: Trust Neighborhoods)



V. <u>Community Land Trust</u>

A community land trust ("CLT") is a type of shared equity homeownership entity that acquires and owns real estate in perpetuity in order to pursue some specific community-focused goal. For the purposes of this paper, CLTs will be discussed in the context of affordable housing, but CLTs can also own commercial property, agricultural land, or any other type of land.

As the present notion of CLTs is understood, the first CLT, New Communities, Inc., was established in 1968 in Albany, Georgia, and is still in operation today.[69] The origins of the CLT were centuries in the making before 1968, when Civil Rights activists borrowed notions of property ownership and stewardship from Native American communities, English Garden Cities, Israeli Moshav Communities, and India's Gramdan movement and beyond to create New Communities, Inc.[70] In 1981, the first Urban Community Land Trust started in Cincinnati, Ohio,

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[69] New Communities, Inc. https://www.newcommunitiesinc.com/
[70] Davis J.E. "Roots and Branches" *The Community Land Trust Reader*. Lincoln Institute of Land Policy 2010

to redevelop housing in order to prevent gentrification and displacement. [71]

Today, classic CLTs are defined by several key factors, including: tax exempt status, open membership, tripartite board governance, and dually owned property: land owned by the CLT and improvements owned privately, created to further sustainable affordable housing.[72] There are over 225 CLTs nationwide, with over 12,000 permanently affordable homes.[73]

CLTs operate by acquiring either improved (ie a house on the lot) or unimproved (ie vacant lot) real estate; fully rehabilitating the improvement or building a new improvement, as necessary; legally separating title of the improvement from the title of the real estate; and selling the improvements to qualified low or very low income homebuyers at affordable, subsidized rates while the CLT retains title to the land. By retaining title to the land and entering into a 99 year ground lease with the low income homeowner, which gives the homeowner exclusive access and control of the land, CLTs can ensure that on resale of the house, that the home always sells to a qualified very low income buyer sale after sale. Upon each resale, the homeowner realizes a share of the increased equity pursuant to a resale formula, found in the Appendix. The remaining equity, intended to reflect the on-going value of the original affordability subsidy, is unrealized to ensure an affordable home price for the next generation homeowner. [74]

Upon the sale of their CLT home, CLT homeowners see a return of their retired mortgage principal payments, down payment, and whatever share of increased equity is realized through the particular ground lease formula. Over the past 30 years, these proceeds have been approximately

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[71] John Davis *Origins and Evolution of the Community Land Trust in the United States* 2014

[72] Davis J.E. "Roots and Branches" *The Community Land Trust Reader*. Lincoln Institute of Land Policy 2010

[73] Wang, R., Cahen C., Acolin A. & Walter R. (2019) "Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations." *Lincoln Institute of Land Policy.* WP19RW1

[74] Davis J.E. "Roots and Branches" *The Community Land Trust Reader*. Lincoln Institute of Land Policy 2010

$14,000.00, regardless of whether the real estate market is in a boom, bust or recovery phase.[75] Studies of the Lawrence, Kansas, Tenants to Homeowners community land trust and the Burlington, Vermont, Champlain Housing Trust show 70% and 86% of CLT homeowners, respectively, use their CLT proceeds and experience to purchase an unrestricted home, which is the most common form of wealth-building in the US.[76] [77] A recently published study shows that over the past three decades, approximately 50% of all CLT houses in the United States were purchased by homeowners that are at or below 50% of the Area Median Income, in which they live for an average of six to seven years.[78]

A. Creating a Community Land Trust

CLTs are typically, but not always, non-profit organizations. CLTs can also be government-based, privately owned, or subsidiaries of public, private, and nonprofit organizations. The formation of a CLT would depend on the type of organization created, and, unlike cooperatives or Trusts, there is no set state statute governing the community land trust model, only requirements based on the type of organization created.

The varying CLT types would each have different governing documents, but among the CLT's most important documents, which any CLT should include are: the Ground Lease, buyer requirements, and letter of attorney acknowledgement.

i. Ground Lease

The Ground Lease is the agreement between the CLT as a landowner and the individual homeowner that governs the relations between the parties and the use and transfer of a property.

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75 *Id*

76 Davis J.E. & Stokes A. *Lands in Trust Homes That Last*. 2010

77 In person Interview, Rebecca Buford. Executive Director, Tenants To Homeowners Lawrence Housing Trust. September 7, 2019.

78 Wang, R., Cahen C., Acolin A. & Walter R. "Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations."

The Ground Lease is an internal document that can be different for each asset owner, and can be updated upon mutual agreement of the parties. It is not possible to include a thorough list of terms of a Ground Lease, because it is based entirely upon the agreement of the parties. But all Ground Leases should include at least the following terms, which can be found in the 2011 Model Ground Lease:

- Use restrictions on leased land: who may enjoy the leased land, homeowner occupancy requirements, homeowner maintenance requirements
- Fee information on leased land: land rent amount, method of payment, remedies if there is a default in the land lease payment
- Restrictions on the Home: Homeowner responsible for all repairs, establishing a repair reserve fund, Liens not permitted without CLT approval,
- Financing: the debt to income ratio permitted for loans for the home, what will happen in the event of a default on any loan, what will happen in the event of a foreclosure
- Transfer of Home: any rights of first refusal for the CLT, formula to determine share of equity between homeowner and CLT[79]

ii. Buyer Requirements

Buyer Requirements are a predetermined set of guidelines for both CLT board members and potential buyers alike to set the expectations of who is allowed to buy a CLT house. These requirements change depending on the nature of the CLT, and cannot violate any Fair Housing requirements. A review of most Buyer Requirements show that common terns include:

- Income Limits

[79] Grounded Solutions CLT Model Ground Lease 2011

- Asset Limits
- Creditworthiness
- CLT training
- Ranking System
- CLT Board Decision-making process

iii. <u>Attorney Acknowledgement</u>

This requirement ensures that the CLT homebuyer has met with an attorney to review the Ground Lease, and shows that the homebuyer understands the terms of the Ground Lease, notably that they do not own the land and that they cannot resell the home at full market value.

B. Pros of CLTs

- **Wealth Building:** CLT owners recover a portion of the payments they have made in purchasing, mortgaging, and improving their homes. Depending on the resale formula, most homeowners receive a return of retired principal payments and a certain percentage of any increased market value during the ownership. According to a 30 year study published in 2019, shared equity homeowners realized about $14,000.00 on sale of their shared equity units.[80] CLT homes can also be inherited by the heirs of the CLT homeowner..
- **Increased Access to Homeownership** CLT homes are available for purchase only by individuals who are qualified according to the internal documents of the particular CLT. These buyer qualifications typically require a maximum income, a maximum amount of cash on hand, and a maximum amount of assets. The goal is to create access exclusively

[80] Wang, R., Cahen C., Acolin A. & Walter R. "Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations."

for those who cannot compete in the open market and to prevent properties from ever returning to the speculative open market, curbing gentrification and displacement.

Interest in homeownership is strong (almost half of renters say they are interested in becoming a homeowner), but low income people face difficult barriers that CLTs work to overcome, like: down payment assistance, housing prices increasing faster than wages, and assistance in homeownership.[81]

- **Community Oversight** Classic CLTs are composed of a tripartite board, and consist of members that represent the geographic area in which the CLT operates, CLT homeowners, and policy-makers at large, each holding one-third of the Board positions to ensure a balanced approach. The board itself sets up who is a qualified buyer, determines the ground lease terms, and makes final approval the buyers, as well as oversees the day to day operations of the CLT.
- **Community Stabilization** CLT homeowners stay in their homes for an average of nearly seven years.[82] These long term occupancies contribute to more stability in the educational institutions, commercial opportunities, and civic participation in the community. Studies have shown that the CLTs operating in specific neighborhoods can see overall improvements in the neighborhoods. [83]
- **Recycles Public Funding** As building materials become more expensive, affordable housing developers cannot adequately replace, one for one, all the affordable homes built over the last century that have been lost to the market. By keeping houses in trust, CLTs

[81] *Id*
[82] Wang, R., Cahen C., Acolin A. & Walter R. “Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations.”
[83]Katharine Nelson, James DeFilippis, Richard Kruger, Olivia Williams, Joseph Pierce, Deborah Martin & Azadeh Hadizadeh Esfahani (2020) The Commodity Effects of Decommodification: Community Land Trusts and Neighborhood Property Values, *Housing Policy Debate*, 30:5, 823-842

not only ensure sufficient affordable housing for today's generation, but also for tomorrow's.

- **Well Tested** CLTs have been operating since 1968 with thousands of sales and resales. The sales and resales have been studied and documented. The model has weathered lawsuits and its principles are well-settled.

C. Cons

- **Rental of Land** CLT homeowners are not the title owners of the land, and therefore do not have full control over the land. Owning real property in America is powerful and CLT homeowners are excluded from that benefit.
- **Restricted Equity Return** A commonly cited con of limited equity models is that owners of CLT homes are limited in their ability to gain wealth, and as low income households, they should be the very people empowered to build as much wealth as possible. Furthermore, sale proceeds might not be enough to constitute a down payment for a high quality unrestricted home.
- **Deferred Maintenance/Large Scale Capital Projects** Due to the Ground Lease allocation of ownership and responsibility, homeowners are typically responsible for all maintenance of the home during their homeownership, including large scale deferred maintenance issues. These expenses are large for low-income households and lease restrictions prevent CLTs from refinancing for such large projects absent CLT approval.
- **Tax Policy Changes** Absent legislative changes, CLT homeowners are typically responsible for all property taxes, which are determined by the fair market value of the property. When CLT homeowners are unable to sell their homes for the true market value, they are forced to pay taxes based on a value they can never realize.

D. Ability to work with other models

CLTs have been partnering with Habitat for Humanity since their mutual inception during the Civil Rights era to ensure that Habitat for Humanity houses, funds, and volunteer hours are not lost to the market on the sale of a Habitat for Humanity house.[84] Affordable housing advocates are calling for cooperatives to partner with CLTs to ensure that high market conditions do not entice a cooperative board to condoize or privatize,[85] and partnerships in California are[86] proving successful. Similarly, the Urban Land Conservancy makes the case that LIHTC developments should be developed on CLT land to prevent the mass displacement at the expiration of affordability that have been witnessed in gentrifying neighborhoods throughout the county. [87]

E. Achieving an Economy of Scale with CLTs

Owner-occupied CLTs couple private construction/renovation financing with gap funding subsidies to redevelop a home, sell the home, and use the sale proceeds to pay off the private renovation loan. Because CLTs do not hold property, a revolving loan fund would be sufficient to help CLTs develop to an economy of scale fairly quickly without the need for large subsidies or a daunting amount of capital. If given the opportunity to partner with other models, CLTs can greatly increase the number of units with fewer operating and development dollars.

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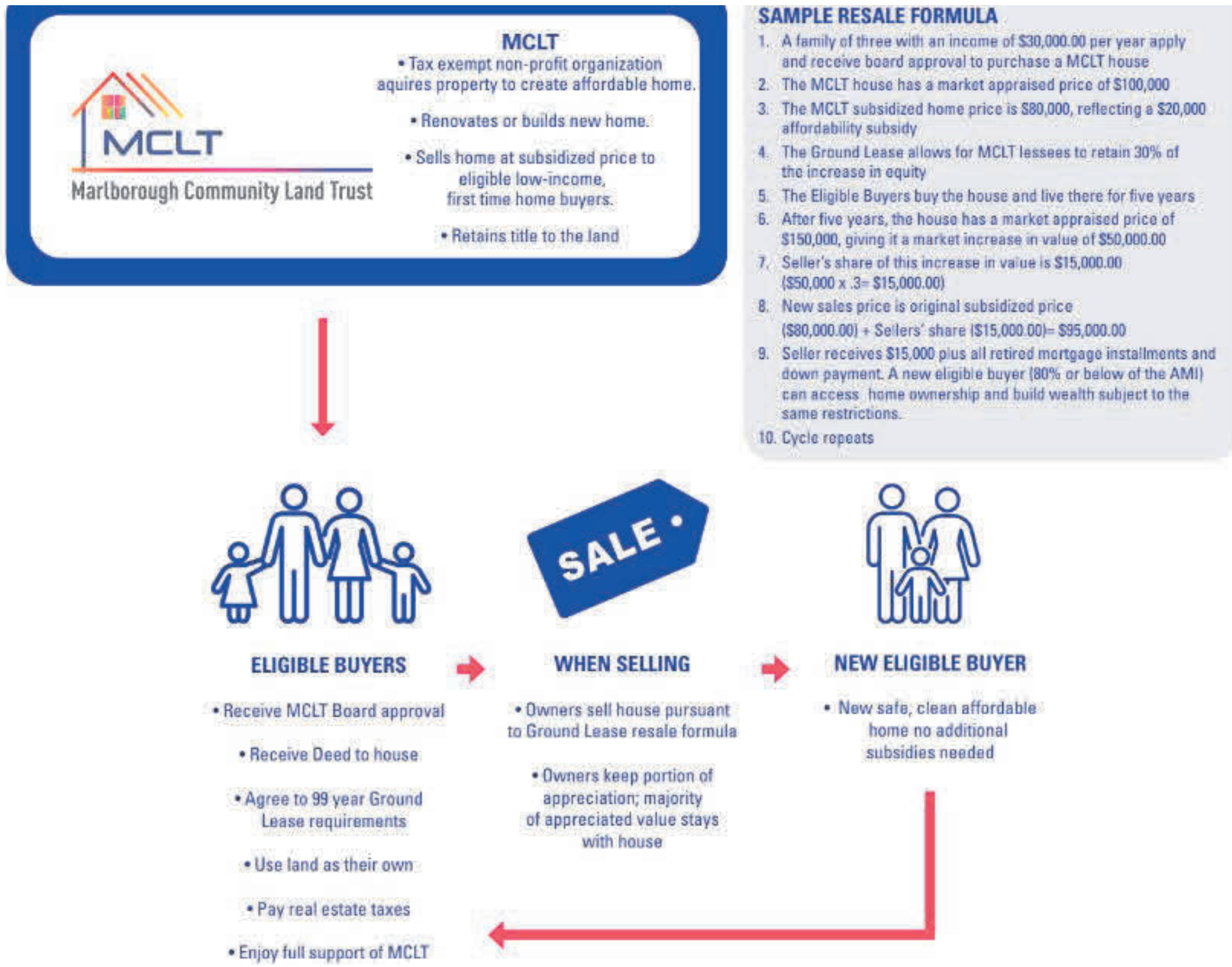
[84] John Davis "Affordable for good Building inclusive communities through homes that last" Habitat for Humanity 2017 Shelter Report

[85] Lillian M. Ortiz, Will Limited-Equity Cooperatives Make a Comeback? *Shelterforce* Spring 2017

[86] East Bay Permanent Real Estate Cooperative https://ebprec.org/who-we-are

[87] Alan Gottlieb (December 2020) *The Benefits of Using Community Land Trusts with Low Income Housing Tax Credits* Urban Land Conservancy



Source: MCLT

VI. **Hybrid Rent-Ownership Neighborhood Equity Model**

The Neighborhood Equity Model, promoted by Folks Capital, formerly referred to by MCLT as the "Kauffman model," is an investment fund of civic funding (public and private affordable housing dollars), private financing, and private investing that finances the purchase and redevelopment of mixed income rental housing stock. Folks Capital's goal is to provide financing to Black and Brown developers already working in specific neighborhoods, and to empower them to continue doing their work with a model that has greater financial returns to these small scale developers.

The investment fund borrows some principles from contract for deed transfers and marries them with the safety of "tokenization" to empower not only the investors, but also the tenants to build wealth[88]. Folks Capital defines tokenization as "the value accrued from living in a space…to account for value in new ways.[89]" Essentially, the Neighborhood Equity Model gives "points" to tenants of properties in the model for each full and timely monthly rent payment made, and calls the points tokens. These "tokens" can be monetary; can be non-monetary, like earning the power to vote in decisions impacting the building a tenant occupies; and can even amount to buying out the property from the investor.[90]

Tokens are accrued over the tenure of the leasehold and can be cashed out after a "hold period." The hold period is not defined, but is likely to be about 7-10 years[91]. In tokenization opportunities that include the ability to purchase the rental unit, the purchase price, token amount, and hold time will be identified at the time of entering into the lease. [92] If such a purchase is realized, the investor transfers the home at market rate, with no restraints or restrictions on resale. The tokens are also portable, so if the tenant chooses to leave prior to the predetermined hold period, the tenant has the ability to cash out what he has accrued to date and will not suffer lost opportunity as in a contract for deed. [93]

A. **Pros**

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[88] Folks Capital White Paper Version 3 Neighborhood Equity Sponsor Fund
[89] *Id.*
[90] *Id.*
[91] Interview with Evan Absher and Dave Rowe of Folks Capital 9/26/2022
[92] Folks Capital White Paper Version 3 Neighborhood Equity Sponsor Fund
[93] Id

- **Wealth Building** Families are able to gain equity in the homes in which they are living and for which they are paying. If families leave before the required timeframe, they are able to cash out some of the interest they have accrued in the home. When and if the tenant earns the opportunity to purchase the home, the home comes with no resale or affordability restrictions, giving the tenant a possibility of maximum wealth generation.
- **Creative Use of Private Equity** The hybrid model allows for public and private affordable housing funds and private investors to participate in providing an answer to affordable housing.
- **Community Stabilization** Because of the hold period for access to homeownership, and because tenants earn an increased share of equity in the home the longer the tenancy, this model promotes community stabilization by promoting long-term occupancy. Long term occupancies contribute to community stability by encouraging more stability in the education institutions, commercial opportunities in the community, and civic participation at the local level.
- **Community Involvement** Folks Capital involves community in a less direct way than MINT, CLT, or cooperatives, but still involves the community in a meaningful way. Rather than self-developing directly in the foreground of a community, Folks Capital hopes to provide background financing for community-based developers and organizations who are directly developing.

B. **Cons**

- **Investor Owned** While there is a possibility for the tenant to eventually become owner, the property is still investor owned and subject to investor control. Absent any restrictive covenants, it is possible for the investors to sell the home prior to the expiration of the hold period, preventing the tenant from gaining the full equity in the home. So while there is a possibility of homeownership, there is also a possibility of home transfer.

- **Not Community Led** Ultimately, the investors are able to make decisions regarding the property. It does not appear that there are community votes or community representation in the decision making process about the asset itself
- **No Long Term Restrictions** This is the flip side of the above-mentioned wealth-building "pro." Once the tenant can purchase the home, if that event is realized, the home will come free of any affordability or transfer restrictions. This means that the creative coalition of funding used to create affordable housing will be lost to the market and can directly contribute to the gentrification and displacement of low income families in a community.
- **Limited Research and Application** This process is innovative and creative, but there are currently no opportunities to learn pros and cons of the model as applied.

VII. Naturally Occurring Affordable Housing

Naturally Occurring Affordable Housing ("NOAH") is housing that is affordable just by nature of market forces, and is not made affordable by public subsidies or shared ownership structures. NOAH is loosely defined, and is typically about two decades old, in need of deferred maintenance, and it has no public subsidies.[94] NOAH preservation advocates estimate that nearly "75% of the approximately 12 million affordable rental units in America's major cities remain to

[94] Michael J. Polk "How Investors Can Better Understand Naturally Occurring Affordable Housing" *Forbes* Mar 23, 2021

date unsubsidized.[95]"

Discussion regarding NOAH, unlike all of the other models mentioned in this paper, focuses not on creating more NOAH, but preserving and improving the existing NOAH stock[96]. NOAH is valuable for low income households, often providing "workforce housing" to renters earning between 80 and 100 percent of area median income. NOAH is valuable not only to workforce households, but also to institutional investors who "flip" NOAH properties, leading to gentrification and displacement. For nearly 100,000 NOAH properties each year, the private market does not support renovation costs, and these properties are demolished[97] The market forces threatening NOAH, and its important to low income households, have led scholars to identify and preserve NOAH from the speculative real estate market [98]

A. Pros and Cons

There are really not "pros" or "cons" to discern, as this housing type is inadvertent. The more important discussion should be how NOAH fits into the Regional model, either through acquisition and development or promoting policies that support the retention of NOAH.

B. Suggestions on Preserving NOAH as Part of a Regional Plan

All of the aforementioned affordable housing development models in this paper seek to acquire NOAH, remove NOAH from the speculative market, and preserve it for low and moderate income households. For owners of NOAH who wish to retain ownership of their properties, it would be good to create education or outreach programs regarding how to maintain and upgrade their properties while keeping them affordable for work force wages. Some of the suggestions on

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[95] Haisten Willis "Preserving Affordable Housing A look at Programs Designed to Stabilize Communities" *Washington Post* March 19, 2020

[96] Haisten Willis "Preserving Affordable Housing A look at Programs Designed to Stabilize Communities" *Washington Post* March 19, 2020

[97] *Id*

[98] *Id*

how this could be possible include leveraging covenants of affordability in exchange for funding to make repairs ,[99] and working with cities to promote policies that can encourage the nation's largest sources of affordable housing to remain affordable, including:

- property tax freezes
- expanding and simplifying tax-abatement programs
- tax abatements in exchange for affordable units
- low-interest loans for functional upgrades
- government subsidies and zoning tweaks[100]

VIII. Comparison Chart

Although this paper is not an exhaustive review of all the complexities surrounding the development of affordable housing, it will hopefully grant the stakeholders an idea of the types of affordable housing operating in the Kansas City community and throughout the US. A comparison chart can be found below:

	Biggest PRO	Biggest CON	Individual Wealth Building? y/n	Home-ownership? y/n	Proven partnership with other models?	Community oversight/ control?	Top need to scale in a timely manner
Deed Restrictions	Easy and low-barrier	Not enforced	Yes	Yes	Yes	possible	Legislative changes
Cooperative	democratic ownership	Difficult To find aligned share-holders	Yes	No	Yes	Yes	Aligned shareholders interested in forming cooperative
Mixed Income Neighborhood Trust	Brings private capital to affordable housing	Investor owner-ship	No	No	No	Yes	Private capital

99 Michael J. Polk "How Investors Can Better Understand Naturally Occurring Affordable Housing" *Forbes* Mar 23, 2021

100 Preserving Naturally Occurring Affordable Housing NOAH Impact Fund Brochure https://noahimpactfund.com/wp-content/uploads/2022/06/NOAH-Impact-Fund-Brochure.pdf

Community Land Trust	Perpetuity of use	No land owner-ship	yes	yes	Yes	Yes	Partnerships
Hybrid Rent-to-Own	wealth creation	Investor owned	Yes	potentially	No	No	Proof of concept

IX. Suggestion

After reviewing the various types of affordable housing development models, MCLT suggests the stakeholders focus on regional affordability comprehensively, including: (1) creating/scaling a regional CLT/network of CLTs to partner and self-develop (2) supporting policy/legislative changes to ensure affordability for non-partner and non-CLT developments and (3) assisting new and growing affordable housing models with education, outreach, and a support network. As this phase of the consulting is to focus solely on identifying a model, items two and three, above, will be discussed in a separate phase of this consulting.

Scaling or creating a base metro-wide CLT, or network of CLTs, would lay the foundation for metro-wide perpetual affordability by partnering and self-developing. Partnerships across the metro could include LIHTC developments to ensure long-term affordability, existing affordable housing organizations to improve the tenure of their services, public land banks, and any of the models listed in this paper. While a CLT can welcome any model on CLT land, not every developer has the capacity to create a CLT. Partnerships would allow a metro-wide CLT to stretch the operating and program dollars for the maximum number of units of affordability. A metro-wide CLT could also self-develop rental and owner-occupied units. Due to its unique flexibility to partner with every other model researched, it simply makes the most sense to start with a CLT, and then develop community-based assets on the land.

X. Next Steps Factors to review for Phase II (b)

Phase I culminates in stakeholders identifying a model(s) to pursue, phase II(a) begins with outreach to various partners, organizations, cities, institutions necessary for partnership and scaling. Phase II(b) includes narrowing down the various elements of the model chosen in Phase I that will allow for maximum benefit to the community. Some of the design elements that stakeholders requested MCLT to research in Phase I will be explored in Phase II(b), and include include:

I. Model formalities of the chosen model(s)

II. Duration of affordability and participation

III. Control and Enforcement of affordability

IV. Eligibility to Purchase or Participate

V. Process for training and disclosure of model to participants

VI. Occupancy Requirements

VII. Inheritance Rights

VIII. Site Maintenance Expectations

IX. Development Design, including:

- Accessory Dwelling Units
- Co-Housing
- Mixed-Use
- Single Family
- Multi-Family
- Cottage Development
- Town House

X. Sustainability of Materials: Improvements, Maintenance, Expectations

XI. Financing: acquisition, development, end-loan

XII. Acquisition

XIII. Area Plan/zoning/rezoning

RESALE FORMULA EXAMPLES

Goals

- Allow fair access to home ownership; preserve affordability to ensure fair access to homeownership for future homebuyers
- Give present and future homeowners fair return on their investment
- Encourage long-term and beneficial occupancy for community
- Incentivize sound maintenance

APPRAISAL BASED

Adjust resale price by adding to the base price a certain percentage of an increase in market value

Ex: 20% share

Appraised price: $100,000

Base Price: $80,000 ($20,000 aff. subsidy)

Resale Appraised Price: $150,000

$50,000 x .2 = $10,000

New sale price= $90,000

Share= $10,000

FIXED RATE

Adjust price upward by applying a fixed rate of interest on the base price from year to year, typically 3% compounded annually

Ex: 3% rate

Base price $80,000

Year one: $82,400

Year two: $84,872

Year three:$87,418

Year four: $90,041

Year five: $92,742

New sale price= $92,742

Share=$12,742

INDEXED

Adjust the resale price above or below the purchase price by applying a single factor drawn from an index

Ex: AMI Index

AMI= $100,000 @ purchase

AMI= $110,000 @ sale

AMI increased 10% so price of property increases 10%

Buy at $80,000; sell at $88,000

Share=$8,000

MCLT

Marlborough Community Land Trust

MCLT General Housing Interest Contact Form

If you would like to learn more about homeownership through a community land trust, please share

becca@kcclt.org (not shared) Switch account

* Required

Name *

Your answer

Email address *

Your answer

Phone number

Your answer

Mailing address

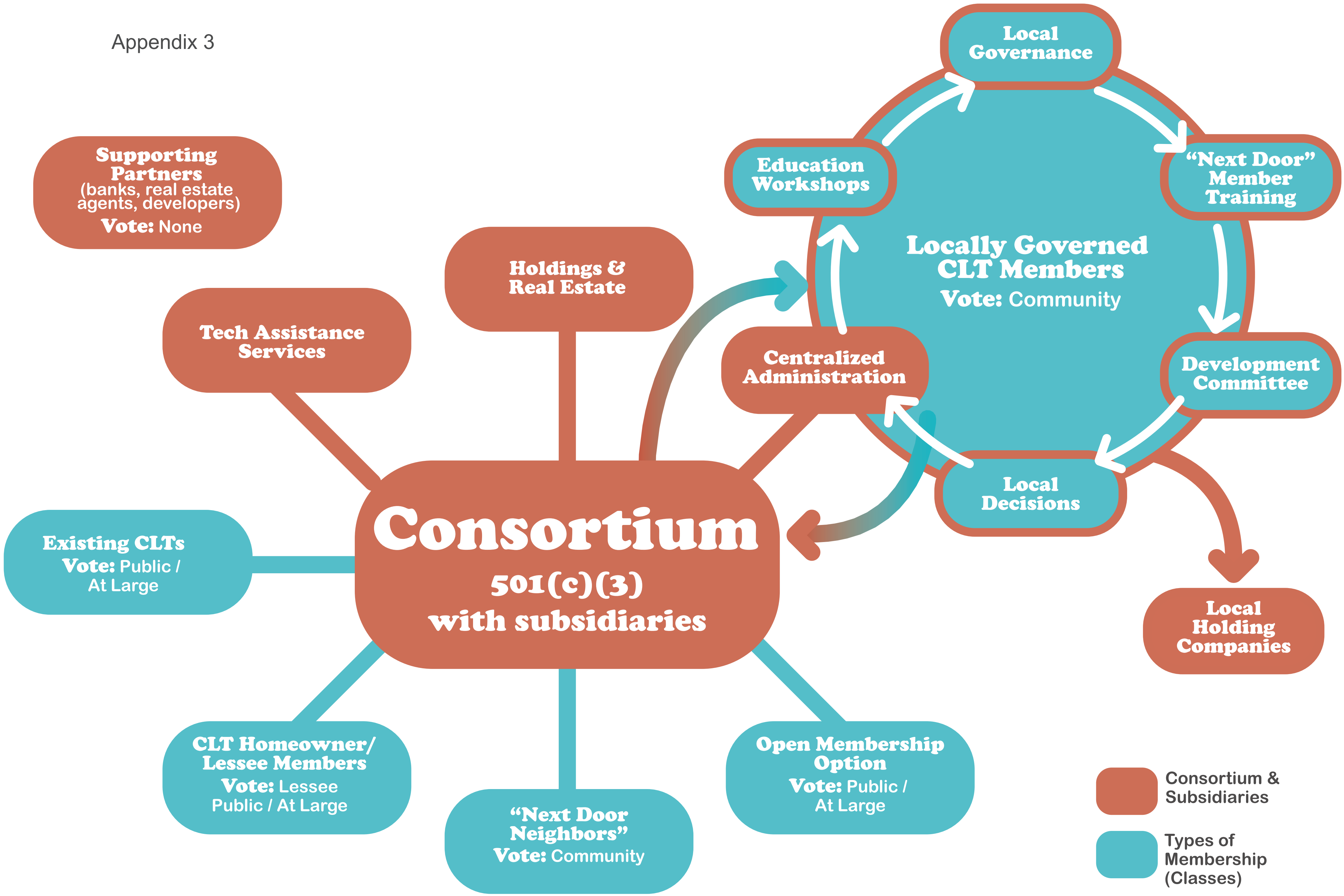
Your answer

MCLT leaders are interested in learning more about your interest in owning a community land trust. We will reach out to you soon.

Your answer

Submit Clear form

Appendix 3



Supporting Partners (banks, real estate agents, developers) Vote: None
Tech Assistance Services
Holdings & Real Estate
Existing CLTs Vote: Public / At Large
Consortium 501(c)(3) with subsidiaries
CLT Homeowner/ Lessee Members Vote: Lessee Public / At Large
"Next Door Neighbors" Vote: Community
Open Membership Option Vote: Public / At Large
Education Workshops
Local Governance
"Next Door" Member Training
Locally Governed CLT Members Vote: Community
Centralized Administration
Development Committee
Local Decisions
Local Holding Companies
Consortium & Subsidiaries
Types of Membership (Classes)

Review of
Regional Housing Partnership
Community Land Trust
General Workshop Questions

This is a review of the questions asked most commonly at the three community land trust (CLT) workshops the Regional Housing Partnership (RHP) hosted on February 22, 2023; March 2, 2023; and March 7, 2023. The Marlborough Community Land Trust (MCLT) presented the CLT information as part of its consultation with the RHP under the Regional Business Plan for a Regional Community Land Trust or Similar Model. MCLT selected and paraphrased the following most commonly asked questions. This is not an exhaustive list of all CLT Frequently Asked Questions, but only those presented at CLT RHP workshops. If a question was specific to MCLT operations, those were not included. The workshop slides are attached for further reference. Should additional questions remain unanswered, please feel free to contact Meghan Freeman at meghan@kcclt.org or Becca McQuillen at becca@kcclt.org.

Starting a CLT

Q. How long does it take to start a new CLT?

A. Several factors impact the amount of time it takes to start a CLT, including: commitment of local government, access to affordable legal services, and knowledge of real estate development. MCLT was born out of about a year of community organizing, purchased its first property about 6 months after incorporation, and sold its first property to a homeowner about one year after incorporation.

Q. What is the role of the City or County in starting or supporting a CLT?

A. It depends. There are some City-run CLTs. Most CLTs, regardless of affiliation with local government, make use of HUD subsidies distributed to or by the State, County, or City government. Having local jurisdictional policies favorable to CLT work is imperative for the long-term success of a CLT.

Q. Is it possible to have an umbrella CLT that could share costs with local groups putting properties in a CLT?

A. Yes! There are various City, regional, and State-wide CLTs throughout the Country that operate in this manner. Through the RHP consulting, MCLT is researching how such a structure could work in the Kansas City region.

Q. Can this model work in a community with high land values (for example, few or no properties worth less than $150K or $200K)?

A. Absolutely. In fact, it can be argued this model is needed more in communities with high land values to create more equitable access to many of the resources commonly associated with high land values. The model itself would work the exact same as it works in a community with lower land values. There would likely need to be a larger subsidy to decrease the sale price to an affordable level.

Q. Are there rural CLTs in Missouri and Kansas?

A. MCLT is not aware of CLTs operating specifically in Missouri and Kansas; however, rural CLTs operate throughout the United States and other countries. Several state-wide and region-wide CLTs include property in rural communities (for example:, Central Vermont CLT, Elevation CLT) while some CLTs are specific to rural communities (for example: OPAL CLT, Northwest Montana CLT)

Funding

Q. Where does your funding come from?

A. We currently operate with support from foundations and earned income.

Q. Where does the initial subsidy come from?

A. The initial subsidy needed to bring a property to under market rate can be public HUD funding, volunteer work, in-kind donations, donated property, etc. Anything that can decrease the cost of the house to below market rate can be an “affordability subsidy.”

Q. Can CLTs become self-supporting?

A. Yes, although not common, CLTs, if they have the appropriate streams of earned income, and a large inventory of properties, can become self-sustaining. One such example is One Roof Housing, CLT in Duluth, MN.

CLT Area

Q. Is the land in the land trust on larger contiguous sections of land or are they scattered-site parcels?

A. CLT developments can be either scattered sites or contiguous, there is no requirement to be contiguous. Properties come into the CLT via acquisition, and there is not a predetermined CLT area like many are familiar with in a homeowners association. (unless the CLT owns all the land)

<u>Q. How are the income restrictions determined? How is “affordability” determined?</u>

A. Typically, CLTs determine income qualifications by the HUD guidelines pertaining to that specific jurisdiction. Affordability is typically determined by HUD guidelines.

Ground Lease Questions (non-resale)

<u>Q. Why is the Ground Lease 99 years?</u>

A. 99-year ground leases are common in various forms of real estate tenure. The length is intended to indicate that the CLT homeowner can use the land as their own for as long as they need it, and for all practical purposes, they can act as the owner. They have every right to use, maintain, allow on, exclude from, and enjoy the land as their own, but they are not the title owner. The length also shows the permanence of the subsidy, regardless of who the owner is.

<u>Q. What kind of insurance does the CLT require homeowners to have?</u>

A. CLTs and lenders require homeowners to maintain traditional homeowners insurance on CLT homes. The CLT maintains general commercial liability on all of its parcels.

<u>Q. If the home is in an HOA and the dues have not been paid for many years and/ or there is a lien on the home who pays the lien or the unpaid dues?</u>

A. The Ground Lease prohibits unapproved liens to remain on the property. Any unapproved liens would be a violation of the ground lease. All liens will be paid at the time of sale, similar to how liens for unpaid dues or other debts are paid in a market rate house.

   Because of the nature of the Ground Lease, the CLT would be aware of an unpaid HOA payment as soon as it accrues, and hopefully, the CLT can help the owner and the HOA could work to remedy the situation immediately.

<u>Q. How does the land lease and separation of ownership affect financing? How does a lender look at remedies for default?</u>

A. CLT financing options have grown substantially thanks to banking regulations and legislation that has underwritten CLT sales into Federal Homeowners Administration (FHA) insured mortgages. Despite the legislation, FHA CLT loans are still difficult to close due to some resale formula compatibility with FHA requirements. Typically, CLTs make use of conventional loans, and lenders use the unrealized equity (ie the 20% below market value) as the 20% equity needed. Lenders like CLT loans because they have an extremely low rate of default due to the nature of the Ground Lease formula. If a homeowner is late on a payment, the CLT is notified immediately and can step in to assist. Lenders have the ability to foreclose as with a non-CLT loan. Some lenders may require updates to the Ground Lease to allow for different remedies or request a specific timeline for proceedings.

Q. Who pays property taxes if the CLT owns the property?

A. Under the Ground Lease, the CLT assigns the responsibility to pay property taxes to the homeowner as the sole party with access and use of the property. CLT homeowners throughout the country (including Kansas, but not Missouri) benefit from legislation that allows for decreased property tax assessment due to the resale restrictions placed on the CLT house. Some of MCLT's developments are in an urban renewal area to mitigate the property tax burden for homeowners, but these special taxing districts are not required for a CLT development.

Q. How are monthly maintenance fees collected and where are they held?

A. Monthly maintenance fees of $25.00 are collected through a monthly automatic payment. Maintenance fees fund an account held exclusively for maintenance and are earmarked for that homeowner. Each owner's maintenance fund may be used by only that homeowner under the terms of the Ground Lease.

Q. Can a homeowner have their monthly maintenance fees returned to them if they are not used?

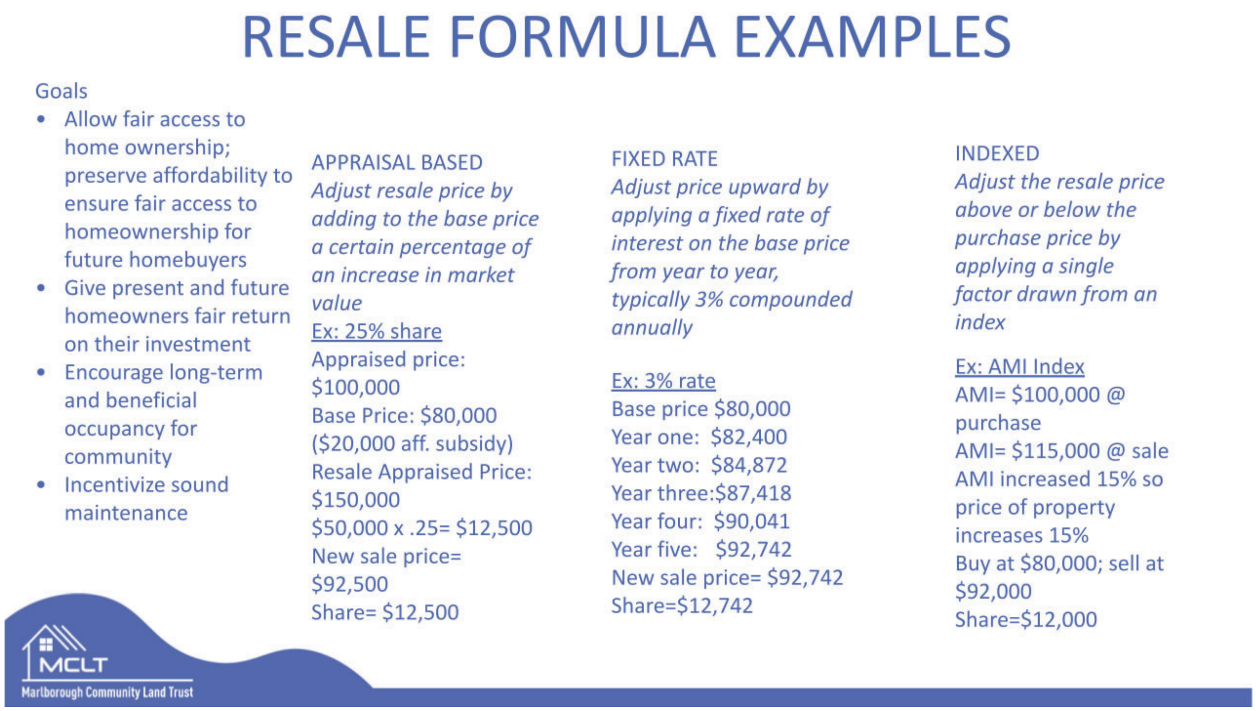
A. Yes

Resale Formula Questions

Q: How did MCLT decide on the 25% share of increased equity for the resale formula? Are there other options?

A. A 25% share of equity is the most common equity share that MCLT has identified in CLTs across the country. There are CLTs that employ other percentage shares, and some that employ different percentage shares for different Ground Leases. For example, there are some that have higher shares for lower income homeowners, with the theory that those homeowners need to build more wealth to reach stability sooner.

Resale formulas need not be based on the market appraisal. There are three main types of resale formulas: market/appraisal-based, fixed rate, and index-based. CLTs can modify these resale formulas to best reflect the needs of the organization, the homeowners, and the community at large. For a brief review of the various types of resale formulas, see below:



Q: Does the CLT reimburse owners for improvements to the property? If so, how is that valued?

A. Some CLTs elect to reimburse owners for certain pre-approved improvements or repairs. Others do not. Typically, if homeowners are seeking to make an improvement for which they can be reimbursed, they would need board approval. Board approval to be eligible for reimbursement is important because some improvements are for the preference of the homeowner, and may not be necessary or add value to the home (like putting in a pool), and would not be eligible for reimbursement. As with any homeowner, the amount expended on an improvement does not equate with the value of the improvement. Some CLTs allow for homeowners to be reimbursed for the value of their improvement at the time of sale. In these instances, the value (or shared value) of the improvement is reimbursed prior to the application of the resale formula. Issues such as deferred maintenance are treated differently, with more of a focus on shared costs at the time of the expense.

Q. Do homeowners actually build wealth in a CLT?

A. Wealth-building in a CLT is modest. Homeowners have their principal mortgage payments returned to them at sale and enjoy a share of the appreciated value. They receive more wealth than renting, but do not have all of the wealth-building abilities (or the associated risk) of unrestricted, market-rate ownership.

Q: If a homeowner pays off his mortgage does the resale formula still apply?

A. Yes

Community Impact

Q. Are there any studies showing how CLT homes impact the value of surrounding homes?

A. According to this article in *Journal of Housing Policy Debate "...In the postrecession period, we estimate that the introduction of CLTs in North Minneapolis was associated with a 10.9% increase in nearby sales prices..."*

Q. Will these artificially-lowered CLT home prices impact the "comps" (real estate comparables) of surrounding market-rate homes?

A. No. CLTs are leased-land houses and are only "comps" for other leased-land houses. Similar to how a mobile home or a condominium is not a "comp" for a single-family house, a CLT single family house is not comparable for a market-rate single family house.

Q. Do you have partnerships with organizations to provide the wrap around services such as the first time home buyer program?

A. Yes! We partner with various organizations depending on the goal of the development or the needs of the community.

Q. Is there evidence that CLTs can close the gap on Black home ownership?

A. CLTs are one program working to address the disparities in Black homeownership, but CLTs alone are unlikely to be able to close that gap. A study in 2019 showed that the percentage of Black CLT homeowners surpasses the percentage of Black market rate homeowners, indicating the CLTs work well to create access to homeownership for Black households.

   One area where CLTs are working to address the disparities in Black homeownership is changing restrictions on FHA insured loans, which serve most first-time homebuyers of color, and which are very difficult to use for CLTs.

Post-CLT Ownership

Q: Is there an issue of owners being able to move into the private market?

A. Just as with all homebuying, the answer depends on the real estate market. The Lawrence, Kansas, Tenants to Homeowners CLT and the Burlington, Vermont, Champlain Housing Trust estimate 70% and 86% of CLT homeowners, respectively, use their CLT proceeds and experience to purchase an unrestricted home

Community Land Trust Workshop feedback

28 responses

Publish analytics

Name

28 responses

katie killen

Xiomara Lopez

Jana Beery

Dee Ann Heptas

Nickie Lee

Ann Harbin

Helene Albano

Martha Kyalo

Neal Heckman

Keith

Collyn Peterson

Mike Scanlon

Phyllis Peterson

Mary Coffman

Gregg Lombardi

DeWayne Bright, Sr

Erin Ollig

Jan Faidley

Logan Heley

Joshua Johnson

Inga Selders

Megan Foreman

Stacey Johnson-Cosby

Kim Nakahodo

Trudy Moffitt

Janeé Hanzlick

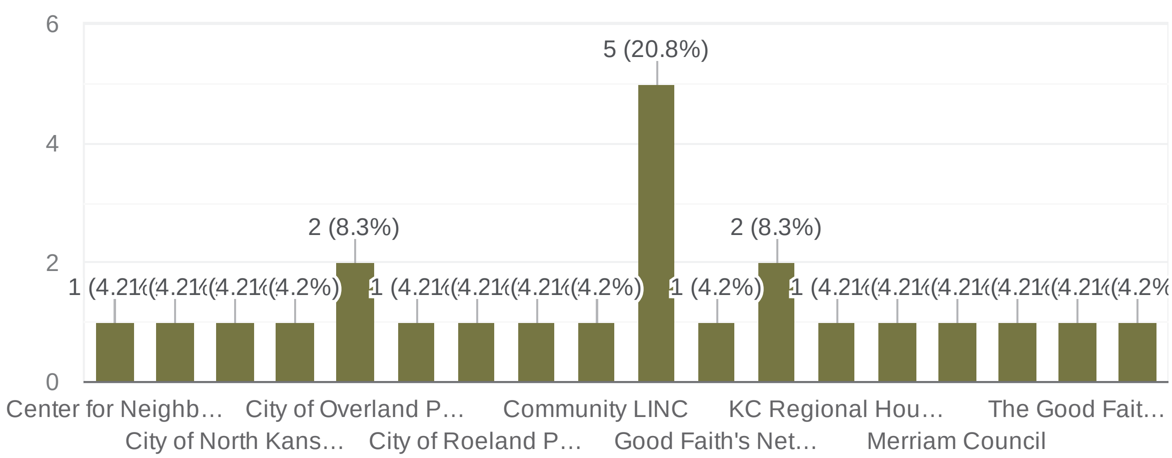
Michael Larson

Chris Evans Hands

Organization, if applicable

Copy

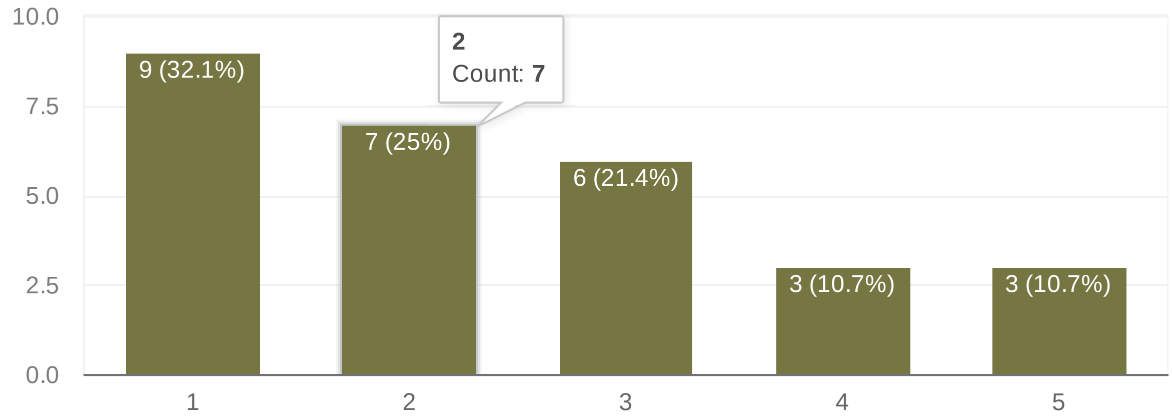
24 responses



How much did you know about the CLT model prior to this workshop?

Copy

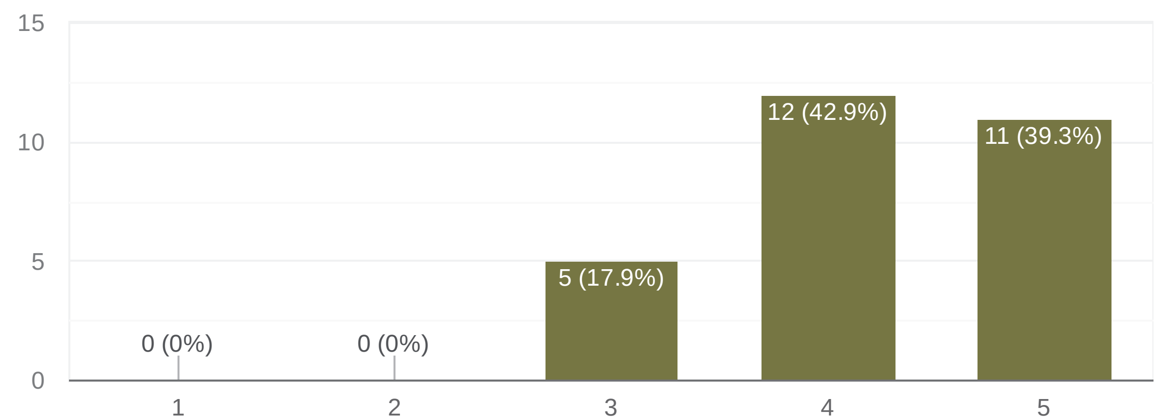
28 responses



After the workshop, do you feel you understand the basic principles of the CLT model?

Copy

28 responses



What were your key take aways from this workshop?

22 responses

Good solution

Long term sustainable for the community and individuals do not fall off the poverty cliff.

That this is one protentional tool.

how to preserve affordable housing stock forever

Understood the basic function of land trusts and how they operate to increase affordable options in a community.

There is a home for someone somewhere through -MCLT

It could be a good solution, possibly.

selling house not land, deed restrictions to prevent profit taking.

It is usable and effective for affordable housing

CLT model maintains long-term affordability -- this would seem to be key to the success of any AH project.

Basic operations

There are still a wide variety of options as to how to implement a community land trust. The best way to deal with issues like how to choose who gets the opportunity to buy the homes, how much people should be paid when they sell the homes and how to compensate do-it-yourself home improvements still have yet to be answered.

It’s best when community led

We need a CLT in Overland Park and Johnson County and everywhere!

These can be a good mechanism to help out new homeowners.

Finding the people with the right skills and expertise to form a CLT board.

Seems like an excellent model to keep public investments affordable for a long time

That while it can be an option & a blend of renting & homeownership, people need to clearly be educated about the difference between this model & actually truly owning a home. We need to promote traditional homeownership just as much, if not more.

Would love to see if there is regional interest!

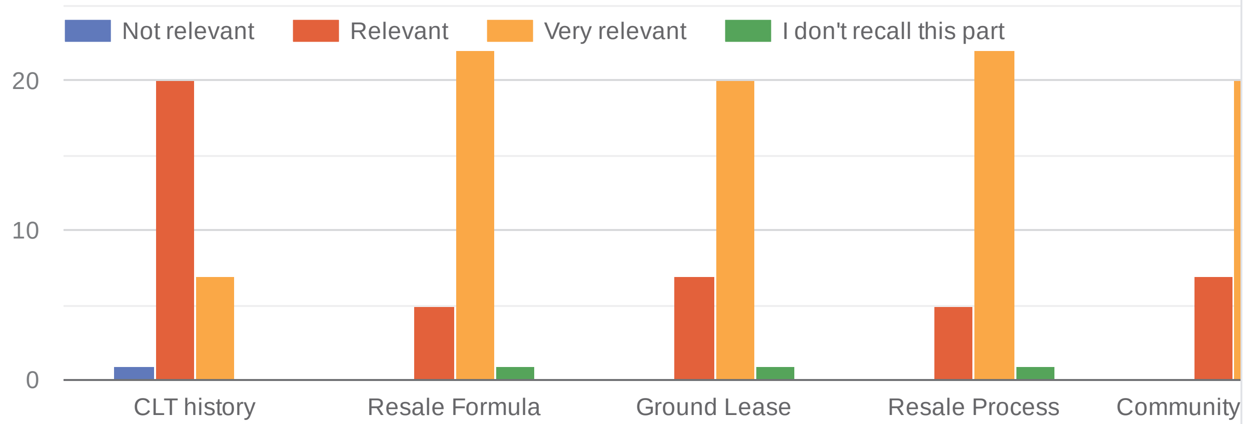
Can separate land value from house cost to make more affordable

Better understanding of the shared equity model

City (or Trust) owns the land, homeowner can benefit from the house's equity increase.

Which part of the workshop did you find most relevant?

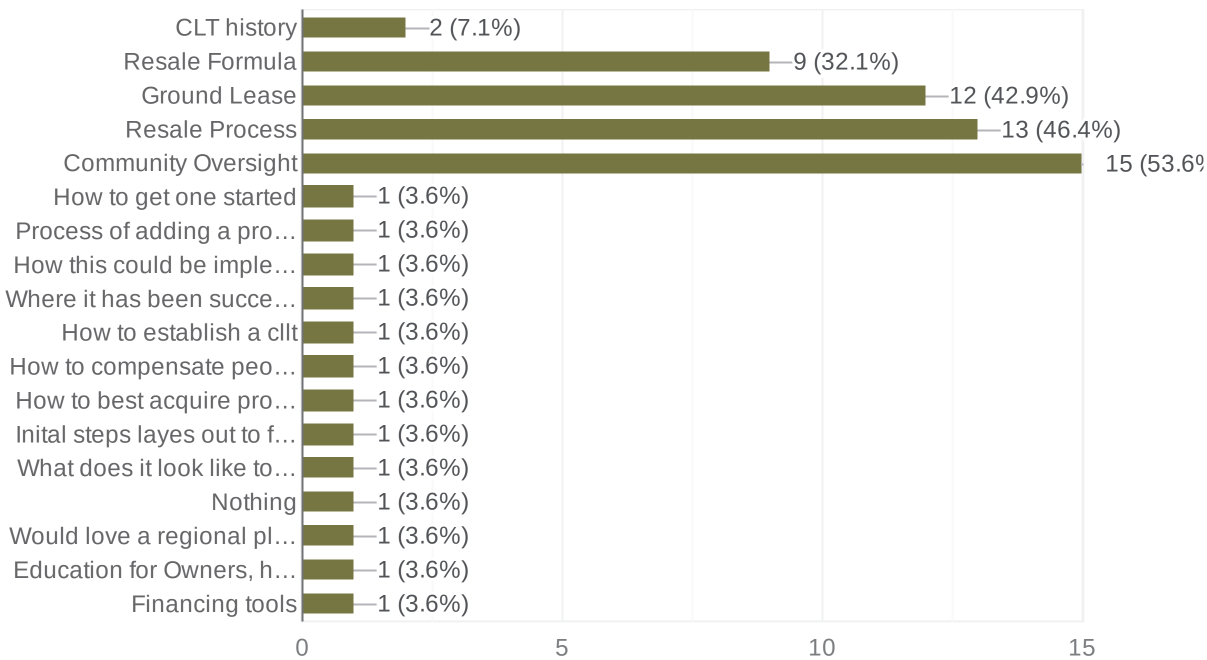
Copy



Which part of the CLT would you like to learn MORE about

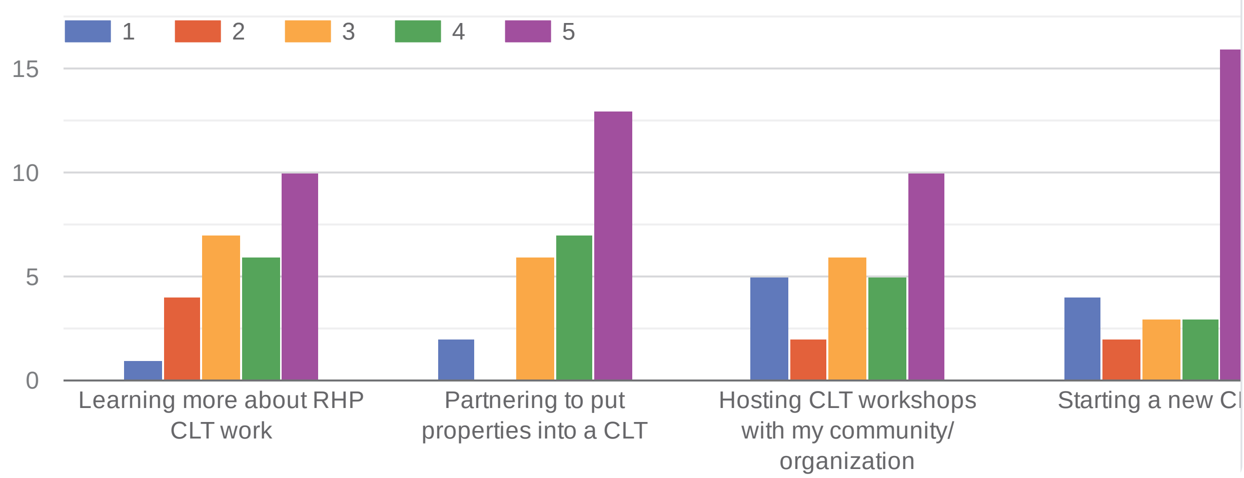
Copy

28 responses



Which topics would you like to learn more about

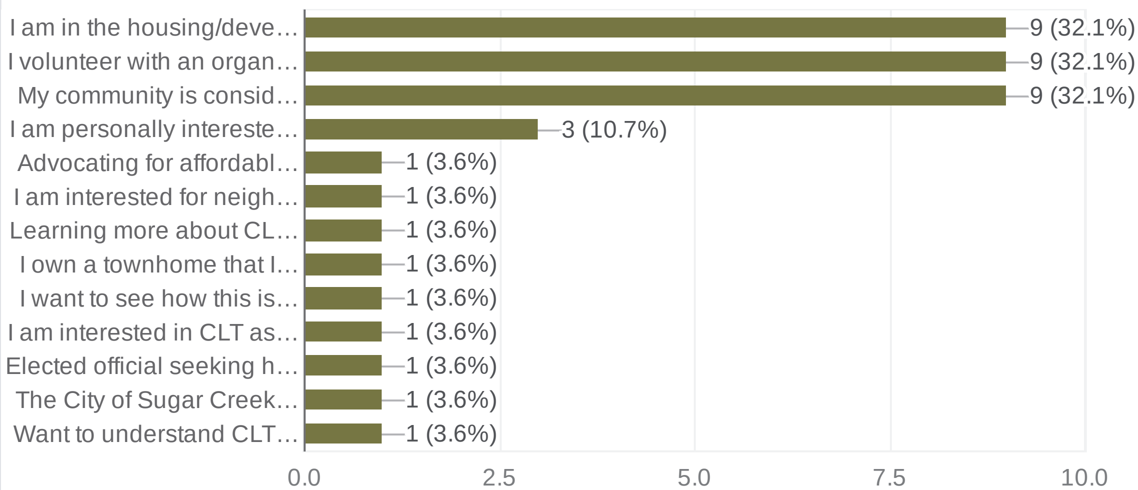
Copy



I attended for the following reasons

Copy

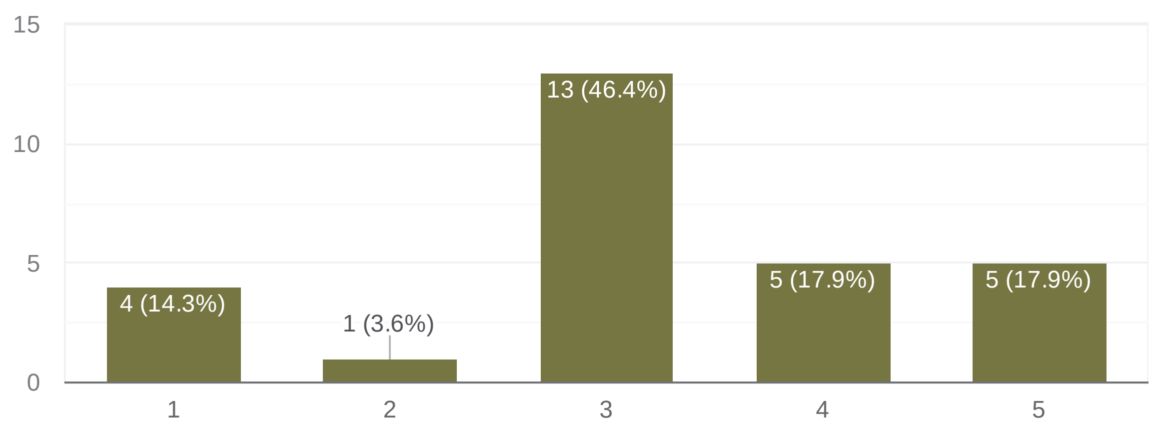
28 responses



How likely is your community or organization to consider a CLT within the next 12 months?

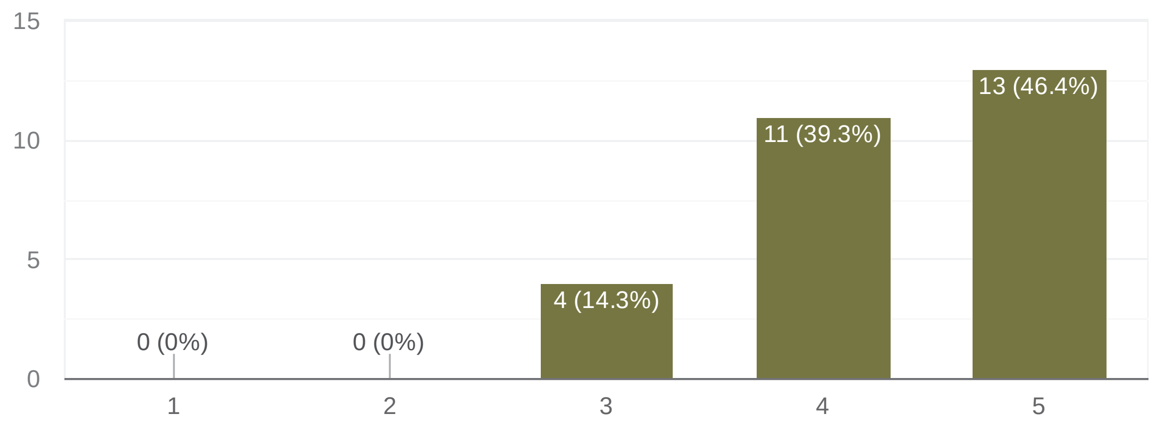
Copy

28 responses



How satisfied were you with the workshop content?

28 responses



Any additional comments regarding the sessions or overall workshop?

11 responses

Thanks!

Our organization does not own property, but is trying to influence the interest of community leaders.

Could i receive the PowerPoint or other information from the webinar

Your work is valuable to the community.

none

I thought it was well done -- and an Elected Official version needs to be created. A different set of questions they confront.

Good basic introduction into this topic

Can we also focus on hosting workshops to encourage traditional homeownership. That is a model that we know & are 100% comfortable with since it's been tested for years. Perhaps, a push for a down payment assistance program as well as structuring Homebuyer/Wealthbuilding Workshops for our communities. People can benefit fully from their equity to build generational wealth & close the wealth/race gap through homeownership. They will own the land under their homes.

More!

Interesting Program, we could start one in JOCO possibly with local board or Habitat for Humanity.

Would like a CLT 2.0 to go into more detail

Any overall feedback for the workshop?

9 responses

Very helpful and through.

I would like to know more about renovations process.

The session could have lasted longer.

none

Thought it was really well done -- seen dozens of these both in Kansas and Colorado -- one of the best.

Thank you!

Can we host one on traditional homeownership and explore programs to get cities to support them, too?

Good information, thanks for setting up.

Very helpful, but felt it only scratched the surface. Would welcome an opportunity to tour sit down with the Marlboro CLT leaders to learn more.

Title 24 - Housing and Urban Development
Subtitle A - Office of the Secretary, Department of Housing and Urban Development
Part 92 - Home Investment Partnerships Program
Subpart A - General

Authority: 42 U.S.C. 3535(d), 12 U.S.C. 1701x and 4568.
Source: 61 FR 48750, Sept. 16, 1996, unless otherwise noted.

§ 92.2 Definitions.

Link to an amendment published at 88 FR 9662, Feb. 14, 2023.

The terms *1937 Act, ALJ, Fair Housing Act, HUD, Indian Housing Authority (IHA), Public housing, Public Housing Agency (PHA),* and *Secretary* are defined in 24 CFR 5.100.

Act means the HOME Investment Partnerships Act at title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. 12701 *et seq.*

ADDI funds means funds made available under subpart M through allocations and reallocations.

Adjusted income. See § 92.203.

Annual income. See § 92.203.

CDBG program means the Community Development Block Grant program under 24 CFR part 570.

Certification shall have the meaning provided in section 104(21) of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. 12704.

Commitment means:

(1) The participating jurisdiction has executed a legally binding written agreement (that includes the date of the signature of each person signing the agreement) that meets the minimum requirements for a written agreement in § 92.504(c). An agreement between the participating jurisdiction and a subrecipient that is controlled by the participating jurisdiction (*e.g.,* an agency whose officials or employees are official or employees of the participating jurisdiction) does not constitute a commitment. An agreement between the representative unit and a member unit of general local government of a consortium does not constitute a commitment. Funds for administrative and planning costs of the HOME program are committed based on the amount in the program disbursement and information system for administration and planning. The written agreement must be:

(i) With a State recipient or a subrecipient to use a specific amount of HOME funds to produce affordable housing, provide downpayment assistance, or provide tenant-based rental assistance;

(ii) With a community housing development organization to provide operating expenses;

(iii) With a community housing development organization to provide project-specific technical assistance and site control loans or project-specific seed money loans, in accordance with § 92.301;

(iv) To develop the capacity of community housing development organizations in the jurisdiction, in accordance with § 92.300(b); or

(v) To commit to a specific local project, as defined in paragraph (2) of this definition.

(2) ***Commit to a specific local project*** means:

(i) If the project consists of rehabilitation or new construction (with or without acquisition) the participating jurisdiction (or State recipient or sub recipient) and project owner have executed a written legally binding agreement under which HOME assistance will be provided to the owner for an identifiable project for which all necessary financing has been secured, a budget and schedule have been established, and underwriting has been completed and under which construction is scheduled to start within twelve months of the agreement date. If the project is owned by the participating jurisdiction or State recipient, the project has been set up in the disbursement and information system established by HUD, and construction can reasonably be expected to start within twelve months of the project set-up date.

(ii)

(A) If the project consists of acquisition of standard housing and the participating jurisdiction (or State recipient or subrecipient) is acquiring the property with HOME funds, the participating jurisdiction (or State recipient or subrecipient) and the property owner have executed a legally binding contract for sale of an identifiable property and the property title will be transferred to the participating jurisdiction (or State recipient or subrecipient) within six months of the date of the contract.

(B) If the project consists of acquisition of standard housing and the participating jurisdiction (or State recipient or subrecipient) is providing HOME funds to a family to acquire single family housing for homeownership or to a purchaser to acquire rental housing, the participating jurisdiction (or State recipient or subrecipient) and the family or purchaser have executed a written agreement under which HOME assistance will be provided for the purchase of the single family housing or rental housing and the property title will be transferred to the family or purchaser within six months of the agreement date.

(iii) If the project consists of tenant-based rental assistance, the participating jurisdiction (or State recipient, or subrecipient) has entered into a rental assistance contract with the owner or the tenant in accordance with the provisions of § 92.209.

Community housing development organization means a private nonprofit organization that:

(1) Is organized under State or local laws;

(2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(3) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:

(i) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.

(ii) The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members;

(iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing; and

(iv) The officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.

(4) Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1)), is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code of 1986, or if the private nonprofit organization is an wholly owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax-exempt), the owner organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 and meets the definition of "community housing development organization;"

(5) Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a community housing development organization; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one- third of the board members may be public officials or employees of governmental entity. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a community housing development organization;

(6) Has standards of financial accountability that conform to 2 CFR 200.302, 'Financial Management' and 2 CFR 200.303, 'Internal Controls;'

(7) Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws;

(8) Maintains accountability to low-income community residents by:

(i) Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and

(ii) Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;

(9) Has a demonstrated capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. For its first year of funding as a community housing development organization, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. An organization that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of § 92.300(a)(2). A nonprofit organization does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization; and

(10) Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

Consolidated plan means the plan submitted and approved in accordance with 24 CFR part 91.

Displaced homemaker means an individual who:

(1) Is an adult;

(2) Has not worked full-time full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family; and

(3) Is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

Family has the same meaning given that term in 24 CFR 5.403.

First-time homebuyer means an individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home with assistance under the American Dream Downpayment Initiative (ADDI) described in subpart M of this part. The term first-time homebuyer also includes an individual who is a displaced homemaker or single parent, as those terms are defined in this section. An individual shall not be excluded from consideration as a first-time homebuyer on the basis that the individual owns or owned, as a principal residence during the three-year period, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations or is not in compliance with State, local, or model building codes, or other applicable codes, and cannot be brought into compliance with the codes for less than the cost of constructing a permanent structure.

HOME funds means funds made available under this part through allocations and reallocations, plus program income.

Homebuyer counseling has the same meaning as homeownership counseling in 24 CFR 5.100, and is a type of housing counseling.

Homeownership means ownership in fee simple title in a 1- to 4-unit dwelling or in a condominium unit, or equivalent form of ownership approved by HUD.

(1) The land may be owned in fee simple or the homeowner may have a 99-year ground lease.

(i) For housing located in the insular areas, the ground lease must be 40 years or more.

Title 24 - Housing and Urban Development
Subtitle B - Regulations Relating to Housing and Urban Development
Chapter V - Office of Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development
Subchapter C - Community Facilities
Part 570 - Community Development Block Grants
Subpart C - Eligible Activities

Source: 53 FR 34439, Sept. 6, 1988, unless otherwise noted.
Authority: 12 U.S.C. 1701x, 1701 x-1; 42 U.S.C. 3535(d) and 5301-5320.
Source: 40 FR 24693, June 9, 1975, unless otherwise noted.

§ 570.204 Special activities by Community-Based Development Organizations (CBDOs).

(a) *Eligible activities.* The recipient may provide CDBG funds as grants or loans to any CBDO qualified under this section to carry out a neighborhood revitalization, community economic development, or energy conservation project. The funded project activities may include those listed as eligible under this subpart, and, except as described in paragraph (b) of this section, activities not otherwise listed as eligible under this subpart. For purposes of qualifying as a project under paragraphs (a)(1), (a)(2), and (a)(3) of this section, the funded activity or activities may be considered either alone or in concert with other project activities either being carried out or for which funding has been committed. For purposes of this section:

(1) Neighborhood revitalization project includes activities of sufficient size and scope to have an impact on the decline of a geographic location within the jurisdiction of a unit of general local government (but not the entire jurisdiction) designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation; or the entire jurisdiction of a unit of general local government which is under 25,000 population;

(2) Community economic development project includes activities that increase economic opportunity, principally for persons of low- and moderate-income, or that stimulate or retain businesses or permanent jobs, including projects that include one or more such activities that are clearly needed to address a lack of affordable housing accessible to existing or planned jobs and those activities specified at 24 CFR 91.1(a)(1)(iii); activities under this paragraph may include costs associated with project-specific assessment or remediation of known or suspected environmental contamination;

(3) Energy conservation project includes activities that address energy conservation, principally for the benefit of the residents of the recipient's jurisdiction; and

(4) To carry out a project means that the CBDO undertakes the funded activities directly or through contract with an entity other than the grantee, or through the provision of financial assistance for activities in which it retains a direct and controlling involvement and responsibilities.

(5) Any new construction or substantial rehabilitation, as substantial rehabilitation is defined by 24 CFR 5.100, of a building with more than 4 rental units, for which CDBG funds are first obligated by the recipient on or after April 19, 2017, must include installation of broadband infrastructure, as this term is also defined in 24 CFR 5.100, except where the recipient determines and, in accordance with § 570.506, documents the determination that:

(i) The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible;

(ii) The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or

(iii) The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

(b) ***Ineligible activities.*** Notwithstanding that CBDOs may carry out activities that are not otherwise eligible under this subpart, this section does not authorize:

(1) Carrying out an activity described as ineligible in § 570.207(a);

(2) Carrying out public services that do not meet the requirements of § 570.201(e), except that:

(i) Services carried out under this section that are specifically designed to increase economic opportunities through job training and placement and other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services; and

(ii) Services of any type carried out under this section pursuant to a strategy approved by HUD under the provisions of 24 CFR 91.215(e) shall not be subject to the limitations in § 570.201(e)(1) or (2), as applicable;

(3) Providing assistance to activities that would otherwise be eligible under § 570.203 that do not meet the requirements of § 570.209; or

(4) Carrying out an activity that would otherwise be eligible under § 570.205 or § 570.206, but that would result in the recipient's exceeding the spending limitation in § 570.200(g).

(c) ***Eligible CBDOs.***

(1) A CBDO qualifying under this section is an organization which has the following characteristics:

(i) Is an association or corporation organized under State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation within the jurisdiction of the recipient, or in the case of an urban county, the jurisdiction of the county; and

(ii) Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low and moderate income; and

(iii) May be either non-profit or for-profit, provided any monetary profits to its shareholders or members must be only incidental to its operations; and

(iv) Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation, owners or senior officers of private establishments and other institutions located in and serving its geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; and

(v) Is not an agency or instrumentality of the recipient and does not permit more than one-third of the membership of its governing body to be appointed by, or to consist of, elected or other public officials or employees or officials of an ineligible entity (even though such persons may be otherwise qualified under paragraph (c)(1)(iv) of this section); and

(vi) Except as otherwise authorized in paragraph (c)(1)(v) of this section, requires the members of its governing body to be nominated and approved by the general membership of the organization, or by its permanent governing body; and

(vii) Is not subject to requirements under which its assets revert to the recipient upon dissolution; and

(viii) Is free to contract for goods and services from vendors of its own choosing.

(2) A CBDO that does not meet the criteria in paragraph (c)(1) of this section may also qualify as an eligible entity under this section if it meets one of the following requirements:

(i) Is an entity organized pursuant to section 301(d) of the Small Business Investment Act of 1958 (15 U.S.C. 681(d)), including those which are profit making; or

(ii) Is an SBA approved Section 501 State Development Company or Section 502 Local Development Company, or an SBA Certified Section 503 Company under the Small Business Investment Act of 1958, as amended; or

(iii) Is a Community Housing Development Organization (CHDO) under 24 CFR 92.2, designated as a CHDO by the HOME Investment Partnerships program participating jurisdiction, with a geographic area of operation of no more than one neighborhood, and has received HOME funds under 24 CFR 92.300 or is expected to receive HOME funds as described in and documented in accordance with 24 CFR 92.300(e).

(3) A CBDO that does not qualify under paragraph (c)(1) or (2) of this section may also be determined to qualify as an eligible entity under this section if the recipient demonstrates to the satisfaction of HUD, through the provision of information regarding the organization's charter and by-laws, that the organization is sufficiently similar in purpose, function, and scope to those entities qualifying under paragraph (c)(1) or (2) of this section.

[60 FR 1944, Jan. 5, 1995, as amended at 71 FR 30035, May 24, 2006; 81 FR 92636, Dec. 20, 2016]

(All the proposed articles are modified from 2011 Model Classic CLT Bylaws)

ARTICLE __: MEMBERSHIP

1. Regular Membership. Subsequent to the (FIRST or YEAR) annual meeting, the Regular Members of the Corporation, with full voting rights, shall be:

A. The Consortium Lessee Members, who shall be all persons who lease land or housing from the Corporation or from an entity that is wholly owned by the Corporation.

B. Existing CLT Members, which shall be duly incorporated community land trust or other incorporated affordable housing development corporations/organizations.

C. Locally-Governed CLT Members, which shall be an entity serving a geographically defined area that has entered into a pre-membership Memorandum of Understanding.

D. Next-Door Neighbor Members, who shall be all persons who currently reside within one of the geographically defined areas served by a Locally-Governed CLT Member.

E. Open Members, who shall be all other persons, eighteen years of age or older

who have complied with the following requirements.

(1)Submission of a Membership application including a signed statement of support for the purposes of the Corporation in a form to be determined by the Board of Directors.

(2) Payment of dues as established by the Membership for the current calendar year.

2. Requirements for Continuing Regular Membership.

To maintain Regular Membership beyond a Member's first year of Regular Membership a member must either be a Lessee Member or have paid dues established for the current calendar year for that class of membership.

3. Membership Dues

a. Annual membership dues shall be assessed for each calendar year by an affirmative vote of a majority of the Board of Directors on an annual basis. If no such action is taken to assess dues for a given year, the dues for that year shall be as established for the previous year.

b. Annual dues may be paid either in cash, through a contribution of labor to the organization, or via allocation in a joint grant application. The Board of Directors shall determine the hourly rate at which labor will be credited as dues, and shall have the power to designate the types of labor that may be credited.

4. Rights of Regular Members.

a. Every Regular Member shall have the right to participate in meetings of the Membership, to cast one vote on all matters properly put before the Membership for consideration, to nominate and participate in the election of the Board of Directors as provided by these Bylaws, to serve on the Board of Directors or on committees if chosen, and to receive notices and minutes of Membership Meetings and Annual Reports of the Corporation.

b. The assent of the Regular Membership, in accordance with these Bylaws, shall be required before action may be taken on the assessment of membership dues, the sale of land, the establishment or alteration of the “resale formula,” the amendment of the Certificate of Incorporation or these Bylaws, and the dissolution of the Corporation.

5. Supporting Partnership.

a. Any person who has paid the annual dues established for the current calendar year but who does not wish to become a Regular Member or has not met all of the requirements of Regular Membership shall be designated a Supporting Partner of the Corporation.

b. Supporting Partners shall have all of the rights of Regular Members except the right to nominate and participate in the election of the Board of Directors and the right to vote on matters put before the Regular Membership.

6. Membership Meetings.

a. Notice of Meetings. Written notice of every Membership Meeting shall be given to all Regular Members and Supporting Partners and shall include an agenda for the meeting. Except as otherwise provided in Article VIII of these Bylaws, notice shall be mailed at least seven days prior to a meeting.

b. Annual Meetings. Subsequent to the First Annual Meeting, the Annual Meeting of the Membership, for reports to the Membership by the Board of Directors and Officers, the election of Directors, the assessment of dues, and the transaction of other business, shall be held in the fourth quarter of each year. The location and specific time of the Annual Meeting shall be determined by the Board of Directors. Notice of the Annual Meeting shall include a list of those persons nominated for the Board of Directors as provided in Article III of these Bylaws.

c. Regular Meetings. Regular Meetings may be scheduled by the Regular Membership at such times and places as they shall establish at the Annual Meeting.

d. Special Meetings. Special Membership Meetings may be called by the Board of Directors or by a written petition, addressed to the President of the Corporation, signed by at least one tenth

(10%) of the Regular Membership. At a Special Meeting, only those matters stated on the agenda, as included in the notice of the meeting, may be acted upon by the Membership.

e. Open meetings. All Membership Meetings shall be open to any person.

f. Minutes. Minutes of all Membership Meetings shall be recorded by the Secretary of the Corporation or by another person designated by the Board of Directors. Minutes for every meeting shall be approved by the Regular Membership at the next Membership Meeting.

g. Quorum. A quorum shall consist of 51% percent of the total Regular Membership, as determined by the Secretary of the Corporation.

h. Decision-Making. Whenever possible, decisions shall be made at Membership Meetings by the consensus of the Regular Members present, a quorum being assembled. In the event that consensus is not attained, a decision shall be made by an affirmative vote of a majority of the Regular Members present and voting, a quorum being assembled, except as otherwise provided in these Bylaws. Before a vote is held on any motion, the exact language of the motion shall be recorded by the Secretary and read to the Membership, and all Members present shall have a reasonable opportunity to express their opinions on the proposition.

ARTICLE ___: BOARD OF DIRECTORS

1. Number of Directors.The Board of Directors shall consist of a maximum of twenty-one (21) Directors.

2. Composition of the Board.

a. Tripartite Board. There shall be three categories of Directors, each consisting of a maximum of seven directors, or one third of the total Board Members, whichever is less. The three categories shall be:

"Lessee Representatives" representing Lessee Members. In the event that there are not a sufficient number of Lessees to fill 1/3 of the seats on the board, this category include community or at-large representatives, so long as the Composition of the Board conforms with the remaining requirements of this section;

"Community Representatives" representing CLT Community Partner Members and CLT Community Members, and

"Public/At-large Representatives" representing the interests of the general public at-large and all other member types

b. Geographic Diversity Requirements. Due to the regional nature of the Corporation, the Board should from time to time adjust Board Seats to ensure adequate representation of all counties represented in the Corporation. The Board should set a minimum number and a maximum number of Board Members per county, based on population.
c. Community Housing Development Organization Requirements. The board shall comply with 24 CFR 92.2, including: Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low income neighborhood ("neighborhood" as defined by HUD in 24 CFR 92.2 Community housing development organization 8(i)) organizations, at least 30% of all Board Member
d. Community Based Development Organization Requirements. In order for the Board to comply with the requirements identified in 24 CFR 570.204, including: Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation, owners or senior officers of private establishments and other institutions located in and serving its geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation, 30% of the Board seats in the Community Representatives and 30% of the Board seats in the At-large Representatives must comply with 24 CFR 570.204 requirements.

3. Nominating Directors: For all regular elections subsequent to the first Annual Meeting of the Membership, Directors shall be nominated as follows:

a. Lessee Representatives.

(1) Lessee Members may nominate Lessee Representatives to the Board from among themselves. These nominations must either be submitted in writing to the Secretary of the Corporation at least ten days prior to the Annual Membership Meeting or be made from the floor at the Annual Meeting.

(2) In the event that, at the time when the notice of the Annual Membership Meeting is to be sent out, the number of nominations is less than the number of Lessee Representative seats to be filled, the Board of Directors shall nominate enough candidates so that the total number of candidates is sufficient to fill the number of seats to be filled. To achieve this end, the Board may, at any time prior to the sending out of such notice, approve a list of candidates for Lessee Representative to be nominated in such event. In making such nominations, the Board shall select actual Lessees to the extent that they are available to serve on the Board of Directors. Otherwise the Board shall select persons who can reasonably be expected to represent the normal interests and concerns of Lessees.

b. Community Representatives.

(1) Locally-Governed CLT Members and Next-Door Neighbor Members may nominate Community Representatives to the Board from among themselves. These nominations must either be submitted in writing to the Secretary of the Corporation at least ten days prior to the Annual Meeting or be made from the floor at the Annual Meeting.

(2) If, at the time the notice of the Annual Membership Meeting is to be sent out, the number of nominations for Community representative is less than the number of Community Representative seats to be filled, the Board of Directors shall nominate enough candidates so that the total number of candidates is sufficient to fill the number of seats to be filled. To achieve this end, the Board may, at any time prior to the sending out of such notice, approve a list of candidates for Community Representatives to be nominated in such an event.

c. At-large Representatives. At least ten days prior to the Annual Meeting, the Board of Directors, the Existing CLT Members, and the Open Members shall make nominations for At-large Representatives to the Board.

d. Notice of Nominations. The Board shall review all nominations and ensure based upon the nominations that the Board composition complies with the requirements in Section 2 of this Article. Should it be infeasible for the nominated slate to result in a Board that complies with Section 2 of the article, the Board shall request additional nominations from the groups that would result in compliance. Once the Membership groups provide a satisfactory slate of nominees, a list of all persons nominated in each of the three categories shall be included with the notice of the Annual Meeting along with a reminder of the Section 2 Board Composition requirements.

4. Election of Directors. Directors shall be elected by the Regular Members present and voting at the Annual Meeting, a quorum being assembled, in accordance with the following procedures.

a. A separate vote shall be taken for each of the three categories of Board representatives:

(1) Lessee Representatives,
(2) Community Representatives, and
(3) Public/At-large Representatives.

If a person has been nominated in more than one category and is then elected in one category, his or her name shall be removed from the list of nominees in the remaining categories.

b. Only Lessee Members may vote to elect Lessee Representatives unless no Lessee members are present at the Annual Membership Meeting. If no Lessee members are present, then Community Members may vote to elect Lessee Representatives. Each Member qualified to vote for Lessee Representatives may vote for as many nominees in this category as there are Lessee Representative seats to be filled.

c. Only Locally-Governed CLT Members and Next-Door Neighbor Members may vote to elect Community Representatives unless no Next-Door Neighbor members are present at the Annual Membership Meeting. If no Next-Door Neighbor Members are present, then Lessee Members may vote to elect General Representatives. Each Member qualified to vote for Community Representatives may vote for as many nominees in this category as there are Community Representative seats to be filled.

d. All Regular Members may vote to elect Public/At-large Representatives. Each Regular Member may vote for as many Public/At-large Representative nominees as there are Public/At-large Representative seats to be filled.

e. In each of the three categories, positions shall be filled by those candidates receiving the largest numbers of votes in the category, though such numbers may constitute less than a majority of the total votes cast in the category.

f. In no circumstances shall the election of a Board member violate the Board Composition requirements previously stated in this article.

5. Vacancies.

a. If any Director vacates his or her term or is removed from the Board, the remaining Directors (though they may constitute less than a quorum) may elect a person to fill the vacancy, or may, by unanimous agreement, decide to leave the position vacant until the next Annual Meeting of the Membership, provided the Board still includes at least three Representatives in each category.

Elections to fill vacancies shall be by a majority of the remaining Directors.

b. Any person elected to fill a vacancy on the Board of Directors must be one who can be reasonably expected to represent the interests of the constituents in the category (Lessee, Community, or At-large) in which the vacancy occurs.

c. Replacement Directors elected by the Board shall serve out the remaining term of the person who has vacated the position.

6. Low-Income Representation. In their actions regarding the nomination and election of directors and appointment of people to fill vacancies on the board of directors, the membership and the board of directors shall at all times ensure that at least one third of the Board is maintained for residents of low-income neighborhoods, other low-income community residents, or representatives of low-income neighborhood organizations.

7. Terms of Directors.

a. Terms of First Elected Directors. After the election of Directors at the first Annual Meeting, each Director shall be assigned, by mutual agreement or by lot, to a one- year or two-year term.

In each of the three categories of Representatives, two Directors shall be assigned a one-year term and two shall be assigned a two-year term.

b. Terms of Successor Directors. Except as otherwise provided in these Bylaws, each Director shall serve a full term of two years.

c. Commencement of Terms. The term of office of a regularly elected Director shall commence at the adjournment of the Annual Membership Meeting in which he or she is elected. The term of office of a Director elected by the Board to fill a vacancy shall begin at the time of his or her acceptance of the position.

d. Re-election. No person shall serve as a Director for more than three consecutive elected terms. After a year’s absence from the Board, however, a person who has served three consecutive elected terms may return to the Board, if reelected, and may serve up to three consecutive elected terms.

8. Resignation.

a. Any Director may resign at any time by giving written notice to the President. Unless otherwise specified, such resignation shall be effective upon the receipt of notice by the President.

b. A Director shall be considered to have given notice of resignation and his or her position shall be declared vacant by the Board of Directors if he or she fails to attend three consecutive meetings of the Board with the exception of emergency meetings, unless good cause for absence and continuing interest in participation on the Board are recognized by the Board.

When a Director has failed to attend three consecutive meetings, the President shall notify him or her in writing that, at the next regular Board meeting, his or her position will be declared vacant unless the Board determines that there has been good cause for the Director's absences and that the Director continues to be interested in participating on the Board of Directors. The notification by the President shall be mailed no later than seven days prior to the Board meeting at which the position may be declared vacant. At this meeting, the Director in question shall be given the opportunity to show good cause for past absences from meetings and continuing interest in participating on the Board. The resignation of a Director who has missed three consecutive meetings shall not become effective until the Board has declared the position vacant as provided herein.

9. Removal of Directors. A Director of the Corporation may be removed for good cause by the regular members of the Corporation when such Director is judged to have acted in a manner seriously detrimental to the Corporation. However, before such removal can occur, the following procedure must be followed.

a. Written charges specifying the conduct considered to be detrimental must be signed by at least three members of the Corporation and submitted to the President (or, if the President is the Director charged, to the Vice President). Any Regular Members of the Corporation may submit such charges.

b. The President (or Vice President) shall deliver or mail a copy of the charges to the Director in charge.

c. A Special Committee consisting of three Regular Members of the Corporation shall be created to consider the charges. One member of the Committee shall be selected by the Board of Directors, but without the participation of the Director charged, within ten days following the delivery or mailing of the charges to the Director charged. In making its selection, the Board shall endeavor to select a person who will consider the charges without bias. No later than ten days following the Board's selection of the first member of the Committee, a second member may be selected by the Director charged. In the event that the Director charged fails to select a second member of the Committee within ten days, the Board may select a second member who, in the judgment of the Board, will consider the charges without bias. Within ten days following the selection of the second member of the Committee, the first and second members shall select a third member of the Committee. If the first and second members cannot agree upon a third member within this ten-day period, the Board shall select a third member.

d. The Special Committee shall hold a hearing, at which both the Director charged and the members who have filed charges may present evidence in the presence of the other. Following the hearing, the Committee shall prepare a written report of its findings and its recommendation for or against removal. The recommendation shall be based on a majority vote if consensus cannot be reached. The report shall contain a statement of how each member of the Committee has voted. The report shall be completed and submitted to the President of the Corporation no later than one month following the selection of the third member of the Committee.

e. If the Committee recommends removal of the Director, the recommendation shall be presented to the Regular Membership, which shall then have sole authority to decide the question of removal. A Membership meeting for this purpose shall be called by the President for a time no later than one month following the President's receipt of the Committee's recommendation for removal. Notice of this meeting shall include a complete copy of the Committee's report.

10. Meetings of the Board of Directors.

a. Notice of Meetings. Except as provided below for emergency meetings, written notice of a Board meeting shall be mailed to all Directors at least seven days prior to the meeting, or shall be delivered in person or emailed at least five days prior to the meeting. Notice of every meeting shall include an agenda for the meeting.

b. Waiver of Notice. Any Director may waive any notice required by these Bylaws. Any Director who has not received notice of a Board meeting but has attended that meeting shall be considered to have waived notice of that meeting, unless he or she requests that his or her protest be recorded in the minutes of the meeting.

c. Annual Meeting. The Annual Meeting of the Board of Directors may be held immediately following the Annual Membership Meeting and must be held no later than six weeks following the Annual Membership Meeting.

d. Regular Meetings. The Board of Directors shall meet no less often than once every two months, at such times and places as the Board may establish.

e. Remote Participation. Directors may participate in a regular or special meeting of the Board by any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

f. Special Meetings and Emergency Meetings. Special meetings may be called by the President, by any three Directors, or by 10% of the Regular Members of the Corporation. Notice must be given as provided above, unless any three Directors determine that the matter at hand constitutes an emergency. When so determined, an Emergency Meeting may be called on one-day notice. Notice of Emergency Meetings, including an announcement of the agenda, shall be given by telephone or in person to all Directors. At any Special or Emergency Meeting of the Board, only those matters included in the announced agenda may be acted upon unless all of the Directors are present at the meeting and unanimously agree to take action on other Matters.

11. Procedures for Meetings of the Board of Directors.

a. Open Meetings. All meetings of the Board of Directors shall be open to any person except when the Board has voted, during an open meeting, to go into executive session.

b. Executive Session. A motion to go into executive session shall state the nature of the business of the executive session, and no other matter may be considered in the executive session. No binding action may be taken in executive session except actions regarding the securing of real estate purchase options or contracts in accordance with paragraph b-2 below. Attendance in executive session shall be limited to the Directors and any persons whose presence is requested by the Board of Directors. Minutes of an executive session need not be taken; however, if they are taken, they shall be recorded as a part of the minutes of the meeting in which the Board has voted to go into executive session. The Board shall not hold an executive session except to consider one or more of the following matters.

(1) Contracts, labor relations agreements with employees, arbitration, grievances, or litigation involving the Corporation when premature public knowledge would place the Corporation or person involved at a substantial disadvantage.

(2) Real estate purchase offers and the negotiating or securing of real estate purchase options or contracts.

(3) The appointment or evaluation of an employee, and any disciplinary or dismissal action against an employee (however, nothing in this section shall be construed to impair the right of the employee to a public hearing if action is taken to discipline or dismiss).

(4) The consideration of applications from persons seeking to lease land and/or housing, purchase housing or other improvements, or arrange financing from the Corporation.

(5) Relationships between the Corporation and any party who might be harmed by at-large discussion of matters relating to the relationship.

c. Quorum. At any meeting of the Board, a quorum shall consist of a majority of the Board of Directors, provided that at least one representative from each of the three categories of representatives is present.

d. Decision-Making. The Board shall attempt to reach unanimous agreement on all decisions. In the event that unanimous agreement cannot be achieved, a decision may be made by a majority of the Directors present and voting, except as otherwise provided in these Bylaws.

e. Minutes. Minutes of all Board meetings shall be recorded by the Secretary or by such other person as the Board may designate, and shall be corrected as necessary and approved by the Board at the next Board meeting. All duly approved minutes of Board meetings shall be kept on permanent record by the Corporation and shall be open for inspection by any Member of the Corporation.

12. Duties of the Board of Directors. The Board of Directors shall carry out the purposes of the Corporation, implement the decisions of the Regular Membership, and be responsible for the general management of the affairs of the Corporation in accordance with these Bylaws. Specifically, the Board shall:

a. Approve a written Annual Report to The Membership, and make this report available to all members. This report shall include a summary of the Corporation's activities during the previous year, the Corporation's most recent financial reports, and a list of all real estate held by the Corporation.

b. Adopt an annual operating budget prior to the beginning of each fiscal year, and approve any expenditures not included in the budget.

c. Select all officers of the Corporation.

d. Supervise the activities of all officers, agents, and committees of the Corporation in the performance of their assigned duties and investigate any possible conflicts of interest within the Corporation.

e. Adopt and implement personnel policies providing for the hiring, supervision, and evaluation of employees.

f. Provide for the deposit of funds in accordance with Article IX of these Bylaws.

g. Determine by whom and in what manner deeds, leases, contracts, checks, drafts, endorsements, notes and other instruments shall be signed on behalf of the Corporation.

h. Acquire such parcels of land, with or without buildings and other improvements, through donation, purchase, or otherwise, as the Board shall determine that it is useful and prudent to acquire in furtherance of the purposes of the Corporation.

i. Convey the right to use land, through leases or other limited conveyances, in accordance with the provisions of Articles V and VI of these Bylaws.

j Convey ownership of housing and other improvements on the Corporation's land to qualified lessees, as possible, in accordance with the provisions of Articles V and VI of these Bylaws.

k. Exercise, as appropriate, the Corporation's option to repurchase (or arrange for the resale of) housing and other improvements on the Corporation's land, or condominium units on which the corporation holds a purchase option.

l. Develop the resources necessary for the operation of the Corporation and for the acquisition and development of land and housing.

m. Assure the sound management of the Corporation's finances.

13. Powers of the Board of Directors. In addition to the power to carry out the duties enumerated above, the Board of Directors shall have the power to:

a. Appoint and discharge advisors and consultants.

b. Create such committees as are necessary or desirable to further the purposes of the Corporation. (Any member of the Corporation may be appointed to any committee. No committee may take action on behalf of the Corporation except as authorized by the Board of Directors.)

c. Call special meetings of the membership.

d. Approve the borrowing and lending of money as necessary to further the purposes of the Corporation and in accordance with paragraph IX-4 of these Bylaws.

e. Exercise all other powers necessary to conduct the affairs and further the purposes of the Corporation in accordance with the Certificate of Incorporation and these Bylaws.

14. Limitation on the Powers of the Board of Directors. Action taken by the Board of Directors on any motion for the assessment of membership dues, the removal of Directors, the sale of land, the establishment or alteration of the "resale formula," the amendment of the Certificate of Incorporation or these Bylaws, or dissolution of the Corporation shall not become effective unless and until such action is approved by the Regular Membership in accordance with these Bylaws.

REGIONAL COMMUNITY LAND TRUST CONSORTIUM 12 OPERATIONS BUDGET*

Portfolio of assumptions	
Year of Operations	1
Existing Portfolio	7
Number of Homes added during year	8
type of homes	
Plan and Number of Acquisition	
AHA	*2*
Tax Sale	
Bank Donation	
Foreclosure Purchase	
Vacant Lot new Build	*6*
Rental unit	
cumulative number of houses	15
number of commercial leases	0
Cumulative number of Urban Agriculture	0

* Assumes starting with 7 properties in CLT, gaining 3 community CLT members an 3 technical assistance members

Expense Budget		Year 1	Community 1	Community 2	Community 3	
Salaries						
Executive Director (3% annual raise)		*75,000*	*75,000*	*75,000*	*75,000*	
FTE	*1*					
Outreach and Organizing Coordinator (3% annu		*50,000*				
FTE	*`1*					
Administrative Staff (3% annual raise)		*40,000*				
FTE	*1*					
Administrative Staff (3% annual raise)		*0*				
Total Salaries		*165,000*	*75,000*	*75,000*	*75,000*	
Payroll						
Benefits						
15% total salaries		*24750*	*11250*	*11250*	*11250*	
payroll taxes and costs						
15% total salaries		*24750*	*11250*	*11250*	*11250*	
Total Salaries and Payroll		***214,500***	***97,500***	***97,500***	***97,500***	
Administrative/Overhead						
Office Space @ 800/month		*9600*	*9600*	*9600*	*9600*	
Office Supplies (incl printing)		*2000*	*2000*	*2000*	*2000*	
Phone		*1200*	*1200*	*1200*	*1200*	
Marketing Materials		*3000*	*3000*	*3000*	*3000*	
Postage		*3000*	*3000*	*3000*	*3000*	
D/O and Liability Insurance		*3000*	*3000*	*3000*	*3000*	
Mileage, reimbursables		*1500*	*1500*	*1500*	*1500*	
Graphic Design Services		*3500*	*3500*	*3500*	*3500*	
Accounting Services		*15000*	*15000*	*15000*	*15000*	
Events		*3000*	*3000*	*3000*	*3000*	
Travel, Conferences, Continiung Edudation		*2000*	*2000*	*2000*	*2000*	
Miscellaneous		*2500*	*2500*	*2500*	*2500*	
CLT Start up: legal, consulting accounting professional services			*50000*	*50000*	*50000*	
Total Administrative/Overhead		***49300***	***99300***	***99300***	***99300***	
Consortium Program Expenses: Predevelopment, Construction, and Programs						
Self-Developed Single Family Pre Development Property Acquisition						
Delinquent Real estate taxes / Lien Removal						
Address 1		*7,000*				
Address 2		1,200				
Address 3		300				
Address 4		500				
Loan Fees						
Title Work/closing/title report		*4000*				
Locally-Governed CLT Member Single Family Pre Development Property Acquisition						
Delinquent Real estate taxes / Lien Removal						
Community 1 Address 1		*2,955*	*2,955*			
Community 2 Address 1		*2,955*		*2,955*		
Community 2 Address 2		*2,955*		*2,955*		
Community 3 Address 1		*2,955*			*2,955*	
Loan Fees						
Title Work/closing/title report		*4000*	1000	1000	1000	
Total Pre Development Acquisition		**28,820**	**3,955**	**6,910**	**3,955**	
CONSTRUCTION COSTS						
Self-Develop Single Family Build/Renovation						
Infill/New Build Costs**						
Address 1		*218,995*				
Address 2		*218,995*				
Renovation Costs***						
Address 3		*80,000*				
Address 4		*80,000*				
Locally-Governed CLT Member Single Family Build/Renovation						
Infill/New Build Costs**						
Community 1 Address 1		*218,995*	*218,995*			
Community 2 Address 1		*218,995*		*218,995*		
Community 2 Address 2		*218,995*		*218,995*		
Community 3 Address 1		*218,995*			*218,995*	
Total Construction Costs		**1,473,970**	**218,995**	**437,990**	**218,995**	
for budget breakdown see page 2 * and page 3						
Technical Assistance Program						
Site Visits		*2,000*				
Peer to Peer Learning Program						
Quarterly workshops @		*2,000*				
Quartlerly third party trainings @ 300.00/ ea		*1,200*				
Program Carrying Costs/Debt Servicing/ Administrative/Contingency		15,000				Total Overhead/Admin Needed for Existing KCCLT + 3 new separate CLTs to start Less KCCLT administrative exepenses saved by not administering

Total Consortium Program Expenses Excluding Construction Costs	312,820	200,755	203,710	200,755	902,220
Total Expenses including Construction Costs	1,786,790	419,750	641,700	419,750	
Revenue					
Earned Income					
Technical Assistance to CLTs and other	*30,000*				
Developer Fees	*60,000*				
General Membership Dues	*50,000*				
Peer to Peer Learning Dues	*1,000*				
Transfer Fees	*2,000*				
Real Estate Sales	*60,000*				
Ground Lease Fees	*2,100*				
Grant Administration	*5,000*				
HOA Support	*5,000*				
CLT Community Membership 1	*30,000*				
CLT Community Membership 2	*30,000*				
CLT Community Membership 3	*30,000*				
Total Earned Revenue	**305,100**				
Foundation Operating Support					
Health Forward Foundation	25,000				
H&R Block Foundation	50,000				
Sunderland Foundation	50,000				
Total Foundation	125,000				
Fundariser : Operating Funding	50,000				
Total Revenue	480,100				
Consutrucion and Development Financing					
Grants/Equity					
In Kind Materials Donation for Self-	*40,000*				
CDBG awarded for Self-Developed	*180,000*				
*Community Member 1 Fundraiser**	*100,000*				
Moderate Income Housing Grant for	*180,000*				
Federal Home Loan Bank Grant in	*100,000*				
Loans/Debt to be repaid at sale					
Line of Credit UMB to finish	*40,000*				
Construction Loan @ 5% interest for	*80,000*				
PRI @ no interest from Health	*257,990*				
Kansas Private Activity Bond @ 4%	*118,995*				
HOME loan @ no interest for	*257,990*				
Construction Loan @ 5% interest	*118,995*				
Total Equity/Debt Construction	**1,473,970**				

* In this example, community 2 has raised its own funding. Community 1 makes pays contactor directl based on an MOU between community 1, CLT, and contractor
**In this example, the CLT+community 3 coapplied. CLT will administer the grant pursuant to MOU that allows for administatvie costs to both CLT and community

Total Funding/Financing to CLT Including			**1,954,070**
Net Gains/Losses (Revenue-Expenses		$	**167,280**
OR			
Net Gains/Losses	**(Total**	$	**167,280**

KCCLT Executive Director (3% annual raise)		*60,000*
FTE		*1*
Outreach and Organizing Coordinator (3% annual raise)		*60,000*
FTE	*`1*	
Administrative Staff (3% annual raise)		*0*
Total Salaries		*120,000*
Payroll		
Benefits		
15% total salaries		*18000*
payroll taxes and costs		
15% total salaries		*18000*
Total Salaries and Payroll for 6 months		***78,000***
Administrative/Overhead		
Office Supplies (incl printing)		*2000*
Phone		*1200*
Marketing Materials		*3000*
Postage		*3000*
D/O and Liability Insurance		*3000*
Mileage, reimbursables		*1500*
Graphic Design Services		*3500*
Accounting Services		*15000*
Events		*3000*
Start up Legal Services		*10,000*
Ongoing CLT start up workshops in Community 1		*15,000*
Ongoing CLT start up workshops in Community 2		*15,000*
Ongoing CLT start up workshops in Community 3		*15,000*
Total Administrative/Overhead		***30100***
TOTAL FOR START UP CONSORTIUM	*108,100*	

Sources	
Sources	$ 125,000.00
CHDO HOME Funds	$ 90,000.00
CLT In kind	$ 3,955.08
Total Sources	$ 218,955.08

Address:
Legal:
requested
Report Ordered

Uses	Address
Acquisition/Predev	
Acquisition Costs	$ 3,000.00
Owners Commitment	$ 800.00
Appraisal	$ 450.00
	$ 4,250.00

Additional	
Construction	$ 2,500.00
Legal Fees	
Costs	**$ 2,500.00**

Other Soft Costs		
Architectural/Work	-	included
Engineering/Unusual	$ 10,000.00	
Building Permit Fees	-	included
Interest on Bank	$ 3,645.83	
Origination Fee	$ 1,200.00	
Property Taxes	$ 1,200.00	
FHA Termite	$ 500.00	
Project Management	$ -	included
Total Other Soft Costs	**$ 16,545.83**	

Construction Costs	
Appliances	$ 2,450.00
Developer Fee	$ 10,000.00
Hard Costs -	$ 174,485.00
Contingency - 5%	$ 8,724.25
Costs	**$ 195,659.25**

Total	$ 218,955.08

Sales	
Sales Price (estimated)	$ 150,000.00

Realtor Fees	$ 9,000.00	
Homebuyer Assistance	$ 7,500.00	
interest & fees	$ 129,845.83	
CLT Funds Reimb	$ 3,955.08	
CLT/Community	$ 21,895.51	0%
CDBG Proceeds	**$ (22,196.43)**	estimated

$ (300.92)
Sales Proceeds

CLEANUP: Clean	2,000.00
REPAIR:	800
WINDOWS	5,020.00
EXTERIOR PAINT:	6,500.00
GUTTERS:	930
WALLS AND	2,400.00
floor, kitchen floor.	3,800.00
carpet on rooms,	4,100.00
Including fixtures	5,000.00
Including fixtures	6,000.00
INTERIOR PAINT:	6,000.00
& TAPE,	7,800.00
FURNACE, A/C	6,800.00
SUMP PUMP:	400
Roof	6,500.00
Walls R-13, Attic	2,000.00
VANITY	4,800.00
GRANITE TOPS:	1600
MILLWORK: Trim	3120
DUMP TRASH	1200
DRAINS:	3200
	79,970.00

23,008	33,968	81,601	105,189	106,966	168,333
0.011021363	0.016271457	0.039088764	0.050387961	0.051239185	0.080635395
0.231448633	0.341700589	0.820864043	1.058147177	1.076022882	1.693343303
1	1	1	1	1	2
added one	added one				

250,134	605,154	713,229	2,087,582
0.119819964	0.289882745	0.341653166	
2.516219243	6.087537639	7.17471649	21
3	5	6	21
	took one	took one	

ARTICLES OF INCORPORATION
OF
REGIONAL COMMUNITY LAND TRUST CONSORTIUM

a _______ nonprofit corporation

Article I

NAME OF CORPORATION

The name of the corporation is Regional Community Land Trust Consortium (“The Corporation")

Article II

PUBLIC BENEFIT CORPORATION

The Corporation is a public benefit corporation.

Article III

REGISTERED AGENT AND ADDRESS

· The address of the initial registered office of the Corporation in the state of Kansas is ______. The name of The Corporation's initial resident agent at such address is ______. The Corporation mailing address is ______.
.

Article IV

MEMBERSHIP

The Corporation shall have members, with such classifications of members as further identified in in the Bylaws

Article V

PURPOSES

The Corporation organized exclusively for charitable, religious, educational and scientific purposes within the meaning of Sections 501(c)(3), 170(c)(2)(B), 2055(a)(2) and 2522(a)(2) of the Internal Revenue Code of 1986, as amended or the corresponding section of any future federal tax code (the "Code"), including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(a) of the Code by reason of description in Section 501(c)(3) of the Code. The

Corporation's purposes shall include, but not be limited to, enhancing housing by acquiring and developing decent housing that is affordable to low-income and moderate-income persons. To enable The Corporation to carry out such purposes, it shall have the power to do any and all lawful acts and to engage in any and all lawful activities, directly or indirectly, alone or in conjunction with others, which may be necessary, proper or suitable for the attainment of any of the purposes for which the Corporation is organized.

Article VI

PROHIBITED TRANSACTIONS

No part of the net earnings of The Corporation shall inure to the benefit of, or be distributable to its directors, trustees, officers or other private persons within the meaning of Section 501(c)(3) of the Code, except that The Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article V hereof.

No substantial part of the activities of The Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and The Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office, within the meaning of Section 501(c)(3) of the Code.

Notwithstanding any other provisions of these Articles, The Corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(a) of the Code by reason of description in Section 501(c)(3) of the Code, or (2) by a. corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

..

Article VII

BOARD OF DIRECTORS

The Corporation will be governed by a Board of Directors. The number of directors that will constitute the Board of Directors will be as from time to time fixed by, or in the manner provided in, the Bylaws.

Article VIII

DURATION

The period of duration of The Corporation is perpetual.

Article IX

DISSOLUTION

Upon the dissolution of The Corporation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the Corporation, distribute all of the assets of the Corporation to an organization or organizations organized and operated exclusively for charitable, educational, scientific or religious purposes as shall at the time qualify as an exempt organization or organizations by reason of description in Section 501(c)(3) of the Code. Any of such assets not so disposed of shall be disposed of by the District Court of the county in which the principal office of The Corporation is then located, exclusively for such purposes or to such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes.

Article X

NO PERSONAL LIABILITY FOR CORPORATE DEBTS

Neither the directors nor the members, if any, of The Corporation shall be individually or personally liable for the debts, liabilities or obligations of The Corporation.

Article XI

INDEMNIFICATION

The Corporation shall indemnify and protect any director, officer, employee or agent of The Corporation, or any person who serves at the request of The Corporation as a director, officer, employee, member, manager or agent of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, to the fullest extent permitted by the laws of the State of Kansas.

.

The indemnification and other rights provided for by this Article XI shall not be deemed exclusive of any other rights to which a person may be entitled under any applicable law, the Bylaws of The Corporation, agreement, vote of disinterested trustees, or otherwise. The Board of Directors shall have the authority to enter into agreements with the directors and officers of the Corporation and with persons serving, at the request of the Corporation, as directors, trustees, officers and agents of an affiliated corporation or other enterprise, on terms that the Board of Directors deems advisable, which may provide greater indemnification rights than that generally provided by the Law of the State of Kansast; provided, however, that no such further indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct.

Article XII

AMENDMENT

These Articles may be amended by *a 2/3 v*ote of the Board of Directors of the Regional

Community Land Trust Consortium.

Article XII

INCORPORATOR

The incorporator of this corporation is the ___. The incorporator's address is ______

ARTICLE XIII

INITIAL BOARD

The Initial Board Members of this corporation are the ___. The Initial Board Members' addresses are ______

ARTICLE XIV

Tax Year

The organization's tax year is ___.

In affirmation of the facts stated above, Articles of Incorporation have been signed this ______ day of ____, ______ .

____

ARTICLES OF INCORPORATION
OF
REGIONAL COMMUNITY LAND TRUST CONSORTIUM
a _______ nonprofit corporation

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No part of the net earnings of The Corporation shall inure to the benefit of, or be distributable to its directors, trustees, officers or other private persons within the meaning of Section 501(c)(3) of the Code, except that The Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article V hereof.

No substantial part of the activities of The Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and The Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office, within the meaning of Section 501(c)(3) of the Code.

Notwithstanding any other provisions of these Articles, The Corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(a) of the Code by reason of description in Section 501(c)(3) of the Code, or (2) by a. corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

..

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The Corporation will be governed by a Board of Directors. The number of directors that will constitute the Board of Directors will be as from time to time fixed by, or in the manner provided in, the Bylaws.

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.

The indemnification and other rights provided for by this Article XI shall not be deemed exclusive of any other rights to which a person may be entitled under any applicable law, the Bylaws of The Corporation, agreement, vote of disinterested trustees, or otherwise. The Board of Directors shall have the authority to enter into agreements with the directors and officers of the Foundation and with persons serving, at the request of the Foundation, as directors, trustees, officers and agents of an affiliated corporation or other enterprise, on terms that the Board of Directors deems advisable, which may provide greater indemnification rights than that generally provided by the Missouri Nonprofit Corporation Act; provided, however, that no such further indemnity shall indemnify any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest, or willful misconduct.

Article XII

AMENDMENT

These Articles may be amended by *a 2/3 v*ote of the Board of Directors of the Regional Community Land Trust Consortium.

Article XII

INCORPORATOR

The incorporator of this corporation is the ___. The incorporator's address is ___

In affirmation of the facts stated above, Articles of Incorporation have been signed this _______ day of ____, _______ .

____

DRAFT MEMORANDUM OF UNDERSTANDING OF INTENTION TO JOIN REGIONAL COMMUNITY LAND TRUST CONSORTIUM

Between
[Community Partner] and
The Regional Community Land Trust Consortium

Regarding
Co-Development of Housing

This Memorandum of Understanding (MOU) is made on _________ between ______ and The Regional Community Land Trust Consortium (RCLTC) for the purpose of facilitating the successful creation of a RCLTC Locally-Governed CLT Membership for the co-development of certain to-be-developed affordable housing units in the [geographically defined area] in [City], [State} from Community Partner to a homebuyer under the community land trust model.

Background

WHEREAS [Community Partner] is a [nonprofit/neighborhood/community/etc] organization committed to making affordable and safe housing a reality for low-income families; and,

WHEREAS The Regional Community Land Trust Consortium is a 501(c)3 nonprofit organization that seeks to develop and maintain permanently affordable homeownership opportunities for low and moderate-income households using the land trust model, wherein RCLTC retains ownership of the land and homeowners share earned equity to ensure affordability for future buyers; and,

WHEREAS WHEREAS [Community Partner] seeks to enter into Locally-Governing CLT Membership with RCLTC in order to train community members on the benefits of a CLT, to access funding to developer affordable housing, and co-develop perpetually affordable housing in the following defined geographic areas:

WHEREAS on [date] [Community Partner] acquired the following real property for development [If specific lots have already been identified or acquired information here]

WHEREAS [Community Partner] and RCLTC have agreed it is beneficial for RCLTC to serve as the CLT for certain homes developed in partnership in the above-mentioned [geographic area/ real property].

WHEREAS [Community Partner] and RCLTC

Purpose

The purpose of this MOU is to provide the framework for [community partner] purchasing a Locally-Governing CLT Membership with RCLTC in order for RCLTC to assist Community Partner in creating more affordable housing in its geographic boundaries.

Obligations

The Parties acknowledge that no contractual relationship or membership currently exists between the organizations, and agree to work together in accordance with their common missions to create affordable homeownership opportunities for low-income households in [geographic area]

Pre-Membership Responsibilities

a. Membership Dues. In order to receive the Proposed Membership Benefits, below, [Community Partner] must pay the annual membership dues of [$] for the first year and [$] of membership every year thereafter.

b. Form of Dues: [Community Partner] pay pay Membership Dues by any of the following methods:

1. Cash payment
2. Co-Fundraised funds
3. In Kind services valued at [s} as determined by by the RCLTC board
4. A joint grant application with Member Dues amount included as Operating Funding to RCLTC
5. Any other form mutually agreed upon by the Parties

Proposed Membership Benefits

After the receipt of Membership Dues, [Community Partner] shall receive a membership certificate, which entitles the [Community Partner] to Locally-Governed CLT Membership Benefits, including:

Community Planning and Training

RCLTC will provide up to 10 In-depth Community planning workshops at a location set by [Community Partner], co-hosted with RCLTC Consortium, including Workshops with buyers, community members, developers, funders on CLT operations in member community covering

    a. CLT operations, generally
    b. How members will control local development
    c. Information for governing documents

2. With feedback from workshops and ongoing meetings, the RCLTC Consortium will create long-term and short-term community plans in community to aid development efforts over time

3. With feedback from workshops and ongoing meetings, RCLTC Consortium will create community oversight standards for all RCLTC-developed properties within the [Community Partner] geographic boundaries during the membership period, including: buyer requirements, buyer process, ground lease, membership duties and responsibilities, and any specific MOUs necessary, if applicable (ie if the parties have identified a grant for joint application).
4. RCLTC will organize or incorporate a local LLC or 501(c)(2) wholly-owned by RCLTC consortium to hold title to RCLTC Consortium property within the CLT Partnership member's community to limit the liability of one Locally-Governed CLT Member impacting another.
5. The Consortium will open up and sell Next-Door Neighbor Membership certificates to individuals within the [Community Partner] geographic boundaries
6. RCLTC Consortium will resolve to create a Local Committee of Next-Door Neighbor Members, Locally-Governed CLT Member representatives, and Consortium Board Members to direct the development of land within the Local holding LLC or 501(c)(2). Initial membership meeting for the local Locally-Governed CLT Member community
7. Quarterly Local Committee meetings to discuss ongoing developments, to train community membership to identify property for development, and to learn how to improve communications
8. Voting rights on which properties the RCLTC consortium will develop / co-develop for local benefit, including development type.
9. RCLTC Consortium to attend quarterly community and or organizational meetings of [Community Partner] to stay educated on the needs of the community

Predevelopment, Co-Development, and Development

10. RCLTC Consortium applying / co-applying with [Community Partner] for development funding for development types identified by Local Committee, preparing any MOUs as necessary for use of those funding types.
11. RCLTC Consortium applying / co-applying with [Community Partner] for operations funding to oversee development and continue quarterly membership committee meetings, preparing any MOUs as necessary for those funding types.
12. RCLTC Consortium to develop / co-develop properties identified by [Community Partner] and community committee, and funded under items 11 and 12, pursuant to development-specific MOU
13. RCLTC Consortium performing regular, ongoing buyer outreach for sale of properties
14. RCLTC Consortium to perform all administration in conjunction with marketing, sale, and resale of homes
15. RCLTC Consortium to perform all administration in ongoing owner training, support, communication, and collection of monthly fees
16. RCLTC Consortium to perform all ongoing administration of leasehold mortgage

Local Participation

17. Acting under the Committee established in item 6, local [Community Partner] and Next-Door Neighbor Member created in item 5, can approve property for development, the type of development, the listing or rental price, the occupant of the property in

accordance with the Committee guidelines on each sale or resale within the Locally-Governing CLT boundaries

18. Opportunity to direct a share of proceeds or developer fees within the community, as applicable
19. Annual membership meeting to vote on ⅓ of Community Representatives
20. Every three years review short and long term plans, update accordingly

Funding and Financing Applications

As mentioned in above, under the terms of a RCLTC Locally-Governed CLT Membership, RCLTC would join in seeking funding and financing for the project proposed by the committee, but cannot guarantee a funding award. The parties will negotiate separate MOUs on a case by case basis for the administration of funding and financing agreements.

Marketing

It is intended that both parties will work together to market any properties developed under this membership. This includes listing in [Community Partner] newsletters, social media, or direct mailers.

Sharing Resources

RCLTC and [Community Partner] will need to share resources and internal documents as may be necessary to complete the terms of this and future MOUs under co-development or joint grant applications.

Timeline

This MOU is valid for 60 days from the date of signature. If the Locally-Governed CLT Membership has not been finalized by that time, RCLTC and [community partner] may still seek to co-develop certain properties together for transfer to a CLT, and RCLTC will utilize standard RCLTC policies and the RCLTC board, rather than a Local Committee, will make all decisions with deference with [community partner].

Signed:

Sample Resolution to create

[Self-Governing CLT Member] Local Committee

WHEREAS, the Board of Directors of Regional Community Land Trust Consortium ("RCLTC") desires to partner with [Self-Governing CLT Member] and [Self-Governing CLT Member] residents to acquire properties for the purposes of rehabilitating, building, and selling homes to low income buyers pursuant to RCLTC-[Self-Governing CLT Member] Ground Lease and Buyer Qualifications guidelines;

WHEREAS RCLTC recognizes that in order for **[Self-Governing CLT Member]** to identify properties listed with the multiple listing service ("MLS") or otherwise, to identify properties from the KCMO Land Bank or Homesteading Authority, the National Community Stabilization Trust or any other seller it must be able to move swiftly in placing offer for purchase;

WHEREAS RCLTC recognizes that the period of time required to hold a special meeting of the Board of Directors to discuss and consider placing an offer on any one home listed with the MLS or otherwise may exceed the period of time in which any one home is actively listed;

WHEREAS RCLTC recognizes many of the predevelopment matters in renovating, planning, and building housing need to be decided and approved without need to wait for a full Board meeting;

WHEREAS RCLTC recognizes that a/n [Self-Governing CLT Member] Committee, granted authority to offer to purchase homes or lots; perform predevelopment title, zoning, land use, planning, development, marketing, sale and other matters on behalf of the entire RCLTC Board of Directors without the need for a special or regular meeting of the RCLTC Board of Directors would increase RCLTC's opportunities to co-develop affordable housing with [Self-Governing CLT Member] that is most beneficial to [Self-Governing CLT Member] and its residents.

WHEREAS desires to create opportunities for for [Self-Governing CLT Member] to self-govern property within its boundaries while still understanding that [Self-Governing CLT Member] does not have any authority over RCLTC except that which RCLTC has granted to [Self-Governing CLT Member**]**

WHEREAS RCLTC and [Self-Governing CLT Member] recognize that RCLTC possesses finite resources and ensure resources for the RCLTC operation

WHEREAS RCLTC recognizes that Articles VI of the Bylaws of the Regional Community Land Trust Consortium allow for the Board of Directors to resolve to appoint provides as follows:

ARTICLE__

COMMITTEES

Section 1. ***Committees***. The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall have and exercise the authority of the Board in the management of the Corporation; however, that no such committee shall have the authority of the Board in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of any such committee or any Director or officer of the Corporation; amending the Articles; adopting a plan or merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefore; adopting a plan for the distribution of the assets of the Corporation; or amending, altering or repealing any resolution of the Board which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any individual Director of any responsibility imposed upon it or him by law.

BE IT NOW RESOLVED:

A. Creation The RCLTC Board hereby creates the **[Self-Governing CLT Member]** Committee pursuant to Article __ of the RCLTC Bylaws adopted and approved___.

B. Authority:

1. House Acquisition [Self-Governing CLT Member] Committee shall exercise the full authority of the RCLTC Board of Directors in purchasing properties, so long as each and every property meets the criteria identified in Paragraph B.1.i. If the **[Self-Governing CLT Member]** Committee desires to purchase a property that does not meet the criteria identified in Paragraph B.1.i, the full RCLTC Board of Directors must vote at any regular or special meeting of the RCLTC Board of Directors whether to purchase such property.

i . Property Acquisition Criteria Properties that the **[Self-Governing CLT Member]** Committee can make an offer to purchase pursuant to Paragraph B.1.i ***must*** comply with the following requirements:

a. **Location** All properties must be within the **[Self-Governing CLT Member]** operating area, as it is updated from time to time. As of____ this includes only the following defined area _____ AND;
b. **Price:** All properties must have a listed or identified purchase price plus proposed renovation price, as provided by a licensed, bonded contractor, plus holding price for a period of 12 months that does not exceed 90% of the after-improved value of the property, as determined by reviewing comparables in the market that are no less than 6 months old. Furthermore, this purchase + renovation + holding amount may not exceed the a line item budget amount available to [Self-Governing CLT Member] via any existing RCLTC- [Self-Governing CLT

Member] lines of credit, RCLTC [Self-Governing CLT Member] budget line items, or RCLTC- [Self-Governing CLT Member] grant awards AND;

c. **Inventory threshold:** At no time shall the **[Self-Governing CLT Member]** Committee of the cause RCLTC to own any more than three houses in RCLTC's inventory in the aforementioned geographic area, and at no time shall the **[Self-Governing CLT Member]** Committee have pending more than one offer for a home purchase. This threshold applies to houses only. Should RCLTC own vacant lots for building, the **[Self-Governing CLT Member] Committee** shall not include the number of vacant lots in determining RCLTC's Inventory Threshold, AND;

d. **Size:** All houses shall have a square footage between 950-2,000 square feet. The RCLTC Committee could consider homes outside of that size limit if it possible to build an addition to the home and keep the entire renovation and addition cost within the 90% of after market value and line of credit limits imposed in section b.1.1 above, AND;

e. **Procedure:** The **[Self-Governing CLT Member]** Committee shall physically view the interior and exterior of the property, create or cause to be created a proposed construction budget by a licensed, bonded contractor, inclusive of all renovation and holding costs for 12 months, create or caused to be created an estimated after-renovation value based on recent comparables.

ii. Offer Requirements The **[Self-Governing CLT Member]** Committee's offers must allow for inspection of the subject property.

iii. Report to the RCLTC Board of Directors Within 24 hours of making an offer, the **[Self-Governing CLT Member]** Committee shall report to the full Board of Directors of RCLTC either via email, special meeting or regular meeting of the address, offer amount, and proposed rehabilitation costs of each and every offer the **[Self-Governing CLT Member]** Committee has placed on any one home, as well as the total number of homes in RCLTC's inventory at the time of that offer.

iv. Escrow Period After making a successful offer on any one existing home, during the escrow period, the **[Self-Governing CLT Member]** Committee shall request and receive a full Home Inspection Report, request and receive two additional bids for renovation by competent contractors for the renovations necessary to prepare the home for resale. The **[Self-Governing CLT Member]** Committee shall present all bids for renovation, inspection reports and any other pertinent information regarding the home to the entire RCLTC Board of Directors at a regular or special meeting of the Board of Directors.

v. RCLTC Full Board Approval to Close The **[Self-Governing CLT Member]** Committee requires a vote of approval from the full board of directors to close on any property. At the special or regular meeting, the full RCLTC Board of Directors shall have final authority to decide whether to close on the purchase of any one home on which the **[Self-Governing CLT Member]** Committee has made an offer pursuant to this resolution.

vi. Buyer's Agent [Self-Governing CLT Member] committee shall make every effort to employ a Buyer's Agent willing to waive or reduce commissions.

vii. Conflicting Terms This resolution is not intended to conflict or to replace any other provision in RCLTC's Bylaws, Conflict of Interest Policy or other resolutions of the RCLTC Board of Directors. The **[Self-Governing CLT Member] Committee**shall not engage in any agreement or behavior that would result in a breach or violation of such Bylaws, Policies or Resolutions.

2. Vacant Lots Acquisition The [Self-Governing CLT Member] Committee shall have the authority to complete all necessary matters for the acquisition of vacant lots so long as the lots are able to be developed for housing in the size identified in C(4) and currently zoned for such use by the City of Kansas City land use and zoning requirements.

i. Number of Lots: At no point shall the [Self-Governing CLT Member] Committee cause RCLTC to own more than 2 vacant lots in the [Self-Governing CLT Member] boundaries without agreed-to Vacant Lot Development Budget and signed contract or MOU for the development of such lots

ii. **Vacant Lot Development Budget:** Prior to acquiring more than two cumulative vacant lots, the [Self-Governing CLT Member] Committee shall propose to the RCLTC Board of Directors a budget and funding plan for each and every lot it desires to acquire. The RCLTC Board of DIrectors must first approve the Vacant Lot Development Budget prior to the Committee having authority to purchase said lot.

iii. Vacant Lot Predevelopment Matters: Once a the [Self-Governing CLT Member] Committee and RCLTC have agreed to a Vacant Lot Development Budget for each vacant lot acquired, the [Self-Governing CLT Member] Committee shall have the authority to engage in all predevelopment activities included in the budget, including engaging title companies, preparing development plans, and other predevelopment matters. The [Self-Governing CLT Member] Committee shall not have the authority to bind the RCLTC to any single contract for development of such lots, and that authority shall lie solely with the Full Board of Directors and follow the same procedures outlined in B(1) of this Resolution.

3. Other Authority as the [Self-Governing CLT Member] Committee and RCLTC Board of Directors may prescribe from time to time, and which is written and approved by both the RCLTC Board of Directors and [Self-Governing CLT Member] Committee and included as a written amendment to this Resolution.

C. Composition The committee shall consist of no more than 5 voting members, two of which must be members of the RCLTC Board of Directors, and an unlimited number of non-voting members

D. Voting Members: All voting members, except the two RCLTC Board of Directors members, must possess a current RCLTC Community Membership

E. Initial Appointment The RCLTC Board of Directors hereby appoints the following Board Members to the [Self-Governing CLT Member] Committee

F. Committee Term The [Self-Governing CLT Member] Committee appointments are for a one year term. The Committee the terms of this Resolution shall be reviewed on an annual basis from the date of appointment

Nothing here intended to prevent **[**Self-Governing CLT Member] from acquiring property in its own name with its own funding to later transfer to CLT; this Resolution is to enable the [Self-Governing CLT Member] committe to act on behalf of RCLTC Board of Directors and with with RCLTC funding

The full board is in support of creating a [Self-Governing CLT Member] Committee to further the goals of the RCLTC organization.

Signed:

MEMORANDUM OF UNDERSTANDING

Between
[Self-Governing CLT Member]

Regional Community Land Trust Consortium

Regarding

The building/renovating of a unit of CLT housing at the following address(es):
____

This Memorandum of Understanding (MOU) is made on [date] between **RCLTC** (Developer, alternatively "RCLTC") and [Self-Governing CLT Member] (also referred to a "Member") for the purpose of facilitating the successful development and transfer of certain projects under the community land trust model.

Background

WHEREAS Developer is a 501(c)3 nonprofit organization that seeks to develop and maintain permanently affordable homeownership opportunities for low and moderate-income households using the land trust model, wherein RCLTC retains ownership of the land and homeowners share earned equity to ensure affordability for future buyers; and,

WHEREAS The [Self-Governing CLT Member] s a [nonprofit/neighborhood/community/etc] serving the following geographic boundaries:

WHEREAS Developer and [Self-Governing CLT Member] have identified property at the following address(es) for development into CLT housing:

[ ]

WHEREAS Developer and [Self-Governing CLT Member] have ascertained the following funding sources for the development of the property address:

[insert finance/grant terms per property]

Purpose

It is the intention of the Developer and [Member] to co-develop these properties.
Developer and [Member] seek to create ___ units of perpetually affordable housing for the [Member] community.

At the time of sale, the parties agree the house will be sold via RCLTC-Self-Governing CLT Member procedures as adopted by the [Member] Local Committee and the land will remain in title of the RCLTC.

Financing

The total cost to develop each unit is as follows ___
Financing for each unit is as follows ____

A subsidy in the type of ___ in the amount of ___ is attached as exhibit A and all terms and conditions in that exhibit are fully incorporated herein.

The remaining payment for performance in excess of the Exhibit A funding amount, estimated under to be ____ per unit shall be paid via ____. A Construction Loan Approval Letter in the amount of _____ is attached as Exhibit B and all terms aond conditions in that exhibit are fully incorporated herein.

Responsibilities

Developer and Self-Governing CLT Member will be responsible for the following actions as described below:

a. *Construction*

Developer will complete construction on the homes, secure a certificate of occupancy and prepare the homes for sale. Development shall substantially conform with all aspects of exhibit A and exhibit B. All construction shall be completed in a workmanlike manner.

b. *Home Price* The final price of the home shall not exceed the affordability limits of a household the size of the number of bedrooms of the unit + 1 earning 80% of Area Median Income (AMI) as determined by HUD Kansas City FMR, with a target maximum price point of 80% of the appraised market value of the home as determined by comparable sales and a residential home appraisal.

Marketing/Sale of the Home to an Eligible Homebuyer

Both Developer and [Self-Governing CLT Member] will work to identify buyers ready to enter into contracts on the homes from its existing waitlist of qualified applicants.

- Developer may list the homes on the Multiple Listing Service (MLS) and will be responsible for fielding all inquiries received from those listings.
- Developer will actively market the homes via direct outreach to prospective buyers who have expressed prior interest in RCLTC homes, via existing community outreach efforts, and via RCLTC's website and social media accounts.

- Developer will train all buyers on the CLT model

c. *Application and Qualification Process*

The application process for all interested buyers will be divided into four (4) steps. An interested buyer must complete all 4 steps prior to entering into a contract:

1. <u>RCLTC Preliminary Housing Application</u>: Applicants must complete and submit this form, including all necessary documents, to RCLTC. RCLTC will do a preliminary income qualification based on applicant's documentation. Completed applications will be timestamped.
2. <u>Mortgage pre-approval</u>: Applicants must receive a mortgage pre-approval letter from a lender with an RCLTC-approved loan product qualifying them for the home sales price, and submit a copy. Submitted letters will be timestamped.
3. <u>Income verification</u>: RCLTC will be responsible for officially verifying applicant household income as qualifying for RCLTC home purchases.
4. <u>RCLTC homebuyer information session</u>: Prior to entering into a purchase contract, applicants must also attend a homebuyer information session conducted by RCLTC staff. The session explains the CLT model, ground lease, resale formula, and homeowner expectations. During the marketing of the homes, RCLTC will provide these sessions on a weekly basis, and conduct them on a one-on-one basis with applicants per staff availability.

If there are multiple applicants for one home who meet all necessary criteria and qualifications, priority will be given as follows [insert community preferences]

Applicants who meet all necessary criteria and qualifications but do not place a contract on a home will be offered the opportunity to be next in line for remaining homes.

g. *Development Fees*

Developer agrees to donate 5% of all development fees to [Self-Governing CLT Member]

h. *Closing*

At the time of closing, RCLTC will transfer the improvement to a qualified buyer and will retain title of the land and enter into the RCLTC-[Self-Governing CLT Member] ground lease with the RCLTC homeowner.

Signed:

____

____

Glossary

501(c)2: a duly-incorporated title-holding corporation owned by a single-parent charitable organization that collects and distributes revenue from the property it owns.

501(c)3: an incorporated, non-profit organization recognized as eligible for tax exempt, charitable contributions.

Abandoned Housing Act: a series of statutes that permit a qualified organization to ask a court to grant it possession of a vacant property that meets certain conditions.

Aging in Place Programs: programs that seek to help homeowners who can no longer maintain their homes to be able to stay in their homes with the assistance of a CLT.

Appraisal (& Appraisal Value): the value given to a property by a professional third party at a certain point in time based on similar homes in a similar geographic area.

Blight: conditions of a building or lot that have a detrimental impact on the surrounding homes and community.

Buyer Initiated Sales: A program that provides large down-payment assistance to buyers who choose which home they wish to purchase with the assistance, and that home becomes part of the CLT at closing.

Buyer Qualifications: A set of guidelines determined by the CLT that defines who is qualified to offer to purchase a CLT home (ie: income level, credit-worthiness).

Buyer Requirements: A set of guidelines that a Qualified Buyer must meet in order to close on the purchase of a CLT home (ie: CLT training, application process).

Community Development Block Grants: Federal grants to support community development activities to build stronger and more resilient communities. Activities may address needs such as infrastructure, economic development projects, public facilities installation, community centers, housing rehabilitation, public services, clearance/acquisition, microenterprise assistance, code enforcement, and homeowner assistance,

Community Land Trust: A shared-equity model where the CLT owns and develops land for the long-term benefit of the community that determines uses of the land and the ownership of the improvements on the land.

Community Standards: The community-identified uses allowed on CLT land, including housing types and styles, Buyer Requirements, Ground Lease, and Buyer Qualifications.

CHDO: a community-based non profit organization whose primary purpose is to develop affordable housing for the community it serves. See appendix 6 for more details.

CBDO: HUD defines a CBDO as an organization that meets the following:

• Is an association or corporation organized under State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation within the jurisdiction of the recipient; and

• Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low and moderate income; and

• May be either non-profit or for-profit, provided any monetary profits to its shareholders or members must be only incidental to its operations; and

• Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation, owners or senior officers of private establishments and other institutions located in and serving its geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; and

• Is not an agency or instrumentality of the recipient and does not permit more than one-third of the membership of its governing body to be appointed by, or to consist of, elected or other public officials or employees or officials of an ineligible entity; and

• Requires the members of its governing body to be nominated and approved by the general membership of the organization, or by its permanent governing body; and

• Is not subject to requirements under which its assets revert to the recipient upon dissolution; and

• Is free to contract for goods and services from vendors of its own choosing.

See appendix 7 for more details.

Foreclosure: a property that has been acquired by a lienholder due to the property-owner’s failure to comply with requirements of an agreement with the lienholder.

Ground Lease: an agreement between the CLT owner of the land and the user of the CLT property that details the rights, responsibilities, and obligations of the parties.

Hard costs: costs required for the physical development of the property, and include materials, furnishings, and contractors’ fees.

Home Affordability: as defined by HUD, is generally housing in which the occupant is paying no more than 30 percent of the occupant’s gross income for housing costs, including utilities.

Housing Affordability Crisis: when quality housing options become unaffordable or inaccessible to low-income households over a period of time.

Home Equity Loan: a loan type that allows homeowners to borrow money from a bank using the equity in their home as collateral.

Housing Types: In the Phase One report, MCLT discussed the importance of a model including Naturally Occurring Affordable Housing as a housing type that is the basis of many affordable housing units.

Housing and Urban Development (HUD): an executive department of the U.S. federal government. It administers federal housing and urban development laws

Kansas City region: In this Plan, the Kansas City region is considered the same as the 9 county RHP region, including: Johnson County, KS; Leavenworth County, KS; Miami County, KS; Wyandotte County, KS; Cass County, MO; Clay County, MO; Jackson County, MO; Platte County, MO; and Ray County, MO.

Land Bank: land held by a public entity for future development or use.

Land Speculation: an investment practice of buying land for the purposes for making a profit, owning the land for a period of time, and then selling the land at a higher price.

Leasehold Mortgage: a loan secured by a lessee's interest in a leasehold property.

Lien: a legal interest in real estate evidencing an obligation of the property owner to the lien holder.

Local Committee: a committee established by The Consortium under a Locally-Governed CLT membership to govern local development.

Local Stakeholder Group: a group representing the cross-sections of local interests specific to a particular community.

Locally Controlled LLC: a real-estate title-company that is owned by The Consortium and directed by the Local Committee.

Locally-Governed CLT Member: an entity serving a geographically defined area that intends to co-develop property with The Consortium and have The Consortium administer the CLT model for such properties and which has paid Locally-Governed CLT Membership dues.

Low-Income Households: A household making 80% or less of the Area Median Income (AMI) for that area as defined by HUD.

National Community Stabilization Trust: a non-profit organization that works to restore vacant and abandoned properties to productive use and protect neighborhoods from blight by a series of programs, including the "First Look REO" which gives local housing and community development organizations the opportunity to obtain certain foreclosed properties before they are marketed more broadly.

Next-Door Neighbor Membership: persons who currently reside within one of the geographically defined areas served by a Locally-Governed CLT Member and who have purchased a Next-Door Neighbor Membership

Reconciled Approach: an approach to affordable housing that allows CLTs to enjoy more stability through larger production scale, while creating a mechanism for each local community to maintain democratic governance and enforce community standards of real estate within its own community.

Regional Community Land Trust Consortium (The Consortium): a non-profit CLT that serves a variety of affordable housing needs across a large geographic area, including: development, technical assistance, education, and administration of CLTs for third-parties without capacity to start a new CLT.

Regional Housing Partnership CLT Business Plan Stakeholder Group: a group of housing professionals, staff, and practitioners from around the region who regularly met with and oversaw MCLT during the course of this consulting.

Resale Formula: an equation included in the Ground Lease that establishes how a CLT property will be priced on resale; it is intended to capture some of the subsidy to keep the CLT home affordable, while sharing some of the equity with the homeowner to build personal wealth.

Transfer Fee: An amount paid at the time of transfer for a particular purpose.

EXHIBIT 2

RHP Homeownership Research Proposal

Bridges to Housing Security

There is a significant wealth gap between white and Black families in the United States.[1] The drivers of this gap emerge from a long history of exploitation, discrimination, and segregation. A significant body of research links the ways in which these histories are tied directly to a lack of opportunity and limited advancement that are significant barriers to building generational wealth.

Homeownership is one of the primary pathways to building wealth for working and middle-income Americans. The ability to build wealth through homeownership requires both access to mortgage capital and neighborhood stability. If we consider these twinned factors, it will require different approaches to achieving the long-term potential of homeownership for communities of color. In the first instance we need to develop a full understanding of the current homebuying assistance resources in the region, from local providers and their geographic service areas to the financial institutions participating in the various federal assistance programs. In the second instance we need to understand the quality of housing stock available to lower income and middle-income buyers, particularly in the urban core, inner-ring suburbs, and rural periphery of the region. Over the last century race has been the primary factor in determining who has access to the opportunities of homeownership. Addressing this gap and the continuing impacts of home finance on communities of color means developing a robust system of support and financing, along with ensuring that new homeowners are set up to succeed with safe homes in stable communities with the potential to realize financial gain through owning their home.

Effective programs must account for the social, structural, and individual challenges both in acquisition and long-term success. There are a variety of assistance programs for first time homebuyers ranging from credit and housing counseling to down payment assistance and interest deductions. These programs often serve people making up to 120 percent of AMI. Many are federal assistance programs managed through financial institutions while counseling services are delivered through local providers. The number of institutions and organizations involved in providing homebuying assistance makes it difficult to assess the full reach and scale of these programs in the region without a systematic review. At a local level, we do not know comprehensively the capacity of counseling programs or their geographies, the reach of assistance programs and participating lenders, the geography served by these organizations and institutions, or the quality of housing stock available to first-time homebuyers across the nine-county region. All of these are essential to understand both the effectiveness of current programs and the most efficient and effective ways to expand homebuying assistance programs without setting up new buyers to fail in substandard housing or low and no appreciation neighborhoods.

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[1] In 2020, over 27 percent of Black mortgage applications were denied and nearly 22 percent of all refinancing applications. For Hispanic applicants these numbers were 18.5 and 18.9 percent. For white applicants the denial rate was 10.5 and 11.4 percent (https://www.urban.org/urban-wire/what-different-denial-rates-can-tell-us-about-racial-disparities-mortgage-market). In 2018, the Brookings Institute updated its analysis of mortgage denial rates to account for the credit profile of applicants. This "real denial rate" found Black the denial rate 1.2 times that of whites, and denial rate for Hispanics at 1.1 times that of whites. What is important to note here is that barriers to homeownership are observable regardless of economic status (https://www.urban.org/urban-wire/traditional-mortgage-denial-metrics-may-misrepresent-racial-and-ethnic-discrimination). The barriers to building wealth through homeownership exist for middle- and low-income buyers when race is considered.

Mapping the Pathways to Homeownership:

<u>Phase 1 - Understanding the system of homeownership resources</u>

1a. Housing assistance providers (HAP)

Approach:

1. Survey of HAP organizations on capacity, service area, and federal, state, and local program participation
2. Qualitative follow up on primary obstacles for participants and providers

Deliverable: Report or table of resources and identification of gaps and opportunities

1b. Federal Assistance and participating Financial Institutions (FAP)

Approach:

1. Identify programs, qualifications, providers, funding agency, geographies
2. Develop typology of assistance – cash (forgivable loans and grants), non-cash (lower interest rates, housing choice vouchers, mortgage credit assistance) and the process for each
3. Identify participating financial institutions (FHL Banks) and local banks
4. Identify lending instruments developed for sub $60,000 homes.

Deliverable: Report or table of resources and identification of gaps and opportunities

1c. State and Local Government Resources

Approach

1. Identify programs, qualifications, providers, government entity, geographies
2. Develop typology of assistance and the process for each

Deliverable: Report or table of resources and identification of gaps and opportunities

<u>Phase 2 – Understanding the Supply & Barriers to Supply</u>

The development of an effective first-time homeownership program requires an understanding of the existing market for first-time homebuyer properties, the geographies of opportunity, and potential avenues to increase supply of stable, safe, and affordable housing.

<u>Research Summary</u>

This research plan focuses on three overlapping parts to provide a more detailed understanding of areas in the region that present high levels of opportunity for first-time homeownership.

- First, it requires an understanding of the current ownership of low and moderately priced housing and the opportunities and challenges ownership patterns create for moving qualifying families from renters to first-time owners.
- Second, there is a need to identify potential avenues for increasing the supply of low and moderately priced housing for purchase, where there is geographic overlap with organizations focused on increasing housing for first time buyers, and where opportunities for intervention

exist within the pipeline to increase the likelihood of safe and stable housing going to qualifying families or individuals.

- Finally, we need to understand the role of appraisals in limiting potential equity for low-income homeowners, where current devaluation presents opportunities for increasing ownership and how unlocking values may lead to greater wealth building potential over the long-term.

This three-part approach allows us to identify regional variation and neighborhoods with potential in terms of supply, pipeline, and community partners while also accounting for the challenges of competition from bulk investors increasingly active in neighborhoods with low and moderately priced housing.

Key Questions:

- Where are the opportunities for first time buyers to become homeowners? (Part 1)
- What is the existing geography of opportunity? Where are there significant challenges? (Part 1)
- What are potential acquisition pipelines for homeownership programs beyond the market? (Part 2)
- Where does chronic undervaluation present opportunities to increase supply and long-term prospects for low-income buyers? (Part 3)

Part 1: Ownership

We will engage in a regional analysis of ownership within the single-family residential market focusing on companies holding multiple properties. We will use the parcel data supplied by our region's county assessors. Once complete we will map the data to understand where different types of landlords and investors holdings are concentrated within the region. We will then focus on identified areas of affordable housing and analyze market conditions within those particular geographies.

Deliverables:

- Map of regional bulk ownership
- Neighborhood analysis of areas with concentrated affordable housing, assessment of opportunity and challenges

Part 2: Pipeline and Supply

An analysis of regional property pipelines will provide an understanding of the scope and location of opportunities to increase the supply of potential low and moderately priced housing for purchase. The geographic analysis will also allow for the identification of existing partner organizations and any gaps that exist between potential areas of supply and the necessary CDO infrastructure to bring these houses to market effectively.

Deliverables:

- Map of distressed sales in the region
- Analysis of acquisition and disposition process
- Neighborhood identification for high volume/high opportunity sites
- Overlay of development-oriented CDCs and their operating geographies

Part 3: Appraisal Variation

Recent research demonstrates a significant gap in appraisals based on the racial composition of a neighborhood. At this stage in the project, it is important to complete a more granular investigation of appraisal differences within the region with particular focus on neighborhoods with significant opportunity for homeownership. Over time, unlocking values will be essential to ensure homeowners realize full equity in their investment. This approach requires particular discernment in approach and timing as it may present challenges increasing supply of low and moderate priced housing for purchase and may strain the budgets of owners with lower incomes as higher appraisals lead to higher assessments and increasing tax burdens for homeowners.

Deliverables:

- Tract level analysis of devaluation in appraisals for the region.
- Neighborhood level analysis of high volume/high opportunity sites and current levels of devaluation

EXHIBIT 3

Housing Plan Review

Mid-America Regional Council

Regional Housing Partnership

8 December 2023

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Executive Summary

This report outlines the Housing Plan review conducted by the Mid-America Regional Council (MARC) in 2023. The report provides information about the background of the review the study methodology, the findings, and the intended use of the information from the review. The Housing Plan review utilizes past findings from the MARC Comprehensive Plan review and expands on the housing findings utilizing context-based review of comprehensive plans, area plans, and housing plans within the MARC region. This review compiled information from plans across the region about housing stock and production, affordability, housing for certain groups, and housing equity. These topics are sorted into 12 themes related to housing policy, which helps MARC analyze housing goals, strategies, and policies across the region. This information can help form partnerships and inform future regional housing work.

The 12 themes include:

- Housing choices
- Housing for older adults
- Affordable housing
- Workforce housing
- Housing production
- Production-based subsidized housing
- Tenant-based housing policies
- Housing stock
- Connections to land use and sustainability
- Connections to transportation
- Partnerships
- Equity and vulnerable populations

Many of the plans reviewed focused on housing supply and the need for additional production and preservation of housing across the region. Fewer plans called for tenant-based housing assistance, meaning assistance for housing without increasing supply that is directed to residents and potential residents. Most of the tenant-based policies include home repair and maintenance programs, while fewer plans reference the need for education and revisions to the housing choice voucher programs currently offered in some parts of the region.

Overall, the findings from the review found that there is a need for new and continued partnerships between local governments, non-profit organizations, the civic and business community, and regional organizations to provide guidance, help craft policies, research and share potential funding opportunities, and provide educational resources to the public and those affected by high housing costs. There is also a continued need for affordable and workforce housing that is close and accessible to employment clusters, grocery stores, medical facilities, and public amenities to ensure a high quality of life for all residents in the Kansas City region. New and existing neighborhood planning and design that is adaptive and reflects the needs of an area, city, and county was a recurring overarching takeaway across multiple housing themes. These include neighborhoods with safe multi-modal transportation options, compact development close to amenities, and housing of different types and price points that allow residents to stay in their neighborhoods or city as income changes and households change. The need for housing for older adults in many cities continues to be a focus as cities see the median ages of their residents increase. This review provides findings from the analysis of housing plans and the housing survey distributed to cities across the region; with the goal of assisting regional stakeholders with future housing policy conversations, adoption of new policies, funding needs, and housing policy implementation.

Introduction

The Mid-America Regional Council (MARC) completed a study of housing language in comprehensive plans and housing plans from across the Kansas City region. The Kansas City region is comprised of 119 cities in nine counties, in both Missouri and Kansas. The region is home to over 2,000,000 people and is a mix of urban, suburban, and rural communities. With a diverse range of cities represented in the region, it is important to understand housing needs across the region to assist with program and policy development at the regional level and assist local municipalities with housing information and resources.

The housing plan review utilized a more in-depth review process compared to the previously completed comprehensive plan review. The comprehensive plan review utilized keyword searching to identify transportation, environmental, housing, development, and workforce development language within the plans. This allowed the language collected to be understood within a few key focus areas to analyze the geographic differences and policy differences within the plan. Many housing strategies cannot be implemented uniformly across all cities, and understanding the differences within the same policy grouping helps MARC cater resources and information to communities and better understand the housing landscape of the region.

Comprehensive Plan Review

The Housing Plan Review is a continuation of the Comprehensive Plan review that was conducted in 2022 to analyze local planning goals and strategies compared with regional planning goals and strategies. The Comprehensive Plan Review is a recurring study, coinciding with the beginning of the Metropolitan Transportation Plan (MTP) update. The Comprehensive Plan Review was completed in three phases, the first phase included a review of MARC transportation, environment, housing, and workforce development planning documents; followed by a review of comprehensive plans from a sample of 32 jurisdictions across the MARC region. 38 keywords organized into categories were searched within the documents, and context and content were recorded to determine how planning topics were being considered and included in the plan. The topic categories include development, transportation, environmental, housing, and workforce development language.

The second phase of the comprehensive plan review included a survey instrument and interviews about ongoing and upcoming comprehensive plan work across the region. City staff were interviewed about the goals of their planning update, the planning process, and what regional planning documents were being considered during the update. The survey instrument asked similar questions and was distributed to the 32 jurisdictions in the review to ensure that information about updates were being collected across the region.

The third phase of the comprehensive plan review helped inform the start of the housing plan review. The third phase applied the same keyword searches to other plans from the 32 jurisdictions. These other plans included parks master plans, area plans, housing plans, transportation plans, and environment and resilience plans. The goal of this step of the review was to analyze the differences in goals and language from a jurisdiction's comprehensive plan to other plans. The third phase of the review revealed the policy differences between older comprehensive plans and newer supplementary plans. Using the comprehensive plan review framework, housing language was not reviewed with greater attention to individual policy language and data, which the housing plan review was able to provide. Other takeaways from the comprehensive plan review were the need for inter-jurisdictional and external partnerships, and the opportunities for additional regional collaboration and resources to address development, environmental, transportation, and housing needs in the region.

Methodology

The Housing Plan Review utilized a multi-phase review of plans. The beginning of the review utilized a similar keyword review process to the Comprehensive Plan Review. This helped identify specific information about housing within larger plans such as comprehensive plans. This process was then revised to collect more specific information, and the comprehensive plans previously reviewed were analyzed later using this new analysis method. This revised method focused on reviewing each document by section using only "housing" as the keyword to review the documents. This helped remove plans that were irrelevant to housing, while also ensuring that more housing strategies and goals were being collected in a less prescriptive manner compared to the Comprehensive Plan Review's 38 different keywords that sorted the collected information. The revised review methodology was applied to the review of HUD consolidated plans and statewide plans, local comprehensive plans, area and neighborhood plans, other supplementary city and county plans, and housing plans and reports.

Information from the plans and reports were sorted into tables by county and municipality; and 12 themes were created to sort this information with uncategorized language placed listed as "other". These themes include housing choices, housing for older adults, affordable housing, workforce housing, housing development, production-based subsidized housing policies, tenant-based subsidized housing policies, housing stock, connections to land use and sustainability, connections to transportation, partnerships, equity and vulnerable populations, and other themes. The intention with using these themes is to identify and sort language based on housing challenges and opportunities being analyzed in the MARC region and nationally.

Theme	Definition
Housing Choices	The diversity of different housing sizes, densities, and price points available within an area, city, or county.
Housing for Older Adults	Housing and infrastructure development that caters to the needs of older adults. Policy examples include encouraging smaller housing units marketed towards older adults, home maintenance and age-in-place programs, and accessibility considerations for housing and neighborhood development.
Affordable Housing	Subsidized and unsubsidized housing affordable to households below 80% AMI.
Workforce Housing	Unsubsidized housing affordable to households making between 60-120% AMI. This income range is attributed to language found in housing plans from across the region.
Housing Development	The production of new housing units in an area, city, or county.
Production-Based Subsidized Housing Policies	Subsidized housing policies that rely on the production of new housing units or the renovation of existing buildings into affordable housing units. These policies subsidize the housing unit rather than the household. A policy example is the inclusion and promotion of Low-Income Housing Tax Credits (LIHTC) to fund housing production for low-income households.
Tenant-Based Subsidized Housing Policies	Tenant-based subsidized housing is not specific to production of affordable housing, but rather providing subsidies for low-income households. These subsidies are for the household, not specifically the housing unit. An example would be a policy promoting portability and the acceptance of housing vouchers held by households for subsidized affordable housing.
Housing Stock	This refers to the characteristics of housing in an area, city, or county. Many plans reference housing stock by type and age.
Connections to Land Use and Sustainability	Refers to any policy or content that relates housing to how land is utilized in an area, city, or county. This can refer to zoning, density, and adjacency to other uses and amenities. This themes also accounts for policy and content related to housing that is designed to be environmentally friendly and climate resistant.
Connections to Transportation	Refers to any housing policy that references the importance of transportation connectivity through multiple modes. A policy example would be policies addressing transit-oriented development or housing in neighborhoods that are walkable and bikeable.
Partnerships	Policies refer to partnerships with other jurisdictions, regional organizations, and non- and for-profit private organizations to advance housing production, maintenance, and affordability in the region.

Equity and Vulnerable Populations	Policies that address historic systemic racism in housing and current income and racial inequities. Also addresses housing policies for vulnerable groups such as the unhoused and housing cost burdened households in the region.
Other Themes	Any other themes that did not fit in one of the themes above.

Paraphrased information from the plans were recorded, and direct quotes were collected, sorted by category, and added to tables with citations to record housing policies and goals. Using direct quotes and citations by plan and page provides direct evidence of the housing language, and an easy way to review the information within the plans for additional context. This method of collecting paraphrased information and quotes, and sorting the information provides a snapshot of housing themes and intersecting policies across the region. While not precise, this method helps identify the opportunities to address issues in future housing work and highlight inter-jurisdictional collaboration opportunities.

Findings

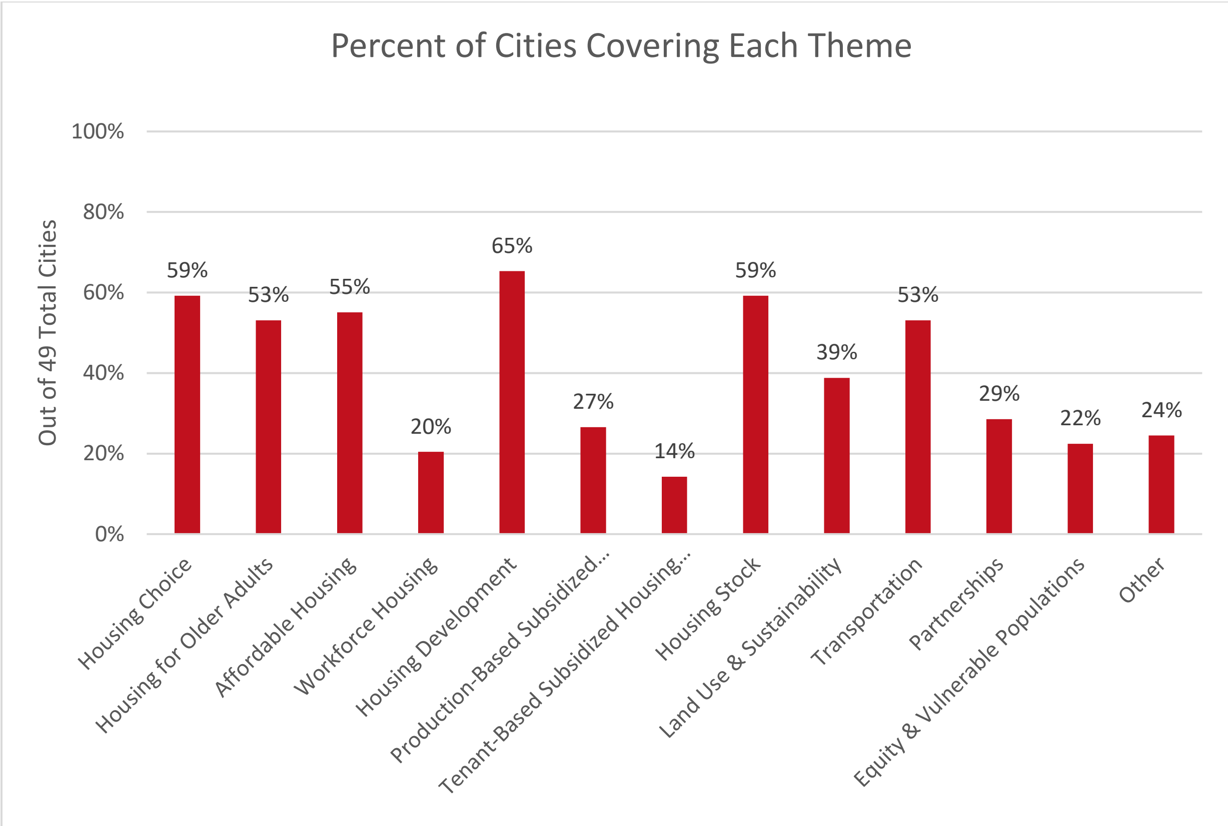
Overview

During the review of comprehensive plans and housing plans, the information from each plan was categorized into 12 themes. This process was guided by the same analysis used in the Comprehensive Plan review. The themes are as follows: housing choice, housing for older adults, affordable housing, workforce housing, housing development, production-based subsidized housing policies, tenant-based subsidized housing policies, housing stock, connections to land use and sustainability, connections to transportation, partnerships, equity and vulnerable populations, and other themes.

While the language under one theme may span across to other themes, each theme was chosen to highlight specific topics within the reviewed plans. This was also done to capture specific housing themes being discussed across the region and to identify gaps within the 49 reviewed jurisdictions. From this review process it was found that all but one of the 49 cities included language related to housing that fit in one of the 12 defined housing themes.

As part of the review, HUD consolidated plans and statewide housing plans and studies were reviewed to understand the goals and housing needs at the state level, and within the confines of local HUD entitlement communities within the framework of the HUD requirements for the consolidated plans.

A survey was distributed to all the cities in the MARC region with contact information on-file at MARC, to understand the current issues and opportunities with housing in their cities, and any past, current, or upcoming planning efforts that address housing in their cities.



HUD Consolidated Plans and Statewide Plans Reviewed

At the start of the process, the Housing and Urban Development (HUD) Consolidated Plans for the participating communities were reviewed to identify some of the broader themes for housing directed at the federal level. The HUD Consolidated Plans sections feature language pertaining to subsidized housing programs, barriers to affordable housing, housing cost burden, homeless needs, non-homeless special needs, public and assisted housing, broadband needs, hazard mitigation, and general housing needs and market analysis. The HUD consolidated plans provide valuable information about housing policies for equity and vulnerable populations. HUD entitlement communities produce consolidated plans to identify housing issues in their communities and identify strategies to improve issues such as affordability. The purpose of this review was to identify the housing language in other locally adopted and considered plans outside of consolidated plans; therefore, consolidated plans were not considered as part of the analysis. However, these plans are recognized as important guiding documents for the entitlement communities within the MARC region.

The Kansas Statewide Housing Assessment and the Missouri Five-Year Strategic Plan for Affordable Housing were the two statewide housing plans reviewed. Both plans provided a baseline of statewide housing issues and broad goals related to housing production and housing affordability. These plans were included because of local use of these planning documents for local housing discussions and plans.

The Kansas Statewide Housing Assessment split the state into regions and identified metropolitan and micropolitan areas within the state. The primary goals statewide are to improve existing housing units and generate new construction utilizing incentives. Statewide, there is a need to diversify the housing stock to meet the needs of households at every life stage and changing household sizes; this includes increased investment in older housing stock and vacant units. For low-income households, the assessment includes the extension of housing security as a goal, through Low-Income Housing Tax Credit (LIHTC) projects and locally held housing choice vouchers.

The Missouri Five-Year Strategic Plan focuses on voucher programs and tenant-based subsidized housing solutions for extremely low-income households. Strategic priorities include the preservation and production of affordable housing units for extremely low-income households and affordable units in rural areas of the state. The plan establishes set-aside needs for housing for vulnerable populations. Overall, the plan provides recent results of housing development across the state. 16.4 percent of housing funded through the Missouri Housing Development Commission (MHDC), an increase from 12.1 percent of the housing funded through MHDC in 2020. One of the key findings from the Strategic Plan is the housing unit deficit for the state, where there was a 57,657-unit deficit for extremely low-income households, with no affordable and available units for 67 percent extremely low-income households in Missouri. The Kansas City Metropolitan Statistical Area (MSA) had the second largest deficit of housing units affordable for extremely low-income households.

Housing Survey

A survey instrument was drafted and distributed to cities and counties in the MARC region to better understand housing issues, goals, and strategies being employed across the region. A contact list of city staff was created for every city that had contact information on-file in MARC's communications system. While this was not all 119 cities and counties in the MARC region, the list included cities from all of MARC's counties. In total, 42 cities responded to the survey, and provided information about current and future housing planning, whether regional or county-wide housing plans are being utilized, implementation of affordable housing in their communities, and the role of outside partnerships with the business and civic community with affordable housing and housing production. Many of the respondents were cities that were also part of the Comprehensive Plan review, while others were new respondents for this study.

Jurisdictions reviewed by the Housing Policy Study and Comprensive Plan Review		
Basehor, KS	Lansing, KS	Parkville, MO
Belton, MO	Lawson, MO	Platte City, MO
Blue Springs, MO	Leavenworth County, KS	Pleasant Hill, MO
Bonner Springs, KS	Leavenworth, KS	Pleasant Valley, MO
Clay County, MO	Leawood, KS	Prairie Village, KS
Edgerton, KS	Lee's Summit, MO	Raymore, MO
Edwardsville, KS	Lenexa, KS	Raytown, MO
Excelsior Springs, MO	Liberty, MO	Richmond, MO
Gardner, KS	Lone Jack, MO	Riverside, MO
Gladstone, MO	Louisburg, KS	Roeland Park, KS
Grain Valley, MO	Merriam, KS	Shawnee, KS
Grandview, MO	Mission, KS	Smithville, MO
Harrisonville, MO	North Kansas City, MO	Sugar Creek, MO
Independence, MO	Olathe, KS	Unified Government of Wyandotte, KS
Johnson County, KS	Osawatomie, KS	Westwood, KS
Kansas City, MO	Overland Park, KS	
Kearney, MO	Paola, KS	

Housing specific planning is one way to focus local attention on housing needs. It is important to determine if housing planning is occurring locally, to understand opportunities for regional and county-wide coordination for cities and counties interested in utilizing a housing plan but may not have the resources to draft and adopt their own plans. Of the 42 respondents, 10 responded that they have an adopted housing plan or study. Respondents were then asked if their organization was planning to develop a housing plan or study. Out of the 32 respondents who currently do not have a housing plan, six reported that they are planning to develop a housing plan or study. 11 of the respondents said that they would consider developing a housing plan depending on the navigation of certain barriers. Many cities in Johnson County expressed that they utilize the Johnson County Housing Study, completed in 2021, for their cities as it provides a local breakdown of data for several cities and areas within the county. Some cities that answered “maybe” expressed barriers such as the cost to complete a study, staffing priorities, and local support of such a study as barriers. When asked if any of the city’s other plans mention housing, most respondents indicated that their comprehensive plans had housing goals and elements. As observed in the previous comprehensive plan review, most recently adopted comprehensive plans included more detailed housing policy goals and information compared to older comprehensive plans.

While some cities and counties mentioned the need for housing plans and the adoption of housing policies and plans, implementation of the plans and policy goals have been mixed and not uniform across the region. The few programs that have been implemented by multiple respondents include home improvement and repair programs and housing production These included permit cost reductions, the prioritization of infill housing development in certain areas, and the inclusion of new types of housing stock such as cottages, accessory dwelling units (ADUs), and housing incorporating universal design principles. Suburban cities are working with their state governments to incentivize energy efficiency and clean energy production for homes in their communities, while others have decreased permit fees to spur additional housing development. Rural cities are focusing on infill development and funding mechanisms for rural improvement districts to provide extra funding on infrastructure to support new and revitalized housing. Urban and first suburbs focused on the need for code enforcement, vacant structure registries, and the need for rental subsidies for housing production and tenant assistance.

Across the region, local business communities are supporting the need for additional housing planning and policy development. Local chambers and economic development council members have assisted as stakeholders with trying to attract new housing production and revisions to building standards for housing redevelopment. Many of the business organizations and local business owners served or are serving as stakeholders on steering committees and other community focus groups for comprehensive plan updates, where they participate in discussions about housing in their cities and areas of the region. Some cities cited no specific housing collaboration with their business and civic communities in their city, explaining that they were included as part of the public participation process for other plans and studies.

The final question asked in the survey was suggestions on how the Mid-America Regional Council may assist cities and counties with housing policies and planning in the future. Many respondents indicated the continued need for local and regional data on housing issues to be able to determine the needs in their cities. Respondents also indicated the need for additional regional housing plans, studies, and reports because such resources are helpful when drafting new housing plans and policies at the local level. Some respondents cited the need for funding assistance to complete citywide and countywide housing plans. The need for continued education on housing topics such as community land trusts (CLTs) and Accessory Dwelling Units (ADUs) was also mentioned. This education effort is needed for both members of city councils and planning commissions, as well as the public, and can be achieved in partnership with local city and county staff to make it relevant for their community.

Housing Choice

Approximately 59 percent of the jurisdictions had language that covered aspects of housing choice. In this study, housing choice was defined as plans or projects that acknowledged the need for a growing diversity of housing options for people of all ages, incomes, stages of life, and abilities. In most cases, this also meant addressing the mixture of housing types that are available in these cities. Housing choice also could mean choice in terms of price. Many cities cited the need for housing at different price points to allow people to move to the city and stay in that city if they wish if their income or circumstances change. For instance, increasing or allowing the development of townhomes, row houses, or mixed-use developments provides opportunities for low and middle-income households to live in the community at different life stages. Cities identified that the proximity to amenities or transportation should also be included in furthering housing choice. However, the most common topic covered in housing choice was the improvement of housing options for low to middle-income households.

Housing for Older Adults

In over half of the reviewed plans, communities saw the need to incorporate housing specifically geared towards older adults. This includes options that offer a wider mix of housing products, senior citizen housing, and housing that allows residents to age in place. Many cities cited the need for older adults to be able to have an active retirement with amenities such as parks and shopping nearby and accessible. For residents to age in place in their current homes or in the city, a need for a variety of accessible housing options was identified by many cities that allow for residents to move as their needs change over time. These new options may be higher in density or different housing types for maintenance and shared accessibility such as apartments and townhomes for older adults. Many cities are planning and anticipating the need for these types of housing in the future. For some plans, this also included creating or maintaining a home rehabilitation program to help maintain older homes. There are also a few communities who are aiming to align transit decisions with development patterns to give older adults access to multiple modes of transportation, including public transit options.

Affordable Housing

Many of the communities in the MARC region addressed issues of affordable housing within their plans and studies. Some cities addressed the need to establish affordability price points for renters whose household incomes are below their city's average median income (AMI) and below 80 percent of the metropolitan AMI. Some called for providing incentives to increase the production of affordable housing, both regulatory and financial incentives were recognized as being vital strategies to close financing gaps that may prevent the construction of affordable housing units. Another common finding was communities are considering updating or reviewing their zoning codes to allow for accessory dwelling units, smaller attached and detached homes, townhomes, and apartments that may be less expensive to construct and require less maintenance cost per unit compared to a traditional single-family house. Various cities called for the need to establish local and regional funding sources for affordable housing to help with financing and production. Some cities with industrial uses in neighborhoods call for the phasing out of these uses and to replace these industrial uses with new, affordable housing. Other cities consider ADUs on single-family residential lots as a possible solution to the affordable housing supply issues. With all these solutions, cities who mentioned affordable housing call for the need to maintain affordable housing options that are high-quality and well-maintained. These efforts are all identified as ways to provide housing that is affordable at different price points for households under the regional 80 percent AMI.

Workforce Housing

For the case of this report, workforce housing has been defined as housing types that do not truly fall into the affordable housing category, which is often for those households under 80 percent AMI but cannot afford the higher end housing stock. Workforce housing can be housing that is within the conventional housing market or subsidized to assist with its production and the continued affordability for residents. This theme could also be referred to as attainable housing. Very few communities directly addressed this theme and those that did mostly discussed the continued maintenance and preservation of the housing stock within the 80 to 120 percent AMI income range. Even fewer communities had plans to develop new housing that would be considered workforce housing. In total, only 20 percent of the reviewed jurisdictions covered topics within this theme. The cities that did address workforce housing cited the need for housing affordable to those in occupations such as teachers, police officers, nurses, and those who work for local governments. Some cities in the region already have enough housing affordable to those making up to $75,000, however cities cited the age of these units and the need to preserve their quality and affordability.

Housing Development

This theme was the most widely covered by all the reviewed jurisdictions. For housing development cities covered issues of future infill development, blended densities, creating a range of residential products, and the use of economic incentives to promote further development. Some cities also emphasized the need for housing development along key corridors and vacant land. Some cities cited the need for neighborhood or area-level housing development planning in established neighborhoods. Strategies to address localized housing development included the development of a Community Development Corporation (CDC) to assist with the purchase and rehabilitation of older housing and spur innovative development forms. Many cities are looking at different development tools and strategies to encourage housing development. Some cities are looking at assistance programs for upfront development costs, infrastructure enhancements, tax increment financing (TIF) districts that capture the increased tax revenue of an area and those funds are then utilized for future development or infrastructure needs for that particular area, and other value capture measures and special assessments.

Several cities across the region, but especially cities in eastern Jackson County, expressed the need for additional production of multi-family housing and duplex housing both as rental units and owner-occupied housing. The benefits cited included affordability and the ability to stay in the cities as the population ages and households change. Other cities focused on the need to identify areas of compatible density growth areas. Cities with historic downtown areas want to encourage additional infill development and allow for blended densities to create a range of residential housing options in the area and the greater city. Cities cited the need for infill housing development that was compatible with the scale of existing development or increased density that is contextually appropriate to the city, corridor, and area.

Green infrastructure and universal design principles are two areas of housing development cities have included in their plans to reflect the need for resilient and adaptable cities for its residents. This is to decrease future infrastructure costs and decrease the need for natural resources when developing new neighborhoods and infill housing. Some cities identify the need to preserve and create conservation areas by clustering development to preserve these areas while avoiding environmental hazards such as flood-prone areas.

Production-Based Subsidized Housing

Production-based subsidized housing was considered with tax credits and other development incentives defined as any subsidy to encourage supply increases of affordable housing units. Most of the jurisdictions that covered issues of housing policies classified as production-based subsidization only mentioned that they would continue to maintain the current programs and financial incentives. Although in total 27 percent of cities discussed this theme, only eight percent called for the development of new processes. Some cities cite the need to maintain affordable, LIHTC units in their cities through re-syndication of the tax credits; as well as employing Community Development Block Grant (CDBG) and HOME Investment Partnerships Programs (HOME) that can be used to develop new housing and rehabilitate existing housing units. Other cities are proposing the use of existing economic development tools, land acquisition, site preparation, and city utilities and infrastructure for housing development for low-income households.

Community Land Trusts (CLTs) have qualities of both a production-based and tenant-based subsidized housing policy. We have counted them under the production-based subsidy section. Within the plans reviewed, the municipalities that mentioned CLTs cited them as one way to utilize vacant or abandoned properties. This was mentioned with other policy ideas and goals such as the creation of CDCs or CHDOs (Community Housing Development Organizations) to facilitate similar projects.

Tenant-Based Subsidized Housing

This theme was only discussed by 14 percent of the reviewed communities. Tax abatement programs were referenced by a city with higher median home values to prevent at-risk households from being displaced from their homes because of the increase in property taxes. Rural and exurban communities that are eligible for USDA and specific MHDC programs cited programs to support loan assistance for first-time buyers and veterans, as well as funding programs for home repairs and maintenance to ensure that housing units remain safe for residents. Housing choice vouchers have been a mechanism that makes it possible for low-income households to afford housing in areas across the region. In many parts of the region such as Johnson County, voucher holders struggle to find housing where the vouchers are accepted. This is made more difficult if there are blemishes on their credit or rental history, or if their households are larger. Voucher portability is also an issue. Portability refers to the voucher holder’s ability to find eligible housing across jurisdictions. Voucher portability may allow holders to live closer to transit, their jobs, and schools. Plans and studies including the Johnson County Housing Study, call for additional voucher portability, and the need to educate landlords about the voucher program to encourage additional voucher eligible units.

Housing Stock

With 59 percent of cities covering issues surrounding housing stock, it is tied with Housing Choice in the number of cities including it in their plans. This finding is not unusual as many cities include sections on the state of their housing stock with the inclusion of housing choices or diversification within their comprehensive plans or in their housing studies. A sizable percentage of cities identified that their housing stock is aging, and they call for the preservation of those existing units. A few cities went a step further and proposed the adoption of residential design standards, the allowance of accessory dwelling units (ADU's), or programs to help incentivize home repair. Many cite aging housing stock that is being used as rental units as potentially vulnerable housing units for blight due to inadequate maintenance. Cities with older housing stock also cited that older housing units are not meeting the changing preferences of shifting demographics and market needs, while amenities and conditions of the housing units prevent the units from appreciating at the same rate as newer units. This, however, does mean that these units are generally more affordable compared to newer housing units.

Many cities and counties with older housing units are seeking to preserve the existing housing units since they are more affordable. Some cities are calling for incentives to rehabilitate older housing units while incentivizing new, infill development either for sale in the housing market or to assist existing owners to improve their homes. Some cities and counties cite that most of their housing stock is newer and higher in price compared to state and national averages, which indicates a need for more affordable housing options regardless of the age of housing units.

Most cities mention that their current housing stock is primarily single family residential, and the need to diversify their housing stock with other housing types and different price points. Some cities reason that their local population is aging or older than the metropolitan average, requiring housing stock that can address their resident's needs. Others cited the potential admittance of ADUs as a way to increase the affordable housing stock while supporting the preservation of existing single-family homes on larger lots. Some cities called for the encouragement for residents to renovate their existing homes rather than replacing the housing unit altogether or moving. For new infill or renovations, some first suburb cities propose the adoption of design standards to promote best practices while maintaining the affordability and character of the city.

Connection to Land-Use and Sustainability

A variety of topics were covered under this theme of land-use and sustainability. Most notably was the discussion around sustainable design that planned for the inclusion of alternative energy sources and locating developments away from environmental hazards. Some cities call for the use of buffers between land uses, which has been utilized in development design since the advent of Euclidean zoning and post-war suburban development. Localized, renewable energy production such as solar panels on homes and other buildings are seen as a tool to reduce the footprint of existing homes in their cities. Other cities referenced MARC Green Infrastructure policy guidance and the need for tree planting to reduce energy costs.

Another widely covered topic was the encouragement of districts that promoted mixed-use development and mixed densities, these often mentioned the use of Traditional Neighborhood Development (TND) guidelines. TND would reflect the urban form found in many historic downtown areas and neighborhoods in the early 20th century, which are usually compact neighborhoods with a flexible but consistent street grid with nearby, walkable commercial areas and mixed housing types and densities. Some cities mentioned the need for new zoning categories to allow for this type of development and mixed use in downtown areas. For cities with unused or vacant property, cities are considering a more robust land banking program that can address vacant and underutilized properties.

Connection to Transportation

Over half of the reviewed cities touch on the interconnection between housing and transportation. Some cities discussed the need for improvements to the streetscape and multimodal safety. These improvements included resurfacing, curb and gutter additions and repair for stormwater control. One city discussed the implementation of Woonerf style roads that decrease automobile traffic and driving comfort to better accommodate active transportation modes and green infrastructure. Additions such as sidewalks and sidewalk maintenance and green streets may help improve the quality of housing developments and reduce impacts on the environment. Others highlighted the need to locate mixed-use developments near key corridors and intersections; while others acknowledged that they need to include better multi-modal transportation options reachable from housing developments, amenities, and employment centers. Most cities who mentioned centers and corridors mentioned the need for higher density and mixed uses along these corridors close to transit and other mode options. Others in suburban communities mentioned the need for interconnected neighborhoods via walking and bike paths that connect to city amenities.

Partnerships

Throughout the reviewed plans, there were several distinct kinds of partnerships that were highlighted. For some communities, there is a need for partnerships with investors, builders, community organizations, and buyers to create an active risk-sharing environment for housing development. This potentially helps with financing new housing and the rehabilitation of existing units while creating or maintaining housing affordability. However, other communities recognized the need for better partnerships within their own community, citing the need for the creation of task forces or commissions composed of city staff and community members. Cities included the need for closer partnerships with community development corporations (CDCs) as redevelopment partners. Many cities also cite the need for partnerships and task forces to identify funding sources to implement housing policies in their cities, while also promoting their cities as great places to live. Some cities addressed the need for landlord education and partnerships to prevent absenteeism amongst landlords in their cities and counties. Job support and training was mentioned in a few plans to expand the housing worker and construction workforce, while increasing skilled trade jobs locally and regionally through public and private partnerships.

Equity and Vulnerable Populations

Less than a fourth of the reviewed cities addressed equity and vulnerable populations within their comprehensive plans or supplemental housing plans. Vulnerable populations include groups that have physical or mental health issues, those without stable or permanent housing, and other marginalized groups. Other populations this theme addresses are those groups and people who have been negatively affected by past housing policies such as redlining. Most cities discussed ways to implement housing targeting those that earn below a livable wage and those without secure and stable housing. This often includes removing regulatory barriers. Some plans included language about the need to create diverse housing stock of different types and price points, as a response to zoning regulations with minimum housing unit sizes, lot size minimums, and location exclusions that cluster non-single-family housing units together or in one area or corridor in a city. Other cities acknowledged the need to ensure that developers, contractors, and service providers who are Black, Indigenous, and People of Color benefit from government housing investments and development opportunities. In addition, that trust will continue to be built between the city and minority and immigrant communities.

People without stable housing and unhoused populations continue to grow in the region as housing becomes more expensive. Some cities employ a tiered system that regulates motels being used as semi-permanent housing, while counties are encouraging cities to revise zoning and ordinances to allow for shelters, supportive housing, and wrap around service centers in their cities to help people experiencing homelessness and unstable housing. This also includes removing barriers to economic opportunity for housing and the removal or regulatory barriers that may prevent someone from securing housing such as past evictions on records.

Other Themes

There were many recurring topics found throughout the comprehensive plans and housing studies that did not fit into the twelve other themes. The more prevalent issues were promoting homeownership, issues in the rental market, either a negative image or lack of a city's identity, creating multi-faceted neighborhoods, and ties of housing to employment opportunities. Other areas either covered by just one or two cities were issues of school quality, internet or broadband access, and community gardens. A few larger cities and counties proposed homeownership education courses that teach potential buyers about how to work with real estate agents, choosing an affordable mortgage, accessing down payment assistance, and explaining closing costs. This is especially helpful for those who may be the first in their families to purchase a home and provides a neutral resource outside of a hired real estate agent for questions and assistance. Other county studies call for a potential utility assistance program to help residents with costs. High-speed internet continues to be an issue in outlying cities and rural areas. Many plans call for new high speed internet options that are affordable to residents and help connect residents with telecommuting jobs in urban areas. Other cities wish to ensure that construction employees are residing close to job sites. Kansas City, Missouri for example, proposes that incentive receiving non-residential development projects employ a minimum percentage of people residing within five miles of the site, to ensure that the construction jobs are jobs for residents.

Takeaways

While this study did not cover every jurisdiction within the MARC region, the compilation of these plans provided key takeaways that could further shape the goals and strategies to address regional housing challenges. Overall, housing affordability and housing variety close to amenities and employment continue to be a challenge to the region. Housing that is responsive and adaptive to the needs of the market by type and price point continues to be in demand from urban cities to first suburbs, to exurban and rural cities. Affordable and workforce housing are areas that require partnerships and education amongst city staff, local leaders, non-profit organizations, and regional organizations such as MARC. Defining what affordable housing in a city may look like and the reality many households face when it comes to attaining housing that is safe and affordable is important when proposing concrete policies and programs at the local level. Successful housing policies are not just about providing an adequate supply of housing at different price points, it also requires a review of land use, development regulations, and placement strategies that allow residents to easily access employment within and beyond jurisdictional boundaries, while also providing multi-modal options to access grocery stores, pharmacies, restaurants, and city amenities such as parks and recreation centers.

Themes that were not widely considered include tenant-based subsidized housing and equity and vulnerable populations. While many cities discussed the need for housing repair and age-in-place subsidies to ensure that people can stay in their homes, fewer addressed the need for more housing choice voucher eligible housing that is not concentrated in one area. This requires additional partnerships with landlords to explain the program, why it is important, and the process to become an eligible provider. It also requires voucher programs to provide additional interjurisdictional portability to allow potential tenants to find housing close to current and potential employment, public transportation, schools for their children, and amenities and services. Equity and vulnerable populations require an acknowledgement of past policy decisions that adversely affected certain areas and groups, while proposing policies that help people access stable and safe housing options.

The strategies and goals found in the review require continued partnerships and participation from stakeholders across the region and within cities and counties. This review provides an overview of the housing issues and opportunities at a regional level through existing comprehensive plans, housing plans, and other local supplementary plans. The goal of this review is to aggregate this information so future housing planning can occur locally and regionally.

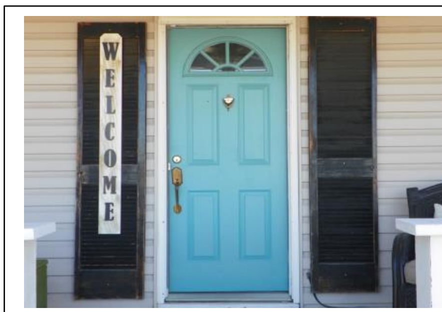
Presentations and Reactions

After this report's completion, two presentations were made in which MARC committees reviewed the process and results. The first presentation was to the Regional Housing Partnership Strategy Committee on June 23rd, 2023. It was well received. The presentation prompted discussions covering the interconnection between the transportation centers and the location of housing, tax abatements for home repair, and the recent decline in homeownership due to inclining property values and taxes. The second presentation was to the Sustainable Places Policy Committee on July 14th, 2023. This was also well received with an engaging discussion about some of the issues outlined in the presentation's takeaway section. They discussed the need for alternate housing types with special attention to the speed and financing of the production of housing. Overall, the reaction to this housing policy review from these MARC committees was positive.

City of Osawatomie, Kansas

HOUSING STUDY AND NEEDS ASSESSMENT

Osawatomie
KANSAS



Canyon Research Southwest, Inc,
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Buffalo, NY 14203

July 2022

CANYON RESEARCH SOUTHWEST, INC.
COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

HOUSING STUDY AND NEEDS ASSESSMENT
CITY OF OSAWATOMIE, KANSAS

July 2022

Prepared for:
City of Osawatomie, Kansas
439 Main Street
Osawatomie, KS 66064

Prepared by:
Canyon Research Southwest, Inc.
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Buffalo, NY 14203

PR# 2022.07.03

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

July 22, 2022

Michael Scanlon
City Manager
City of Osawatomie
439 Main Street
Osawatomie, KS 66064

Re: Housing Study and Needs Assessment
City of Osawatomie, Kansas

Mr. Scanlon;

The City of Osawatomie, Kansas is seeking to establish a Rural Housing Incentive District ("RHID") under K.S.A. 12-5244(a). The Rural Housing Incentive District Act provides cities and counties a program to assist developers to build housing in rural communities by assisting in the financing of public improvements. A requirement of establishing a RHID the governing body of the city or county must conduct a housing needs analysis to determine what, if any, housing needs exist within the community.

The Rural Housing Incentive District Act identifies four findings and determinations which must be included in the housing needs analysis. These criteria form the primary basis upon which the Secretary of the Kansas Department of Commerce will review the housing needs analysis and consider its approval.

Canyon Research Southwest, Inc. has prepared the enclosed *Housing Study and Needs Assessment*. The objective of the study was to address the four findings and determinations outlined by the Rural Housing Incentive District Act as they relate to the Osawatomie housing market.

Based on the findings of the *Housing Study and Needs Assessment* a conclusion was made applying the Rural Housing Incentive District Act's four findings and determinations as to the need and eligibility of the City of Osawatomie as a RHID have been met. In addition, the suitability of the City-owned 9.75-acre parcel located east of 6^{th} Street between Chestnut and Kelly Avenues as a single-family home subdivision development site was evaluated.

Upon review of the report, should any questions arise, or additional information requested, contact me directly at (716) 327-5576.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

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Principal of Canyon Research Southwest, Inc.

SUMMARY OF MAJOR FINDINGS

The City of Osawatomie, Kansas is seeking to establish a Rural Housing Incentive District ("RHID") under K.S.A. 12-5244(a). The Rural Housing Incentive District Act provides cities and counties a program to assist developers to build housing in rural communities by assisting in the financing of public improvements. A requirement of establishing a RHID is the governing body of the city or county must conduct a housing needs analysis to determine what, if any, housing needs exist within the community.

Of behalf of the City of Osawatomie, Canyon Research Southwest, Inc. has prepared a *Housing Study and Needs Assessment* that evaluates the City's for-sale and rental housing markets. The report's major findings are summarized in the text below.

Demographic and Economic Overview

A community's changing demographic trends have a significant impact on the local housing market. Those population demographics that play a role in shaping the composition of a local housing market include population growth, age distribution, household composition, educational attainment, and household income.

From 2000 to 2020, Osawatomie experienced an 8.4 percent decline in population, losing 390 residents. As a result of the declining population, over the past 15 years or so new home construction was stagnant. Favorable interest rates assisted in supporting a recent trend in investors purchasing homes in Osawatomie, renovating them, and selling at a profit. This "flipping" activity has transitioned into a modest volume of infill new home construction.

The age composition of a community's population plays a significant role in the demand for various housing types. As a person ages, their housing needs change. Over the next five years the elderly (65+ years), adolescent ages 0 to 14 years, and young adults ages 25 to 34 years are forecast to support the largest gains in population in Osawatomie. The future age demographic trends suggest a need for affordable rental housing, entry-level housing, and senior housing.

Compared to statewide averages, Osawatomie has above average rates of single parent households, households with one or more people under 18 years of age, and households with one or more people 65+ years of age. Osawatomie supports below average rates of married couple households and married couple households with children present. These household composition characteristics suggest a need for single-family housing, rental housing, and senior housing.

Because income increases with advancing educational attainment, communities with high education levels generally support higher rates of homeownership and housing values. The educational attainment levels of Osawatomie residents favor entry-level homeownership and renting. Demand for entry-level for-sale housing and rental housing is supported by the fact that the highest level of education for 49.7 percent of renters is a high school degree. The 16.2 percent of Osawatomie residents with a bachelor's or graduate degree are candidates to be homeowners of more expensive move-up housing.

The 39.6 percent of households in Osawatomie earning less than $35,000 annually tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. The 31.1 percent of households earning $35,000 to $74,999 create a need for rental housing and entry-level, for-sale housing, with the highest income households supporting the need for move-up, for-sale housing. The 29.1 percent of Osawatomie households earning $75,000 or more create a market for move-up and upscale housing.

To conclude, Osawatomie's diverse population demographics produce the need for a wide range of rental and for-sale housing product. A strong need exists for income-based and market-rate rental housing. Those households earning $35,000 to $49,999 annually create the need for entry-level, for-sale housing. The median household income for those householders 25 to 44 years of age supports a need for quality rental housing and for-sale, move-up housing. High-income households create a need for upscale, for-sale housing. The large population of residents 65+ years of age will create a growing need for senior housing.

Housing Market Overview

Osawatomie's housing stock totals 1,826 dwelling units. Detached single-family homes comprise 85.6 percent of Osawatomie's housing stock. Properties with 3 or 4 dwelling units account for 4.8 percent of the total housing stock, while multi-family structures with 10 or more dwelling units account for 6.4 percent.

Owner-occupied housing accounts for 61.5 percent of Osawatomie's occupied housing stock with rental housing amounting to 38.5 percent. By comparison, statewide owner-occupied housing accounts for 66.2 percent of the occupied housing stock with rental housing accounting for 33.8 percent. In Osawatomie, detached single family homes account for 95.1 percent of all owner-occupied housing units and 65.5 percent of all occupied rental housing units. Multi-family structures with 3 to 4 rental units account for 14.0 percent of all renter-occupied units while properties with ten or more dwelling units account for 18.7 percent.

The rate of homeownership in Osawatomie increases as a householder gets older, peaking at 27.7 percent for those householders 35 to 44 years of age. Elderly 65 years and older account for 19.4 percent of homeownership, suggesting in coming years the inventory of available for-sale housing units may increase.

Nearly 21 percent of households in Osawatomie under the age of 35 years are renters. The rate of renter households remains high among older householders, amounting to 17.9 percent for those 45 to 54 years of age and 13.5 percent for those 55 to 64 years. Senior households 65 years and older account for 38.5 percent of all renter households in Osawatomie.

Nearly three-quarters of homeowner households in Osawatomie have a median income of $50,000 or more, with 14.7 percent of households with median incomes of $100,000 or more. By comparison, just 20.7 percent of renter households possess a median income of $50,000 or more. A reported 19.7 percent of renter households have median incomes of less than $15,000 and may qualify for rental assistance. The 41.3 percent of renter households possessing a median income of $35,000 to $74,999 and represent the market-rate rental market.

Nearly three-quarters of both homeowners and renters in Osawatomie pay $500 to $1,499 per month on housing expenses. This trend may be due to the predominance of single-family housing for both homeowners and renters. Interestingly, the median monthly housing cost for rents of $883 exceeds that of $848 for homeowners.

Osawatomie's current and future demographics and mix of housing suggests that additional emphasis on affordable rental housing and for-sale housing is needed to foster a more diverse housing market that meets the needs of a wider range of household types. The large number of households with incomes of less than $25,000 suggest a need for affordable rental housing. There also appears to be a growing need for affordable for-sale housing priced under $150,000 and move-up housing priced at $250,000 and above.

For-Sale Housing Market

Detached single-family homes in Osawatomie garner an above average share of the owner-occupied housing market. Specifically, detached single-family homes in Osawatomie accounts for 95.1 percent of Osawatomie's owner-occupied housing stock, compared to 92.1 percent for the State of Kansas. The inventory of owner-occupied housing units in Osawatomie has declined from 1,264 units in 2013 to 993 units by 2020. Meanwhile, no owner-occupied multi-family housing units were reported in Osawatomie, compared to 0.9 percent statewide.

Osawatomie's median housing value of $89,000 is well below the statewide median of $157,600. Nearly two-thirds of Osawatomie's owner-occupied housing stock is valued under $100,000. Osawatomie's lagging housing values are due in large part a much older housing stock that is small and lacks the amenities of modern housing. Much of Osawatomie's housing stock is also in poor condition relative to the statewide inventory. The lack of quality housing stock is a huge issue when local employers are recruiting new employees.

From January 2021 to June 2022, a total of 94 homes sold in Osawatomie at a median price of $131,250. Two- and three-bedroom homes accounted for 38.3 percent and 47.9 percent of all homes sales, respectively. Over 57 percent of the homes sold for less than $150,000 while just 16.0 percent sold for $200,000 or more.

Seventeen homes in Osawatomie are currently on the market for sale with 14 homes under contract. The homes on the market are priced from $85,000 to $350,000, averaging $167,276. The pending home sales are under contract for $15,000 to $249,000, averaging $150,529. These market factors indicate that the Osawatomie entry-level for-sale housing market continues to support strong demand while the move-up housing market is beginning to gain traction.

From 2000 through 2019, just two single-family homes were built in Osawatomie. There has been escalating activity in Osawatomie by small investors to purchase, renovate, and flip homes. The renovated homes have been well received into the market, prompting recent new single-family home construction. New home construction in Osawatomie totaled three homes in 2020 and eleven homes in 2021. According to the MLS, since January 2021, six new homes sold in Osawatomie, priced from $205,000 to $254,000. One additional new home is currently on the market for sale priced at $249,000.

Based on the market acceptance of new homes in Osawatomie and with 12.1 percent of Osawatomie households earning $75,000 to $99,999 annually, a larger market for housing priced from $200,000 $299,999 appears supportable.

The principal constraint in attracting homebuilders to Osawatomie is the limited availability of large tracts of land serviced with utility and road infrastructure. Recent homebuilding activity has focused on infill lots. Some infill lots remain in town, but many are in undesirable locations (i.e., near train tracks) or are in areas that aren't accessible by large equipment needed to build homes.

Rental Housing Market

By 2020, Osawatomie's housing stock totaled 1,826 dwelling units, of which 11.2 percent, or just 303 dwelling units were in multi-unit structures. By comparison, multi-family housing accounts for 18.4 percent for the State of Kansas housing stock. Osawatomie's multi-family housing stock consists of entirely of properties with 3- to 4-units or 20 or more dwelling units.

Rental housing accounts for 38.5 percent of Osawatomie's occupied housing stock which exceeds the statewide average of 33.8 percent. From 2012 to 2018, the inventory of renter-occupied housing units in Osawatomie increased from 467 units to 671 units. By 2020, the inventory of renter-occupied housing declined slightly to 621 dwelling units. One-unit detached housing accounts for 65.5 percent of the occupied rental housing stock.

A shortage of quality rental properties exists in Osawatomie with single family homes accounting for most of the market-rate stock. Over three-quarters of Osawatomie's rental housing was built prior to 1940. As a result, most of Osawatomie's rental housing is old and lacks the modern design and amenities of newer properties.

The median rent in Osawatomie of $799 per month compares to the statewide average of $863. Nearly 54 percent of Osawatomie's rental stock supports rents of $500 to $999 per month with 26.1 percent rented at $1,000 to $1,499 per month. Just 10.2 percent of the housing stock rented for excess of $2,000 per month. These rents are reflective of the age and poor quality of Osawatomie's rental housing stock.

For 46.3 percent of Osawatomie households, the gross rent accounts for 30 percent or more of total income which exceeds the statewide average of 34.2 percent. These households are experiencing rental stress which is defined as paying more than one-third of household income on rent.

No market-rate rental apartment properties currently operate in Osawatomie. At the time of this study market-rate housing available for rent in Osawatomie was limited to three single-family homes, mobile home, and apartment units. The absence of market-rate rental apartments in Osawatomie places a significant constraint on the ability of many individuals and families to obtain suitable rental housing.

An estimated 17.0 percent of Osawatomie households earn less than $15,000 per year which creates demand for income-based rental assistance. Seniors 65+ years of age account for 15.2 percent of the city's total population, fueling demand for senior housing. Income-based rental housing in Osawatomie is limited to 64 units catering to families and singles and 102 units serving seniors. All the income-based properties are now fully rented.

The primary barrier for prospective renters in Osawatomie is the limited availability of quality market-rate and rental assistance housing units. A quality rental housing stock is an important component in fostering a healthy for-sale housing market by offering prospective residents the opportunity to live in the community before buying a home. Current market conditions and demographics suggest Osawatomie is in need of additional market-rate and income-based rental housing.

Housing Need Forecast

Through latent demand and population growth, new housing need from 2022 through 2027 in Osawatomie is estimated at 65 to 88 dwelling units. The mix of new housing is estimated at 39 to 53 owner-occupied units and 26 to 35 rental units. The breakdown of new for-sale housing and rental housing need by price range through 2027 is illustrated in the table below.

Forecast New Housing Need by Product Type
City of Osawatomie, Kansas; 2022-2027

Housing Type	Affordability Factor % of Households	Total Housing Units Low	Total Housing Units High
Owner-Occupied Housing ($ Value)			
Under $150,000	20%	8	10
$150,000 to $199,999	20%	8	11
$200,000 to $249,999	30%	12	16
$250,000+	30%	11	16
Total Owner-Occupied Housing Need		**39**	**53**
Renter-Occupied Housing (Monthly Rent)			
Under $500	15%	4	5
$500 to $799	25%	6	9
$800 to $999	25%	8	11
$1,000 to $1,499	25%	5	7
$1,500+	10%	3	3
Total Renter-Occupied Housing Need		**26**	**35**
Total Housing Need		65	88

Source: Canyon Research Southwest, Inc.

Site Evaluation

Based on standard site selection criteria the City-owned property located east of 6th Street between Chestnut and Kelly Avenues is suitable for the development of single-family home subdivision, offering the necessary physical attributes; infrastructure; zoning; visibility and exposure; access; and proximity to housing demand generators and services.

Assuming 25 percent to 30 percent of a single-family subdivision's land area is dedicated to street right-of-way and public space, assuming a standard lot size of 9,000 square feet, the subject property could accommodate an average density of approximately 3.4 to 3.6 dwelling units per acre. Therefore, the 9.75-acre parcel could support up to 35 homesites.

Rural Housing Incentive District

The Rural Housing Incentive District Act identifies four findings and determinations which must be included in the housing needs analysis. These criteria form the primary basis upon which the Secretary will review the housing needs analysis and consider its approval. Based on the findings of the *Housing Study and Needs Assessment* for the City of Osawatomie, the four findings and determinations outlined by the Rural Housing Incentive District Act were addressed.

1) There is a shortage of quality housing of various price ranges in the city or county despite the best efforts of public and private housing developers.

Osawatomie suffers from a shortage of quality housing at various product types and price points. Osawatomie homebuyers find it very difficult to find quality, affordable housing that doesn't require considerable renovation and upgrades.

Osawatomie's housing stock is old with nearly half of the existing inventory built prior to 1940 and only 6.9 percent built since 1980. Osawatomie's older housing stock is generally in poor condition, small, and lacks the modern amenities sought by homebuyers that are provided in newer housing. In addition, the city's housing stock has declined from 1,947 dwelling units in 2000 to 1,826 dwelling units by 2020. From 2000 through 2019, just two single-family homes were constructed in Osawatomie.

Osawatomie's for-sale housing stock is heavily skewed toward low-priced housing with very little housing upper-end product. As reported by the *American Community Survey 2020*, 62.5 percent of Osawatomie's owner-occupied housing stock was valued under $100,000 compared to 30.1 percent for the state of Kansas. About 35 percent of Osawatomie's owner-occupied housing stock is valued at $100,000 to $199,999, none valued at $200,000 to $299,999, and just 2.3 percent valued over $300,000. The abundance of lower priced homes is attributed to the age, size, and condition of Osawatomie's housing stock.

The lack of quality housing is a major issue for local employers when recruiting employees from outside of the area. In most cases, new employees end up securing housing outside of Osawatomie as the available housing stock doesn't meet their needs.

From 2015 to 2020, home values in Osawatomie appreciated in value by 8.0 percent which lags the statewide rate of 19.4 percent. By 2020, the median housing value in Osawatomie of $89,000 compared to the statewide rate of $157,600. The well below average median home value and rate of appreciation is directly linked to the characteristics and condition of Osawatomie's housing stock.

According to the *American Community Survey 2020*, for 31.4 percent homeowner households and 46.3 percent of renter households in Osawatomie housing costs amount to 30 percent or more of total household income. These households are experiencing housing cost stress which is defined as paying more than one-third of household income on housing.

Osawatomie's housing stock supports a disproportionately high rate of detached single-family homes and a small inventory of attached, multi-family housing product. Detached single-family homes account for 85.6 percent of Osawatomie's housing stock, compared to the statewide average of 72.7 percent. Multi-family housing account for just 11.2 percent of the total housing stock, compared to 18.4 percent for all of Kansas. Due to the below average inventory of multi-family housing in Osawatomie, detached and attached single-family homes account for nearly two-thirds of all occupied rental housing units. No large-scale, market-rate apartment properties exist in Osawatomie.

Osawatomie residents age, education, and income demographics suggest a more diverse mix of for-sale and rental housing is supportable. The market warrants quality entry-level for-sale housing, move-up housing priced over $200,000, and quality market-rate rental housing. The abundance of low-income households and full occupancy of existing income-based rental properties suggest additional housing inventory is needed.

According to the *American Community Survey*, 23 percent of households in Osawatomie possess incomes under $25,000 and potentially qualifying for some form of housing assistance. The current inventory of income-based rental housing in Osawatomie totals just 64 dwelling units for singles and families and 102 dwelling units for seniors, all of which are occupied. According to leasing agents for the existing income-based apartment properties the demand for affordable rental housing in Osawatomie has been strong for several years.

Despite in recent years the rate of renovations and resales in Osawatomie has increased and eleven new homes have been built or are under construction, the level of new quality housing has fallen far short from correcting the imbalanced housing market for both owner-occupied housing at a wide range of price points that meets the needs of today's homebuyers. New home construction has focused on existing infill lots serviced with utilities. A larger inventory of vacant lots in Osawatomie is required to stimulated increased new home construction, including infill lots and vacant land.

To conclude, Osawatomie suffers from a shortage of quality for-sale and rental housing at various price points. Market constraints such as the limited inventory of available vacant lots and raw land serviced by infrastructure has hampered efforts by the City and homebuilders to provide sufficient new housing inventory to alleviate the housing shortage.

2) **The shortage of quality housing can be expected to persist and that additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county.**

From 2000 to 2019, just two new housing units were constructed in Osawatomie. During 2020 and 2021, 14 homes were built. The new homes provide the design and amenities homebuyers seek and have illustrated a market exists for homes priced from $200,000 to $250,000. This modest level of new residential construction is insufficient to foster a balanced housing market in Osawatomie.

Housing built prior to 1940 accounts for nearly half of the city's total housing stock. The low costs of much of the city's older housing stock has prompted an upturn in the investment by "flippers" who buy, renovate, and sell at a profit. While the increased level of activity by flippers has produced more quality, affordable housing in Osawatomie, it is insufficient to foster a balanced housing market.

The principal constraints in facilitating new residential construction in Osawatomie is a modest inventory of vacant infill lots and lack of residential land serviced by the necessary infrastructure. A larger inventory of vacant lots and developable land is required to escalate the rate of new home construction activity in Osawatomie.

To conclude, the shortage of quality housing in Osawatomie is expected to persist as attracting builders has proven difficult given the modest inventory of vacant lots and residential land serviced with infrastructure. Additional economic incentives are necessary in order to extend infrastructure needed to facilitate new lot inventory, encourage builders to construct new housing, and private property owners to invest in home renovations.

3) The shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county.

Over the past 50 years Osawatomie's population has been stagnant and from 2000 to 2020 experienced an 8.4 percent decline in population, losing 390 residents. The lack of population growth places constraints on the local workforce which adversely impacts new business recruitment and opportunities for existing businesses to grow and expand. The city's existing population of 4,255 residents place constraints on the ability to attract retail businesses need to support area residents.

Continued economic expansion is critical to the economic and fiscal health of a community. To be competitive in attracting businesses a community must offer an excellent quality of life that includes a variety of housing at a wide range of price points, quality schools, low crime, ample recreational entertainment opportunities, and a pro-business environment.

The lack of quality housing is a major issue for local employers when recruiting employees from outside of the area. In most cases, new employees end up securing housing outside of Osawatomie as the available housing stock doesn't meet their needs.

A diverse housing market is a key factor in influencing a community's economic growth and development. Communities with a variety of for-sale and rental housing offer employers a diverse workforce. The shortage of quality for-sale and rental housing is a deterrent to the future economic growth and development of Osawatomie. To be more attractive to prospective businesses, support a diverse mix of residents and skills, and be more competitive with other communities in the arena of economic development, Osawatomie must improve the selection of its housing stock.

While the City of Osawatomie applies all available statutory incentives to attract businesses and job growth, in recent years economic growth and development has been modest. Economic indicators that are reflective of a community's economic growth and development include trends in total assessed valuation, construction, and retail sales tax collections. The City of Osawatomie's total assessed valuation rose from $22,285,924 in 2015 to $23,217,564 by 2018, increasing at an annualized rate of just 1.4 percent. Increased assessed valuation associated with new improvements amounted to $15,789 in 2015, $26,051 in 2016, $89,160 in 2017, and $424,191 in 2018. The City sales tax collections increased from $261,754 in 2014 to $355,682 in 2021. New home construction in Osawatomie totaled 14 homes during 2020 and 2021. These economic indicators suggest that in recent years the City of Osawatomie has experienced modest economic expansion.

The City of Osawatomie's inability to meet prospective companies site requirements hampers the ability to attract employers. Lost economic development opportunities are a symptom of the City's inability to effectively compete with other communities as it pertains to infrastructure, workforce, and housing.

To conclude, the shortage of quality for-sale and rental housing at various price points places the City of Osawatomie at a considerable disadvantage in competing for and fostering future economic growth and development. The shortage of quality housing hampers population growth and the ability to offer prospective businesses a diverse workforce and a growing economy.

4) **The future economic well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county.**

To properly stimulate the Osawatomie new housing market the greatest hurdle to overcome is providing a larger inventory of vacant lots to entice builders to construct new housing as well as extend infrastructure to residentially zoned land to ensure a continued long-term pipeline of building sites. The principal constraint in providing additional lot and land inventory is the City's ability to fund the necessary improvements.

To facilitate future residential construction, new roads need to be constructed and utility lines extended. The City of Osawatomie owns a 9.75-acre parcel of land serviced with off-site infrastructure that is being considered for future development of a single-family subdivision. With a current total assessed valuation of $23.2 million the City's bonding capacity is limited and may not be sufficient to fund the required street and infrastructure improvements to the property. Alternative funding sources may likely be required to facilitate development of a single-family home subdivision at the property.

To conclude, City of Osawatomie applies all available statutory incentives to attract businesses and job growth, but lack incentives needed to invest in infrastructure required to stimulate new home construction and population growth. Additional incentives are needed by the City to spur the construction of new housing. Without a substantial investment in infrastructure and the resulting increase in available residential lots and serviced tracts of land designated for future residential use the Osawatomie housing market will continue to suffer from modest new home construction activity and unmet housing market needs. Osawatomie's continued housing imbalance will place significant constraints on the ability to attract employers and foster continued population and economic growth.

Based on the findings of the *Housing Study and Needs Assessment* it has been determined that the City of Osawatomie qualifies as a Rural Housing Incentive District. Osawatomie suffers from a severe shortage of quality for-sale and rental housing at various price points with economic incentives necessary to encourage builders to construct new housing. The economic incentives could be used to fund the construction of additional residential lots and the extension of infrastructure to land designated for future residential use.

HOUSING STUDY AND NEEDS ASSESSMENT
CITY OF OSAWATOMIE, KANSAS

July 2022

INTRODUCTION

Study Objective and Organization

The City of Osawatomie, Kansas, is seeking to establish a Rural Housing Incentive District ("RHID") under K.S.A. 12-5244(a). The Rural Housing Incentive District Act provides cities and counties a program to assist developers to build housing in rural communities by assisting in the financing of public improvements. Part of the process of establishing a RHID requires the governing body of the city or county to conduct a housing needs analysis to determine what, if any, housing needs exist within the community. The housing needs analysis must then be adopted by the governing body and is subject to the review and approval of the Kansas Department of Commerce.

The Rural Housing Incentive District Act identifies four findings and determinations which must be included in the housing needs analysis. These criteria form the primary basis upon which the Secretary for the Kansas Department of Commerce will review the housing needs analysis and consider its approval. Guidance with respect to those four findings is provided below.

1. There is a shortage of quality housing of various price ranges in the city or county despite the best efforts of public and private housing developers;

2. The shortage of quality housing can be expected to persist and that additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county;

3. The shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county; and

4. The future economic well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county.

As part of the process in establishing a RHIS, the City of Osawatomie retained Canyon Research Southwest, Inc. to prepare a *Housing Study and Needs Assessment*. The objective of the study is to quantify the supply and demand for both owner-occupied and renter-occupied housing in Osawatomie and provide a strategic plan to support a sustainable and diverse housing stock.

The *Housing Study and Needs Assessment* is segmented into six sections, including: 1) a community-wide demographic and economic analysis, 2) define the characteristics of existing housing stock, 3) for-sale housing analysis, 4) rental housing analysis, 5) near-term housing need projections, and 6) prospective development site evaluation. The study involved both primary and secondary sources of data gathering.

The Demographic and Economic Analysis section identifies the City's demographic and economic characteristics impacting the local housing market including population and household growth trends, household types, household income, educational attainment, and historical employment growth trends. This section of the report provides the baseline data necessary in forecasting future demand of for-sale and rental housing in Osawatomie. The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are: entry-level households, first-time homebuyers and move-up renters, move-up homebuyers, empty-nesters, younger independent seniors and older seniors. The *American Community Survey* by the U.S. Census Bureau provided historical demographic data while demographic projections were supported by data published by Esri Business Analyst, a national demographic research firm. Quantifying these demographic and economic characteristics assisted in projecting the future demand for various housing types in Osawatomie.

The Housing Stock Characteristics section of the report assessed the status of Osawatomie's existing housing stock by identifying the inventory, age and composition of the City's existing housing, housing tenure and occupancies, inventory of for-sale and rental housing, and recent new home construction trends. The issues of barriers to new housing construction and housing affordability relative to household income levels were addressed. The goal was to identify current and future opportunities to support new housing in Osawatomie. Historical housing data for the City of Osawatomie was provided by the *American Community Survey* published by the U.S. Census Bureau.

The For-Sale Housing Analysis section addressed recent trends in the sale of existing single-family homes, current inventory of homes actively on the market, and a survey of active residential construction. The Multiple Listing Service (MLS) provided data on these market trends.

The Rental Housing Market Analysis section of the report surveyed market-rate and income-based housing communities in Osawatomie to gauge the inventory, quality, and occupancies of the current rental housing stock.

The Housing Demand section of the study provides current and 5-year housing demand forecasts by product type for the City of Osawatomie. Demand for additional housing was further provided by sales price range for both for-sale housing and by rental rate range for rental housing.

The Site Evaluation section of the study evaluates the suitability of the City-owned 10-acre parcel at 6th Street and Chestnut Avenue as a single-family home subdivision development site.

Based on the findings of the *Housing Study and Needs Assessment* for the City of Osawatomie the four findings and determinations outlined by the Rural Housing Incentive District Act were addressed.

Property Description

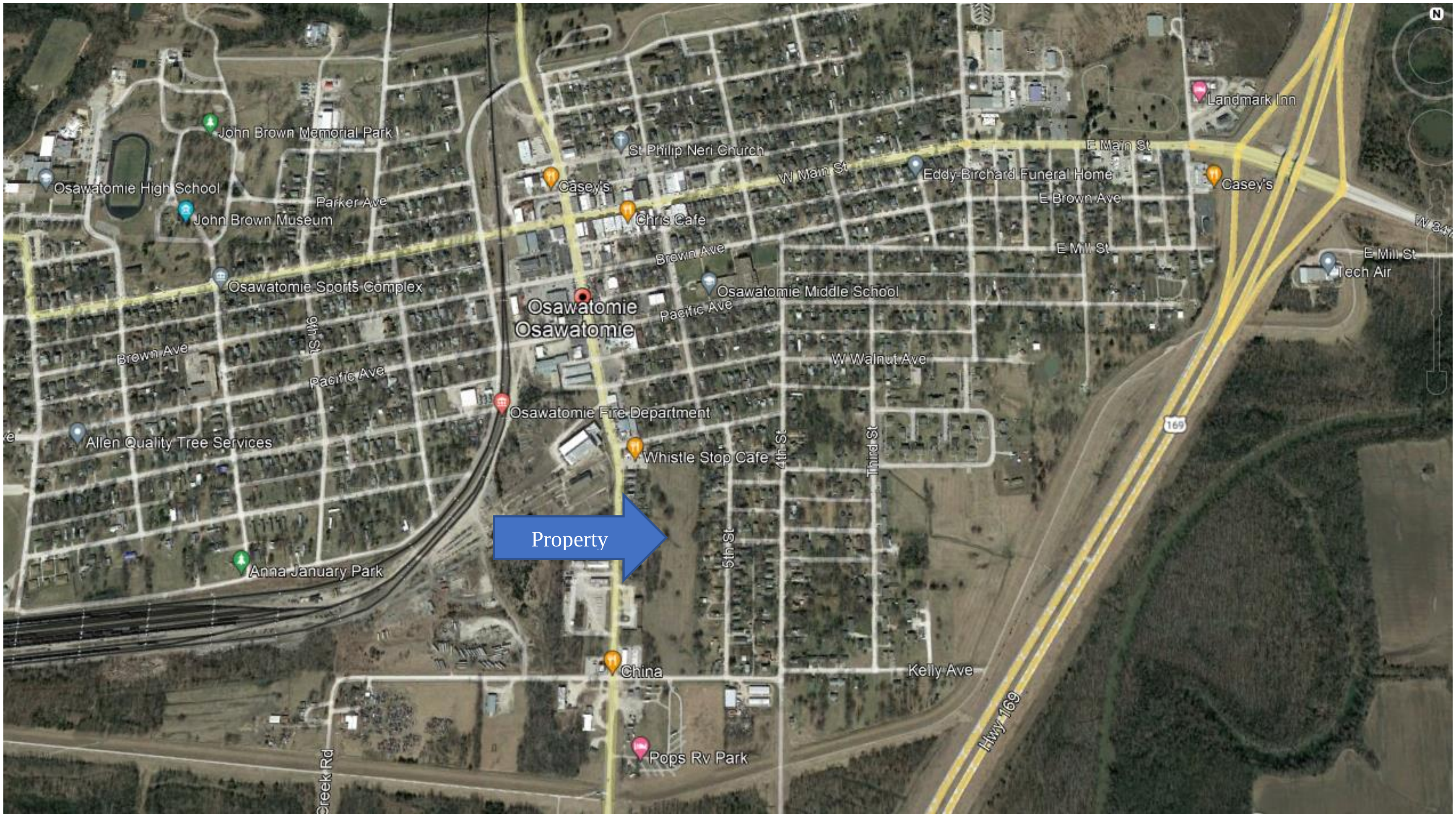
The City of Osawatomie owns a 9.75-acre parcel of vacant land located just east of 6th Street between Chestnut and Kelly Avenues within the southern portion of the city. The property is relatively flat with vegetation limited to grass and a few scattered trees. All utilities are available to the property. Adjacent street improvements include two asphalt paved lanes of traffic, gutters, streetlights, and power lines on 6th Street; two asphalt paved lanes of traffic, curbing, and power lines on Chestnut Avenue; and two asphalt paved lanes of traffic and power lines on Kelly Avenue. Land uses fronting the east side of 6th Street include Country Vintage Inn, ten single-family homes, and Whistle Stop Café. Single-family homes border the property to the north and east with vacant land to the south. Photos of the city-owned property are on page 3 with an aerial view on page 4.

Photos of the City-Owned Property

Photo Looking South

Photo Looking East from Whistle Stop Café Parking Lot

Aerial Photo of the City-Owned Property



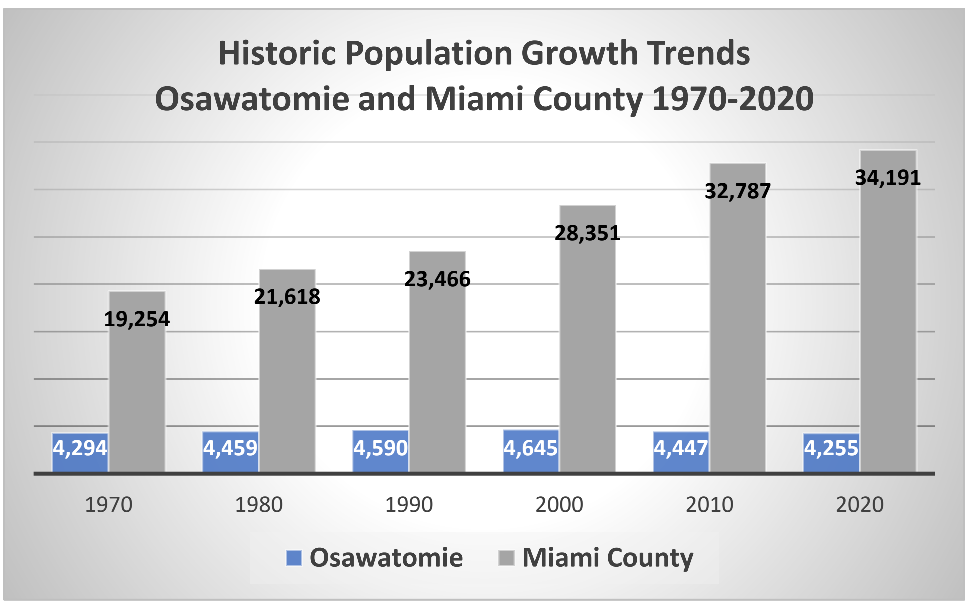
DEMOGRAPHIC AND ECONOMIC ANALYSIS

This section of the report examines housing-related demographic and economic factors impacting Miami County and the City of Osawatomie, including population and household growth trends, age distribution, educational attainment, household income, and employment trends. Demographic data was provided by the U.S. Census Bureau with employment statistics provided by the U.S. Bureau of Labor Statistics. Five-year demographic projections were provided by Esri Business Analyst, a national demographic research firm. Quantifying these demographic and economic characteristics will assist in projecting the future demand for housing in the City of Osawatomie.

Population and Household Growth Trends

Population and household growth are key components for quantifying the current housing market size and forecasting future demand. Osawatomie is in Miami County. From 1970 through 2000 the City of Osawatomie experienced steady though modest population growth, increasing by 8.2 percent to 4,645 residents by 2000. From 1970 through 2000, Miami County also recorded population gains, increasing by 47.2 percent, added 9,097 residents.

From 2000 to 2020, Miami County's population continued to grow, adding 5,840 residents. During the same 20-year timeframe Osawatomie experienced an 8.4 percent decline in population, losing 390 residents.



A community's population demographics play a significant role in the demand for housing. Of specific importance to the level and composition of a community's future housing demand are population growth, age distribution, household composition, and household income. Future employment and population growth are necessary to foster a healthy new housing market of both for-sale and rental product. From 22.3 percent of the Miami County population in 1970, Osawatomie now accounts for just 12.4 percent of the County population.

Historical Population Trends for the City of Osawatomie and Miami County

	Osawatomie			Miami County			
Year	Population	Change	Growth Rate	Population	Change	Growth Rate	Osawatomie % of County
1970	4,294	-328	-7.10%	19,254	-630	-3.17%	22.30%
1980	4,459	165	3.84%	21,618	2,364	12.28%	20.63%
1990	4,590	131	2.94%	23,466	1,848	8.55%	19.56%
2000	4,645	55	1.20%	28,351	4,885	20.82%	16.38%
2010	4,447	-198	-4.26%	32,787	4,436	15.65%	13.56%
2020	4,255	-192	-4.32%	34,191	1,404	4.28%	12.44%

Source: U.S. Census Bureau.

A potential source of future housing demand in Osawatomie is the continued expansion of the Kansas City MSA that now supports a population of 2.2 million. Since 2000, the Kansas City MSA population has increased by 19.4 percent, adding 356,000 residents. The steady population growth has fueled continued new home construction at the edges of the metropolitan area.

Trends in household types for the City of Osawatomie are depicted in the table on the following page. From 2010 to 2020, the composition of households in Osawatomie shifted significantly with single parent households and senior households comprising larger market shares. Male households increased from 5.9 percent in 2010 to 28.8 percent by 2020, while female households rose from 8.7 percent to 12.6 percent over the same ten-year timeframe. Households with one or more people 65+ years old rose from 18.4 percent in 2010 to 29.6 percent by 2020. Senior households are expected to have a growing impact on the Osawatomie housing market including an increased demand for independent and assisted living facilities.

The number of married-couple households in Osawatomie declined from 45.6 percent in 2010 to 29.1 percent by 2020. The number of married-couple households with children under 18 years old declined from 26.5 percent in 2010 to 13.8 percent by 2020. Single person households accounted for 37.6 percent of all households in 2010, dropped to 34.0 percent by 2020. Seniors living alone also declined from 20.8 percent in 2010 to just 4.2 percent by 2020.

Compared to statewide averages, Osawatomie has above average rates of single parent households, households with one or more people under 18 years of age, and households with one or more people 65+ years of age. Osawatomie supports below average rates of married couple households and married couple households with children present. These household composition characteristics suggest a need for single-family housing, rental housing, and senior housing.

City of Osawatomie Trends in Household Types

Household Type	Osawatomie 2010	% of Total	Osawatomie 2020	% of Total		Kansas 2020	% of Total
Total Households	1,700		1,614			1,141,985	
Family Households	1,052	61.9%	918	56.9%		731,014	64.0%
With Children Under 18 Years	700	41.2%	546	33.8%		326,380	28.6%
Married-Couple Family	776	45.6%	470	29.1%		576,150	50.5%
With Children Under 18 Years	451	26.5%	222	13.8%		231,619	20.3%
Male Householder, No Wife Present	101	5.9%	465	28.8%		210,431	18.4%
With Children Under 18	101	5.9%	52	3.2%		16,474	1.4%
Female Householder, No Husband Present	175	10.3%	516	32.0%		287,099	25.1%
With Children Under 18	148	8.7%	204	12.6%		53,063	4.6%
Householder Living Alone	611	37.6%	253	15.7%		178,052	15.0%
65 Years and Older	169	20.8%	67	4.2%		89,424	7.8%
Households with one or more people under 18	749	44.1%	549	34.0%		353,882	31.0%
Households with one or more people 65+	312	18.4%	477	29.6%		324,145	28.4%

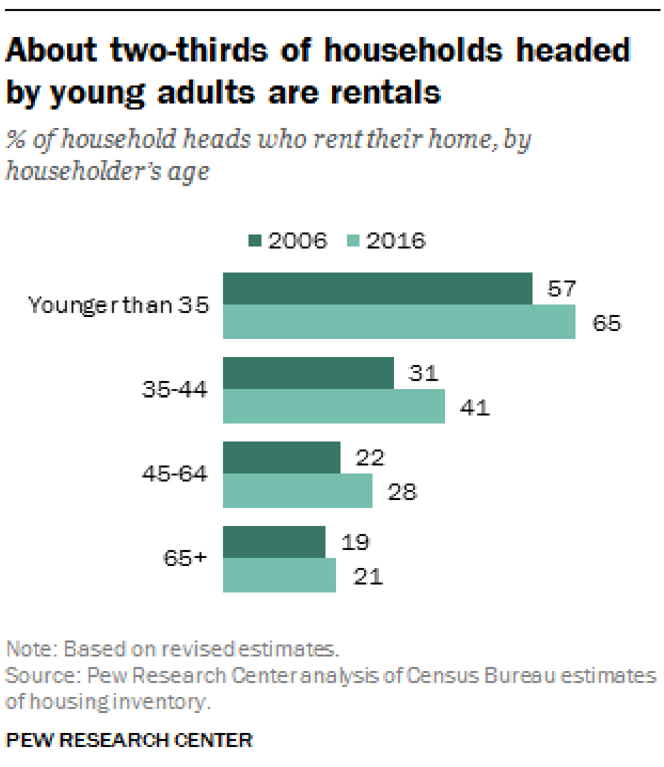
Source: U.S. Census Bureau.

Population Age Distribution Trends

The age composition of a community's population plays a significant role in the demand for various housing types. As persons age their housing needs change. Each age group is at a different stage in life and possesses differing housing needs that includes renting versus homeownership as well as the type of housing product (i.e., detached single family, attached townhouse and condominium, apartment, etc.).

The total number of households in the United States grew by 7.6 million between 2006 and 2016. But over the same period, the number of households headed by owners remained relatively flat, in part because of the lingering effects of the housing crisis. Meanwhile, the number of households residing in rental housing increased significantly during that span, as did the share, which rose from 31.2 percent of households in 2006 to 36.6 percent by 2016. The current renting level exceeds the recent high of 36.2 percent set in 1986 and 1988 and approaches the rate of 37.0 percent reported in 1965.

Certain demographic groups – such as young adults and the lesser educated – have historically been more likely to rent than others. Young adults – those younger than 35 – continue to be the most likely of all age groups to rent. In 2016, 65 percent of households headed by people younger than 35 were renting, up from 57 percent in 2006. In 2016, about 41 percent of households headed by someone ages 35 to 44 were renting, up from 31 percent in 2006.



The Home Ownership Rate in the United States was reported at 65.5 percent in the fourth quarter of 2021 up from 64.30 percent in the second quarter of 2018. Home Ownership Rate in the United States averaged 65.23 percent from 1965 until 2018, reaching an all-time high of 69.20 percent in the second quarter of 2004 and a record low of 62.90 percent in the second quarter of 1965.

Estimates published by the *American Housing Survey* are that 87.9 percent of owner-occupied housing units are single family homes or townhouses while 80.5 percent of renter-occupied dwellings are apartments or condominiums.

In the United States there is a strong correlation between the age of a household's family structure and homeownership. The rate of homeownership increases with the age of the householder up until age 65, when a slight decrease becomes visible. Only 21.9 percent of households with a householder under the age of 25 years owns a home, increasing to 32.6 percent for householders under the age of 30 years and 43.0 percent for householders under the age of 35 years. By comparison, 81.6 percent of those households with a householder between the ages of 55 and 64 are homeowners.

Osawatomie's population for 2010 and 2020 is summarized in the table below by seven primary age groups, including adolescent (0-19 years), college age adults (20 to 24 years), young adults (25 to 34 years), family/working adults (35-44 years); empty nesters (45-54 years and 55-64 years) and elderly (65+ years).

City of Osawatomie Population Age Distribution Trends; 2010-2020

Age Group	2010	% of Total	2020	% of Total	2010-2020 Change	% Change	Kansas Age Distribution
0-19 Years	1,426	31.6%	1,102	25.8%	-324	-22.7%	27.1%
20-24 Years	316	7.0%	358	8.4%	42	13.3%	7.3%
25-34 Years	654	14.5%	597	14.0%	-57	-8.7%	13.1%
35-44 Years	663	14.7%	590	13.8%	-73	-11.0%	12.3%
45-54 Years	638	14.1%	588	13.7%	-50	-7.8%	11.6%
55-64 Years	370	8.2%	421	9.8%	51	13.8%	12.8%
65+ Years	442	9.8%	623	14.6%	181	41.0%	15.8%
Totals	**4,509**	**100.0%**	**4,279**	**100.0%**	**-230**	**-5.1%**	**100.0%**
Median Age	**33.3**		**37.8**				**36.9**

Source: U.S. Census Bureau.

From 2010 through 2020, the *American Community Survey* published by the U.S. Census Bureau estimated the adolescent population in Osawatomie declined by 324 residents and by 2020 accounted for 25.8 percent of the population compared to 27.1 percent statewide.

The number of college age adults (20 to 24 years) in Osawatomie increased by 42 residents from 2010 through 2020 and now account for 8.4 percent of the population compared to 7.3 percent for all of Kansas. Meanwhile, the population of young adults (25 to 34 years) declined by 57 residents and now account for 14.1 percent of the city's population, compared to 13.1 percent statewide. These two age cohorts account for 22.5 percent of the City's population as support the need for entry-level for-sale housing and rental housing in Osawatomie.

Family/working adults (35-44 years) account for 13.8 percent of the City's population compared to 12.3 percent for the State of Kansas. This age bracket lost 73 residents from 2010 to 2020 and generates a need for entry-level, for-sale housing in Osawatomie.

Osawatomie's empty-nesters (45-64 years) accounts for 23.5 percent of the population and support a need for two types of housing, move-up for-sale housing and smaller downsize housing.

From 2010 to 2020, the elderly (65+ years) population residing in Osawatomie increased by 41 percent, adding 181 residents. The continued growth of the senior population is expected to drive the increased need for smaller homes as well as independent and assisted living.

Esri Business Analyst provided 5-year population age distribution forecasts for the City of Osawatomie that are helpful in identifying possible near-term trends in the demand for various housing types.

Absolute population gains from 2022 to 2027 in Osawatomie are forecast to the largest for seniors ages 65+ years (86 residents); adolescent ages 0 to 14 years (20 residents); and young adults ages 25 to 34 years (14 residents). These age cohorts suggest a future growing need for affordable rental housing, entry-level single-family homes, and senior housing.

Osawatomie, Kansas Population Age Distribution Projections; 2022-2027

Age Group	2022 Estimate	% of Total	2027 Projection	% of Total	2022-2027 Change	% Change
0-14 Years	920	22.0%	940	22.4%	20	2.1%
15-24 Years	573	13.7%	537	12.8%	-36	-6.3%
25-34 Years	535	12.8%	541	12.9%	6	1.1%
35-44 Years	506	12.1%	520	12.4%	14	2.8%
45-54 Years	515	12.3%	462	11.0%	-53	-10.3%
55-64 Years	494	11.8%	474	11.3%	-19	-3.9%
65+ Years	636	15.2%	722	17.2%	86	13.5%
Totals	**4,183**	**100.0%**	**4,196**	**100.0%**	**13**	**0.3%**
Median Age	**36.1**		**36.6**			

Source: Esri Business Analyst.

Educational Attainment

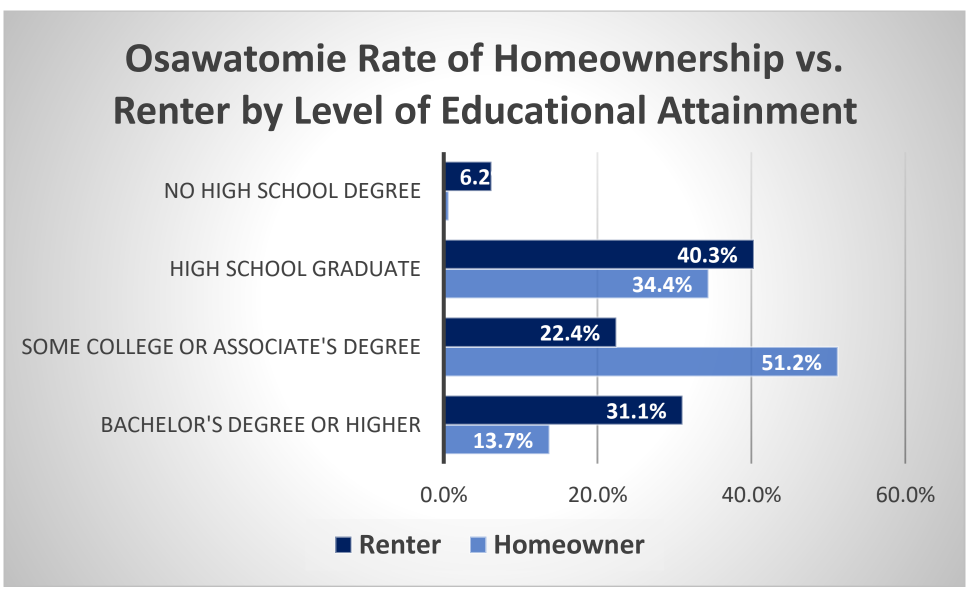
Because income increases with advancing educational attainment, communities with high education levels generally support higher levels of homeownership and housing values. According to the *American Community Survey 2020* Osawatomie supports lower educational levels than the Kansas and national norms. A reported 54.3 percent of Osawatomie residents 25 years and over possess a high school degree or less, compared to 36.5 percent for Miami County, 34.5 percent for Kansas, and 38.2 percent for the United States. Just 16.2 percent of Osawatomie residents have attained a bachelor's or graduate degree.

Educational Attainment Levels – Osawatomie, KS
For Residents 25 Years and Over

Highest Education Level Obtained	City of Osawatomie	Miami County	State of Kansas	United States
Less than 9th Grade	0.3%	1.5%	3.5%	4.9%
9th - 12th Grade, No Diploma	4.3%	2.9%	5.2%	6.6%
High School Graduate / GED	49.7%	32.1%	25.8%	26.7%
Some College, No Degree	25.2%	24.3%	22.8%	20.3%
Associate Degree	4.4%	8.0%	8.8%	8.6%
Bachelor's Degree	11.4%	20.0%	21.5%	20.2%
Graduate / Professional Degree	4.8%	11.2%	12.5%	12.7%

Source: American Community Survey, U.S. Census Bureau.

The rate of homeownership in Osawatomie increases from 0.6 percent for those residents with less than a high school degree or less to 51.2 percent with some college or an associate's degree. Conversely, 46.5 percent of residents with a high school degree or less are renters.



The educational attainment levels of Osawatomie residents favor entry-level homeownership and renting. Demand for entry-level for-sale housing and rental housing is supported by the fact that the highest level of education for 49.7 percent of renters is a high school degree. The 16.2 percent of Osawatomie residents with a bachelor's or graduate degree are candidates to be homeowners of more expensive move-up housing.

Household Income

Generally, as household incomes increase higher housing costs can be supported of both for-sale and rental housing. The table below summarizes household income comparisons for the City of Osawatomie and State of Kansas provided by the *American Community Survey 2020*.

Trends in Households by Income for 2020
City of Osawatomie vs. State of Kansas

Income Bracket	City of Osawatomie	% of Total	State of Kansas	% of Total
Less than $15,000	275	17.0%	105,925	9.3%
$15,000 - $24,999	97	6.0%	99,905	8.7%
$25,000 - $34,999	268	16.6%	109,267	9.6%
$35,000 - $49,999	144	8.9%	154,259	13.5%
$50,000 - $74,999	361	22.4%	213,858	18.7%
$75,000 - $99,999	195	12.1%	153,945	13.5%
$100,000 - $149,999	254	15.7%	172,235	15.1%
$150,000 - $199,999	17	1.1%	67,637	5.9%
$200,000+	3	0.2%	64,956	5.7%
Totals	**1,614**		**1,141,985**	
Median Income	**$51,307**		**$61,091**	

Source: U.S. Census.

The *American Community Survey 2020* published by the U.S. Census Bureau estimated the median household income for Kansas of $61,091 and the United States of $64,994. Osawatomie's median household income of $51,307 lags both the statewide and national averages. Due to the above average rate of high-income households earning $75,000 and more annually the homeownership rate for Osawatomie of 67.5 percent exceeds that for both Kansas (66.4%) and the United States (63.8%).

An estimated 39.6 percent of households in Osawatomie earned less than $35,000 annually compared to 27.6 percent for the State of Kansas. These households tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. The 31.3 percent of households earning $35,000 to $74,999 create a need for quality rental housing and entry-level, for-sale housing, with the highest income households supporting the need for move-up, for-sale housing market. The estimated 29.1 percent of Osawatomie households earning $75,000 or more create a market for move-up and upscale housing.

Income levels generally increase with age. The *American Community Survey 2020* reported that for householders in Osawatomie under the age of 25 years the median household income was $51,167 (compared to $34,184 for Kansas), suggesting these residents are capable of being either first-time homebuyers or renters. The median household income for those householders 25 to 44 years of age was estimated at $75,346, suggesting upscale renters and move-up homeowners. The median household income for those householders 45 to 65 years of age was estimated at $60,192, suggesting homeowners of single-family housing. Osawatomie's median household income is due in part to the large 65+ population with well below statewide income levels.

Median Income by Age, 2020

Age Bracket	Osawatomie	State of Kansas
Under 25 Years	$51,167	$34,184
25 to 44 years	$75,346	$67,765
45 to 64 Years	$60,192	$74,733
65+ Years	$30,104	$45,777
Median Household Income	**$51,307**	**$61,091**

Source: U.S. Census Bureau.

The table on the following page summarizes 2022 household income estimates and 2027 projections for the City of Osawatomie provided by Esri Business Analyst. For 2022, an estimated 20.5 percent of households in Osawatomie earn less than $35,000 annually. These households tend to be renters with households under $25,000 potentially qualifying for some sort of housing assistance. The 12.6 percent of all households earning $35,000 to $49,999 suggests a need for entry-level, for-sale housing. Meanwhile, the estimated 26.7 percent of households earning $75,000 or more, fuel demand for upscale housing.

From 2022 to 2027, the median household income for Osawatomie is forecast to increase by 6.2 percent to $60,365 annually. By 2027, just 13.7 percent of the city's households are estimated to earn less than $35,000 annually, suggesting a continued need for affordable housing. The 10.2 percent of all households earning $35,000 to $49,999 suggests an average need for entry-level, for-sale housing. By 2027, high-income households possess median incomes of $100,000 or more are estimated to account for 17.3 percent of all Osawatomie households, suggesting a growing need for move-up housing.

Projected Trends in Households by Income
Osawatomie, Kansas; 2022-2027

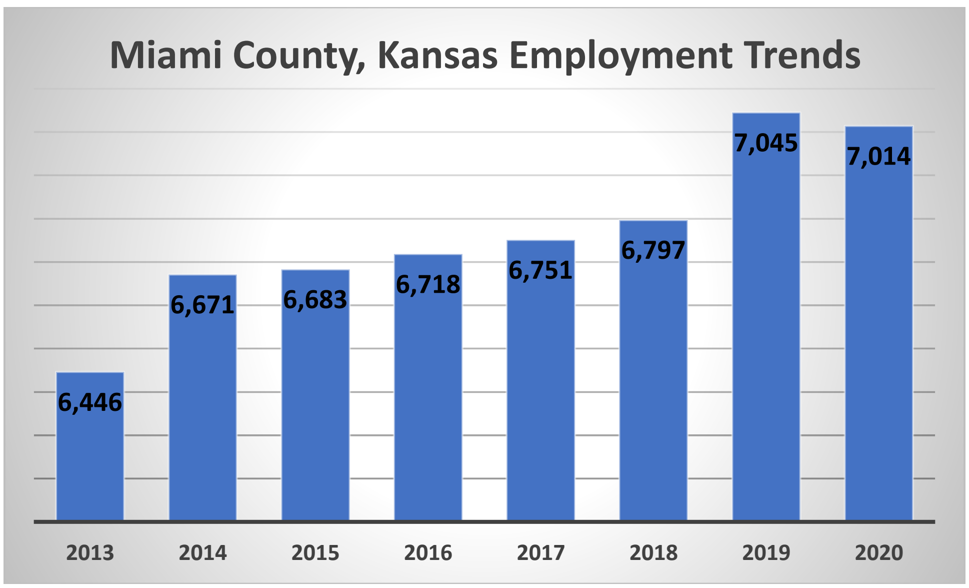
Income Bracket	2022 Estimate	% of Total	2027 Projection	% of Total	2022-2027 Change	% Change
Less than $15,000	132	8.4%	90	5.7%	-41	-31.5%
$15,000 to $24,999	56	3.6%	40	2.5%	-17	-29.8%
$25,000 to $34,999	133	8.5%	87	5.5%	-46	-34.6%
$35,000 to $49,999	198	12.6%	162	10.2%	-36	-18.2%
$50,000 to $74,999	628	40.0%	716	45.2%	89	14.2%
$75,000 to $99,999	179	11.4%	216	13.6%	37	20.5%
$100,000 to $149,999	166	10.6%	185	11.7%	19	11.5%
$150,000 to $199,999	46	2.9%	52	3.3%	7	15.0%
$200,000+	28	1.8%	36	2.3%	8	29.1%
Totals	**1,569**	**100.0%**	**1,585**	**100.0%**	**16**	**1.0%**
Median HH Income	**$56,851**		**$60,365**		**$3,514**	**6.2%**

Source: Esri Business Analyst.

Employment Trends

Since gains in employment generally fuels population, income and housing market growth, employment trends are a reliable indicator of general economic conditions and housing demand. Typically, households prefer to live near work for convenience.

The bar chart below illustrates annualized employment trends for Miami County since 2013 published by the U.S. Bureau of Labor Statistics. Following the 2008-2011 national recession, employment in Miami County began to rebound in early 2012. During 2014, employment in Miami County grew by 3.5 percent, totaling 6,671 jobs. Job growth continued at a modest pace over the next four years reaching 6,797 jobs by 2018. During 2019, job growth of 3.6 percent yielded 248 new jobs. Job growth dipped slightly during 2020 as the COVID-19 pandemic resulted in business interruptions and layoffs. In total, from 2013 through 2020 a total of 568 jobs were created in Miami County, fueling population growth and the need for additional housing.



According to the *American Community Survey 2020*, Osawatomie's median household income is $51,307. By comparison, the median household income for Kansas is $61,091 and the United States is $64,994. Lower median household income levels suggest supportable housing values in Osawatomie would be lower than that for Kansas as the nation as a whole.

The mean commute time to work for Osawatomie residents is 23.6 minutes, compared to 19.6 minutes statewide. These commute patterns suggest many Osawatomie residents drive into the Kansas City MSA for work.

Local wages have a direct impact on housing values and rents. To illustrate, the median housing value of $89,000 in Osawatomie lags well behind the State of Kansas median of $157,600 and the United States median of $229,800. The median monthly rent in Osawatomie of $799 compares to $863 for the State of Kansas and $1,096 for the United States.

The composition of an area's employment base helps dictate income levels and the composition of housing demand. High levels of such white-collar occupations as professional, management and administrative; information; and financial, insurance and real estate generate demand for owner-occupied housing. Meanwhile, employment sectors more likely to create a need for rental housing typically include construction, manufacturing, wholesale trade, retail trade, and transportation and warehousing. The table below provides a comparison of civilian employment levels by industry for Miami County and Kansas residents published in the *American Community Survey 2020*.

Civilian Employment by Sector Comparison
Miami County vs. State of Kansas; 2020

Industry Classification	Miami Total	County %	State of Total	Kansas %
Total Civilian Employment	16,563	100.0%	1,444,074	100.0%
Agriculture	444	2.7%	44,776	3.1%
Construction	1,846	11.1%	92,469	6.4%
Manufacturing	1,577	9.5%	180,810	12.5%
Wholesale Trade	359	2.2%	39,755	2.8%
Retail Trade	1,877	11.3%	151,825	10.5%
Transportation, Warehousing & Utilities	1,253	7.6%	74,028	5.1%
Information	295	1.8%	26,172	1.8%
Finance, Insurance & Real Estate	1,249	7.5%	90,552	6.3%
Professional, Management & Admin.	1,340	8.1%	139,489	9.7%
Education & Health Care	4,083	24.7%	357,098	24.7%
Arts, Entertainment, Accommodations & Food Services	788	4.8%	117,866	8.2%
Other Services, Accept Public Administration	896	5.4%	64,545	4.5%
Public Administration	550	3.3%	64,691	4.5%

Source: U.S. Census Bureau.

As of 2020, the leading employment sectors for residents of Miami County included education & health services (4,083 jobs); retail trade (1,877 jobs); construction (1,846 jobs); manufacturing (1,577 jobs); professional, management and administrative (1,340 jobs); and transportation, warehousing, and utilities (1,253 jobs).

When compared to statewide averages, Miami County supports above average concentrations of jobs in construction; retail trade; transportation, warehousing and utilities; finance, insurance and real estate; and other services accept public administration. Conversely, Miami County lags below the statewide norms in agriculture; manufacturing; wholesale trade; professional, management, and administration; arts, entertainment, accommodations, and food services; and public administration. Miami County's employment composition suggests a need for entry-level for-sale housing and rental housing.

Conclusions

A community's changing demographic trends have a significant impact on the local housing market. Those population demographics that play a role in shaping the composition of a local housing market include population growth, age distribution, household composition, educational attainment, and household income.

From 2000 to 2020, Osawatomie experienced an 8.4 percent decline in population, losing 390 residents. As a result of the declining population, over the past 15 years or so new home construction was stagnant. Favorable interest rates assisted in supporting a recent trend in investors purchasing homes in Osawatomie, renovating them, and selling at a profit. This "flipping" activity has transitioned into a modest volume of infill new home construction.

The age composition of a community's population plays a significant role in the demand for various housing types. As a person ages, their housing needs change. Over the next five years the elderly (65+ years), adolescent ages 0 to 14 years, and young adults ages 25 to 34 years are forecast to support the largest gains in population in Osawatomie. The future age demographic trends suggest a need for affordable rental housing, entry-level housing, and senior housing.

Compared to statewide averages, Osawatomie has above average rates of single parent households, households with one or more people under 18 years of age, and households with one or more people 65+ years of age. Osawatomie supports below average rates of married couple households and married couple households with children present. These household composition characteristics suggest a need for single-family housing, rental housing, and senior housing.

Because income increases with advancing educational attainment, communities with high education levels generally support higher rates of homeownership and housing values. The educational attainment levels of Osawatomie residents favor entry-level homeownership and renting. Demand for entry-level for-sale housing and rental housing is supported by the fact that the highest level of education for 49.7 percent of renters is a high school degree. The 16.2 percent of Osawatomie residents with a bachelor's or graduate degree are candidates to be homeowners of more expensive move-up housing.

The 39.6 percent of households in Osawatomie earning less than $35,000 annually tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. The 31.1 percent of households earning $35,000 to $74,999 create a need for rental housing and entry-level, for-sale housing, with the highest income households supporting the need for move-up, for-sale housing. The 29.1 percent of Osawatomie households earning $75,000 or more create a market for move-up and upscale housing.

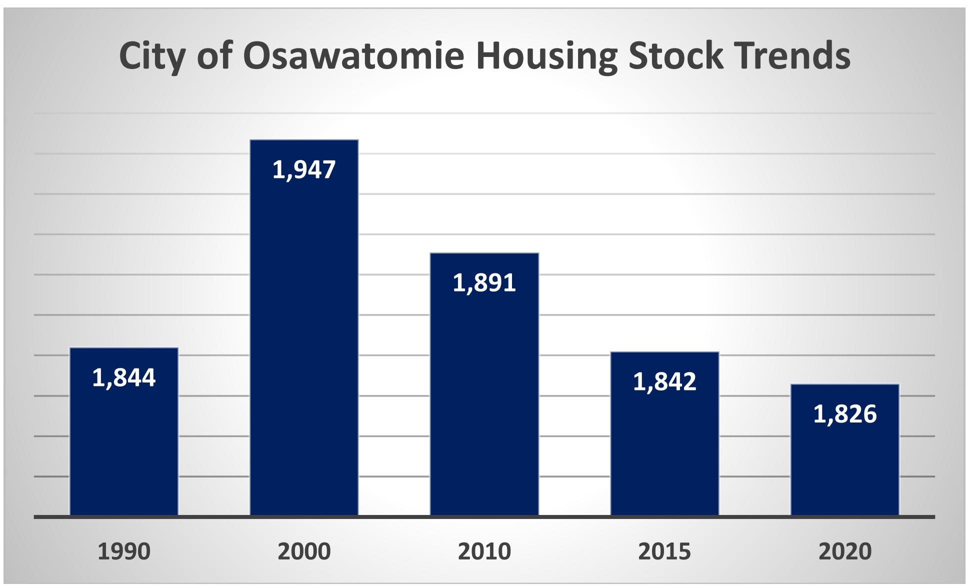
To conclude, Osawatomie's diverse population demographics produce the need for a wide range of rental and for-sale housing product. A strong need exists for income-based and market-rate rental housing. Those households earning $35,000 to $49,999 annually create the need for entry-level, for-sale housing. The median household income for those householders 25 to 44 years of age supports a need for quality rental housing and for-sale, move-up housing. High-income households create a need for upscale, for-sale housing. The large population of residents 65+ years of age will create a growing need for senior housing.

HOUSING STOCK CHARACTERISTICS

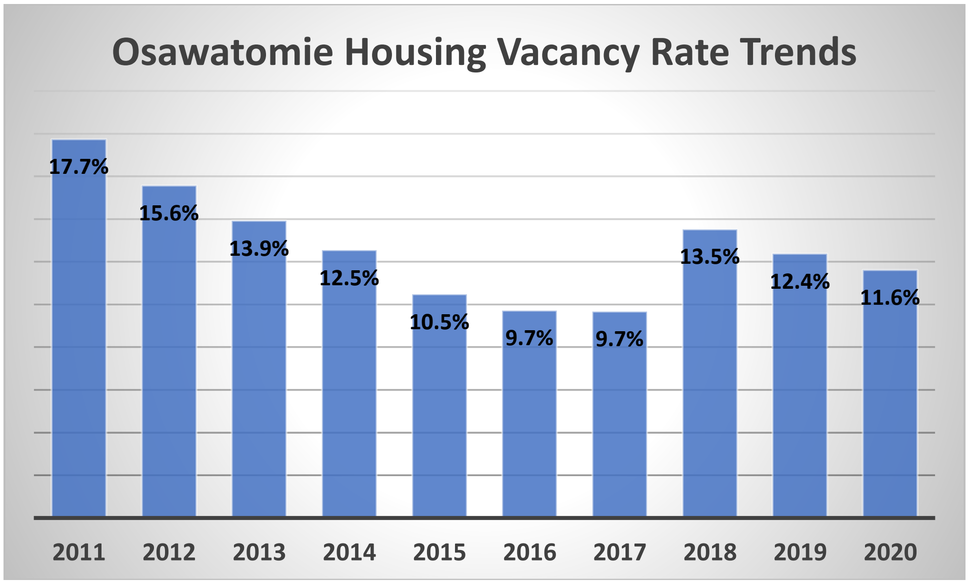
This section of the report evaluates the City of Osawatomie's existing housing stock by identifying such characteristics as total inventory of dwelling units, housing types, occupancies, and age of housing stock. The goal is to identify current and future opportunities to support new housing stock in Osawatomie.

Housing Stock Inventory and Occupancies

The 1990 Census reported the Osawatomie, Kansas housing stock at 1,844 dwelling units. By the 2000 Census the city's housing stock increased by 5.6 percent to 1,947 dwelling units. From 2000 to 2010 Osawatomie's housing stock declined by 56 dwelling units as the population began to decline. According to the *American Community Survey*, since the 2010 Census Osawatomie's housing stock continued to decline with a reduction of dwelling units to an inventory of 1,826 dwelling units by 2020.



According to the *American Community Survey*, over the past decade the housing vacancy rate in Osawatomie peaked at 17.7 percent in 2011. Several years of improving market conditions pushed vacancies to a low of 9.7 percent during both 2016 and 2017. Over the past three years the overall vacancy rate has risen slightly to an annualized rate of 11.6 percent to 13.5 percent. By 2020, 212 housing units were vacant in Osawatomie. Yielding a vacancy rate of 11.6 percent. The bar chart on the following page illustrates annual housing vacancy rate trends in Osawatomie from 2011 through 2020.



Age of Housing Stock

The table below compares the age of Osawatomie's housing stock with that of the State of Kansas as reported by the *American Community Survey 2020* published by the U.S. Census Bureau. Compared to Kansas' housing stock, Osawatomie's housing stock is much older with nearly half of the existing inventory built prior to 1940. By comparison, just 16.2 percent of the state's housing stock was built prior to 1940. Modest new home construction booms in Osawatomie were recorded during the 1950's (454 new housing units) and the 1970's (234 new housing units). The U.S. Census Bureau reported no new home construction in Osawatomie since 2000.

Osawatomie, Kansas Housing Stock by Year Built; 2020

Year Structure Built	# of Units	% of Total	Kansas
Total Housing Units	**1,826**		**1,280,376**
Built 2014 or Later	0	0.0%	2.8%
Built 2010 to 2013	0	0.0%	2.5%
Built 2000 to 2009	0	0.0%	10.9%
Built 1990 to 1999	68	3.7%	12.9%
Built 1980 to 1989	59	3.2%	11.6%
Built 1970 to 1979	234	12.8%	14.7%
Built 1960 to 1969	48	2.6%	10.2%
Built 1950 to 1959	454	24.9%	12.6%
Built 1940 to 1949	78	4.3%	5.5%
Built 1939 or Earlier	885	48.5%	16.2%

Source: U.S. Census.

Housing built prior to 1950 accounts for 52.8 percent of the city's total housing stock, compared to 21.7 percent statewide. Osawatomie's older housing units are generally smaller in size and lack the modern amenities of newer housing. Older housing stock is generally less expensive than new housing and is ideally suited for renovation/investment catering to first-time homebuyers. The large inventory of housing units in Osawatomie constructed prior to 1950 provides an excellent opportunity to foster entry-level, for-sale housing through property investment and renovation efforts. Osawatomie's stock of older housing could benefit from a small home repair program offering low interest loans or grants to income-qualifying households.

Housing Stock by Structure Type

The table below identifies Osawatomie's housing stock by unit type as reported by the *American Community Survey 2020.*

Osawatomie, Kansas Housing Stock by Type – 2020

Units in Structure	# of Units	% of Total	Kansas %
1-Unit, Detached	1,563	85.6%	72.7%
1-Unit, Attached	10	0.5%	4.7%
2 Units	0	0.0%	2.5%
3 or 4 Units	87	4.8%	3.6%
5 to 9 Units	0	0.0%	3.9%
10 to 19 Units	0	0.0%	3.6%
20+ Units	116	6.4%	4.8%
Mobile Home	50	2.7%	4.2%
Boat, RV, Van, etc.	0	0.0%	0.1%
Total Housing Units	**1,826**	**100.0%**	**100.0%**

Source: U.S. Census Bureau.

Osawatomie's housing stock is dominated by detached single family homes, accounting for 85.6 percent of the total inventory. By comparison, detached single family housing accounts for 72.7 percent of Kansas' housing units.

A common characteristic of outlying and rural area's housing mix is a modest inventory of multi-family housing units. In Osawatomie, properties with 3 or 4 dwelling units account for 4.8 percent of the total housing stock, compared to 3.6 percent statewide. Multi-family structures with 10 or more dwelling units account for 6.4 percent of the total housing stock, compared to 8.4 percent for all of Kansas. The below average rate for multi-family properties with 10 or more dwelling units is due to the apprehension of major apartment builders to construct large market-rate apartment communities in rural areas.

As indicated by the table below, homeowners and renters in Osawatomie are both more likely to occupy detached single-family housing than multi-family housing. For 2020, the U.S. Census Bureau estimated that detached single family homes accounted for 95.1 percent of all owner-occupied housing units and 65.5 percent of all occupied rental housing units.

Multi-family housing with 2 or more dwelling units account for 32.7 percent of all renter-occupied units in Osawatomie and few owner-occupied housing units. Properties with 3 to 4 rental units account for 14.0 percent of all renter-occupied units while properties with ten or more dwelling units account for 18.7 percent. Most, if not all, properties with ten or more dwelling units are income-based rental housing.

Osawatomie, Kansas Occupied Housing Stock by Type – 2020
Owner-Occupied vs. Renter-Occupied Housing

Housing Type	City Total	Owner-Occupied	Renter-Occupied
Occupied Housing Units	**1,614**	**993**	**621**
Units in Structure			
1-Unit, Detached	83.7%	95.1%	65.5%
1-Unit, Attached	0.6%	1.0%	0.0%
2 Units	0.0%	0.0%	0.0%
3 to 4 Units	5.4%	0.0%	14.0%
5 to 9 Units	0.0%	0.0%	0.0%
10+ Units	7.2%	0.0%	18.7%
Mobile Home or Other	3.1%	3.9%	1.8%

Source: U.S. Census Bureau.

A person's propensity to rent versus homeownership changes as they age. Younger people are more likely to be renters while older householders were more likely to be homeowners.

According to *American Community Survey 2020*, the rate of homeownership in Osawatomie increases as a householder gets older, peaking at 27.7 percent for those householders 35 to 44 years of age. Householders under the age of 35 years account for 12.7 percent of homeowners in Osawatomie, with householders ages 35 to 44 percent accounting for 20.2 percent. Elderly 65 years and older account for 19.4 percent of homeownership, suggesting in coming years the inventory of available for-sale housing units may increase.

A reported 20.8 percent of households under the age of 35 years were renters, declining to 9.3 percent for householders ages 35 to 44 years. Interestingly, the rate of renter households remains high for householders ages 45 years and older. The rate of renter households is 17.9 percent for those 45 to 54 years of age and 13.5 percent for those 55 to 64 years. Senior households 65 years and older account for 38.5 percent of all renter households in Osawatomie.

The future age distribution of Osawatomie's population will play a role in the composition of owner-occupied and renter-occupied housing.

Osawatomie, Kansas Occupied Housing Stock by Age of Householder – 2020

Housing Type	City Total	Owner-Occupied	Renter-Occupied
Occupied Housing Units	**1,614**	**993**	**621**
Under 35 Years	15.8%	12.7%	20.8%
35 to 44 Years	16.0%	20.2%	9.3%
45 to 54 Years	23.9%	27.7%	17.9%
55 to 64 Years	17.5%	19.9%	13.5%
65 to 74 Years	13.9%	14.5%	12.9%
75 to 84 Years	7.9%	4.9%	12.7%
85 Years and Over	5.0%	0.0%	12.9%

Source: U.S. Census Bureau.

The median household income in Osawatomie is $51,307. Homeowners in Osawatomie possess a median household income of $60,425. By comparison the median household income for renters in Osawatomie is $32,259.

As illustrated in the table on the following page, nearly three-quarters of homeowner households in Osawatomie have a median income of $50,000 or more, with 14.7 percent of households with median incomes of $100,000 or more. Just 15.4 percent of homeowner households have a median income of less than $25,000. These above average income levels support demand for single-family homes.

By comparison, just 20.7 percent of renter households possess a median income of $50,000 or more. A reported 19.7 percent of renter households have median incomes of less than $15,000 and may qualify for rental assistance. A reported 41.3 percent of renter households possess a median income of $35,000 to $74,999 and represent the market-rate rental market.

Owner vs. Renter Households Median Income Comparison
Osawatomie, Kansas 2020

Median Household Income	Owner-Occupied	Renter-Occupied
Less than $5,000	3.3%	10.0%
$5,000 to $9,999	0.0%	5.9%
$10,000 to $14,999	3.3%	3.8%
$15,000 to $19,999	4.3%	4.1%
$20,000 to $24,999	4.5%	3.8%
$25,000 to $34,999	4.2%	23.6%
$35,000 to $49,999	5.6%	28.0%
$50,000 to $74,999	46.6%	13.3%
$75,000 to $99,999	13.5%	7.4%
$100,000 to $149,999	11.6%	0.0%
$150,000 or more	3.1%	0.0%
Median Household Income	**$60,425**	**$32,259**

Source: American Community Survey, 2020.

The table below illustrates monthly housing costs in Osawatomie for both owner-occupied and renter-occupied housing. A reported 74.1 percent of homeowners and 74.6 percent of renters in Osawatomie pay $500 to $1,499 per month on housing expenses. Just 13.6 percent of homeowners and 14.4 percent of renters pay less than $500 in monthly housing costs. The median monthly housing cost is $848 for homeowners and $883 for renters.

Osawatomie, Kansas Monthly Housing Costs; 2020
Owner-Occupied vs. Renter Occupied

Monthly Cost	Owner Occupied	Renter Occupied
Less than $300	2.8%	2.9%
$300 - $499	10.8%	11.5%
$500 - $799	29.8%	23.0%
$800 - $999	19.8%	19.2%
$1,000 - $1,499	24.5%	32.4%
$1,500 - $1,999	8.7%	9.6%
$2,000 - $2,499	0.0%	0.0%
$2,500 - $2,999	0.3%	0.4%
$3,000+	3.3%	1.0%
Median Cost	**$848**	**$883**

Source: American Community Survey.

Conclusions

Osawatomie's housing stock totals 1,826 dwelling units. Detached single-family homes comprise 85.6 percent of Osawatomie's housing stock. Properties with 3 or 4 dwelling units account for 4.8 percent of the total housing stock, while multi-family structures with 10 or more dwelling units account for 6.4 percent.

Owner-occupied housing accounts for 61.5 percent of Osawatomie's occupied housing stock with rental housing amounting to 38.5 percent. By comparison, statewide owner-occupied housing accounts for 66.2 percent of the occupied housing stock with rental housing accounting for 33.8 percent. In Osawatomie, detached single family homes account for 95.1 percent of all owner-occupied housing units and 65.5 percent of all occupied rental housing units. Multi-family structures with 3 to 4 rental units account for 14.0 percent of all renter-occupied units while properties with ten or more dwelling units account for 18.7 percent.

The rate of homeownership in Osawatomie increases as a householder gets older, peaking at 27.7 percent for those householders 35 to 44 years of age. Elderly 65 years and older account for 19.4 percent of homeownership, suggesting in coming years the inventory of available for-sale housing units may increase.

Nearly 21 percent of households in Osawatomie under the age of 35 years are renters. The rate of renter households remains high among older householders, amounting to 17.9 percent for those 45 to 54 years of age and 13.5 percent for those 55 to 64 years. Senior households 65 years and older account for 38.5 percent of all renter households in Osawatomie.

Nearly three-quarters of homeowner households in Osawatomie have a median income of $50,000 or more, with 14.7 percent of households with median incomes of $100,000 or more. By comparison, just 20.7 percent of renter households possess a median income of $50,000 or more. A reported 19.7 percent of renter households have median incomes of less than $15,000 and may qualify for rental assistance. The 41.3 percent of renter households possessing a median income of $35,000 to $74,999 and represent the market-rate rental market.

Nearly three-quarters of both homeowners and renters in Osawatomie pay $500 to $1,499 per month on housing expenses. This trend may be due to the predominance of single-family housing for both homeowners and renters. Interestingly, the median monthly housing cost for rents of $883 exceeds that of $848 for homeowners.

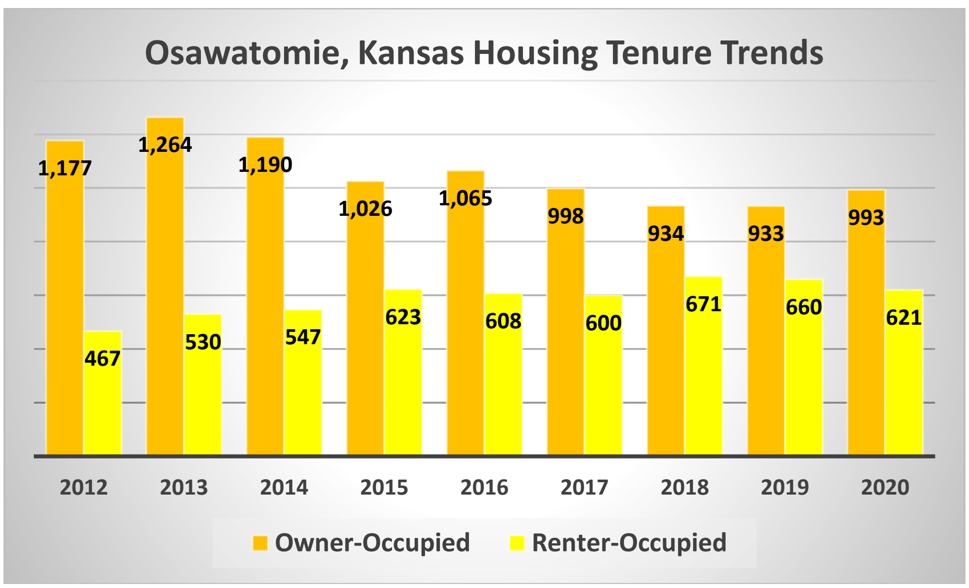
Osawatomie's current and future demographics and mix of housing suggests that additional emphasis on affordable rental housing and for-sale housing is needed to foster a more diverse housing market that meets the needs of a wider range of household types. The large number of households with incomes of less than $25,000 suggest a need for affordable rental housing. There also appears to be a growing need for affordable for-sale housing priced under $150,000 and move-up housing priced at $250,000 and above.

FOR-SALE HOUSING MARKET ANALYSIS

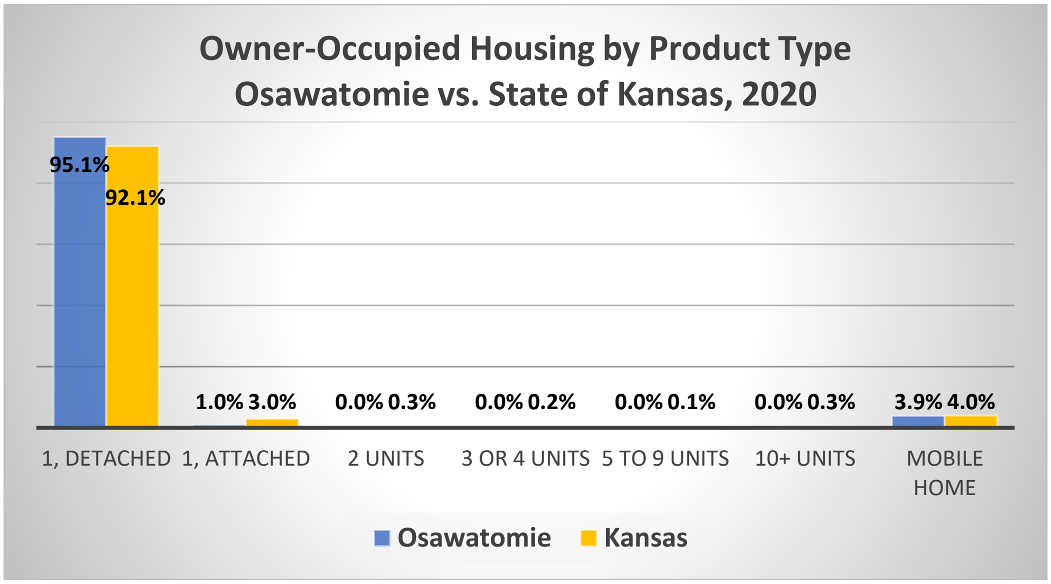
This section of the report evaluates the City of Osawatomie's for-sale housing market by identifying: 1) new and existing home sale trends; 2) current supply of for-sale homes on the market; and 3) active for-sale residential construction. Stakeholder interviews were also conducted with the purpose of identifying current housing trends and future for-sale housing opportunities in Osawatomie. The goal was to determine the city's for-sale housing market's ability to support near-term new housing construction as well as pricing opportunities.

Market Overview

According to the *American Community Survey 2020*, Osawatomie's inventory of housing units totaled 1,826 dwelling units. From 2013 to 2019, the Osawatomie housing market experienced a downward trend the inventory of owner-occupied housing units while the number of renter-occupied housing units rose. From 2013 to 2019, owner-occupied housing declined from 1,264 units to 933 units while the inventory of renter-occupied housing units increased from 530 units to 660 units. As a share of occupied housing units, owner-occupied housing declined from a high of 71.6 percent in 2012 to a low of 58.2 percent by 2018. During 2020, owner-occupied housing experienced a slight improvement, due in part to the accelerated active of "flippers".

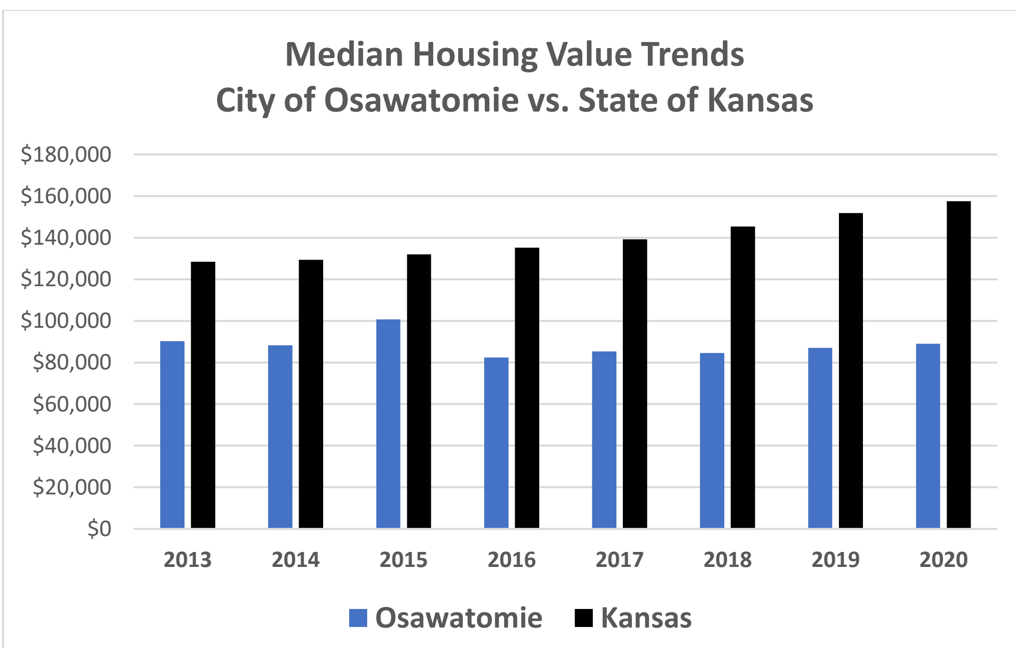


According to the *American Community Survey 2020,* detached single-family homes account for 95.1 percent of Osawatomie's owner-occupied housing stock, compared to 92.1 percent for the State of Kansas. The predominance of owner-occupied detached single-family housing is common within rural communities. Meanwhile, there are no owner-occupied multi-family housing units in Osawatomie, compared to 0.9 percent statewide. Mobile homes account for 3.9 percent of Osawatomie's owner-occupied housing and 4.0 percent of the statewide total.



According to the *American Community Survey*, during 2012 Osawatomie's median housing value of $90,200 lagged the statewide median of $128,400. After peaking at $100,700 in 2015, the median home value in Osawatomie declined to $84,400 in 2015. By 2020, Osawatomie's median housing value reached $89,000, compared to $157,600 statewide.

Osawatomie's lagging housing values are due in large part a much older housing stock that is small and lacks the amenities of modern housing. Much of Osawatomie's housing stock is also in poor condition relative to the statewide inventory. The bar chart below provides a comparison of median housing values between Osawatomie and the State of Kansas from 2013 to 2020.



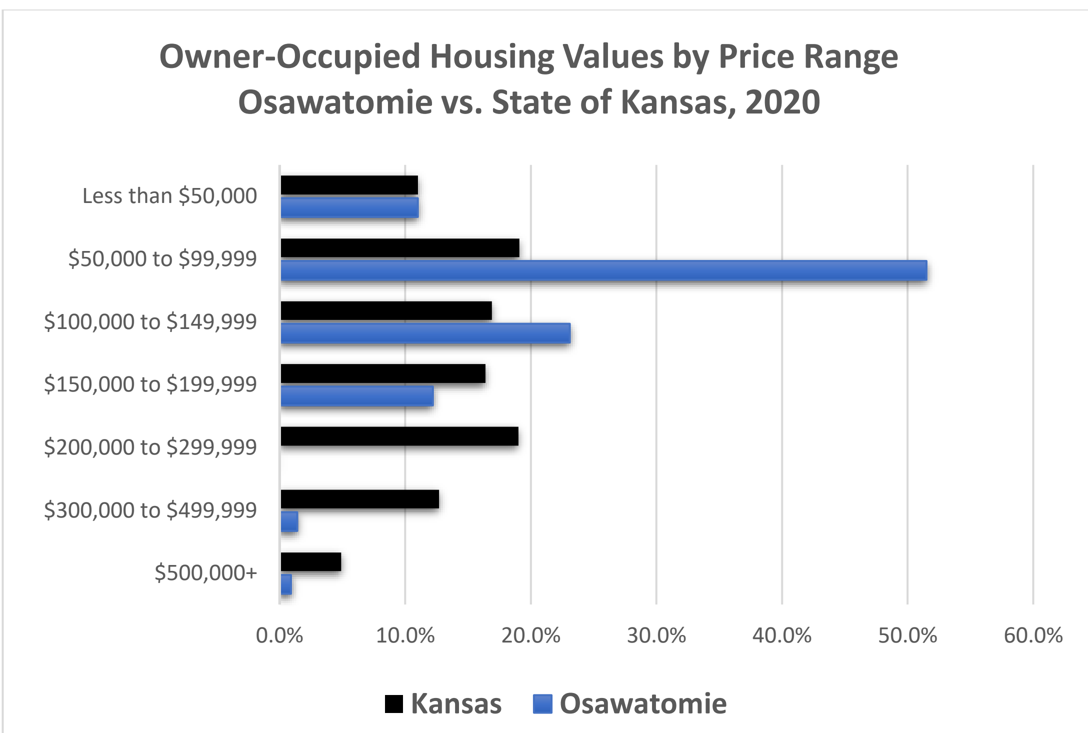
Osawatomie homebuyers seek affordable houses that don't require significant improvements or upgrades. However, such housing is scarce in Osawatomie as much of the housing stock was built when the city was a railroad town and there hasn't been much new home construction or remodels until recently.

As reported by the *American Community Survey 2020*, 62.5 percent of Osawatomie's owner-occupied housing stock was valued under $100,000 compared to 30.1 percent for the state of Kansas. The abundance of lower priced homes is attributed to the age, size, and condition of Osawatomie's housing stock.

Osawatomie maintains an above average inventory of moderately priced homes. A reported 23.1 percent of Osawatomie's owner-occupied housing stock is valued at $100,000 to $149,999 compared to 16.9 percent statewide. Homes valued at $150,000 to $199,999 account for 12.2 percent of Osawatomie's owner-occupied housing stock which compares to 16.4 percent of the statewide housing stock.

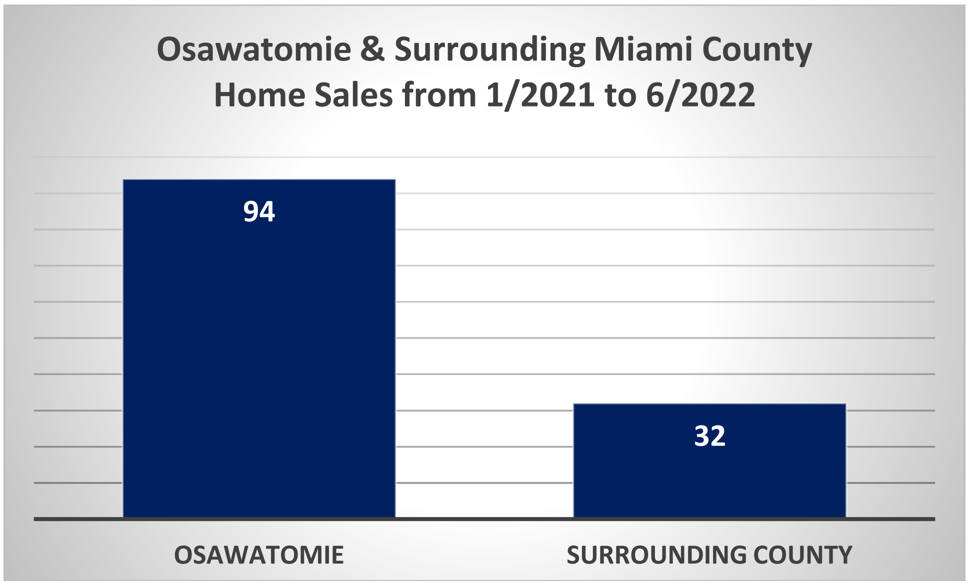
No move-up housing priced from $200,000 to $299,999 is available in Osawatomie. With 12.1 percent of Osawatomie households earning $75,000 to $99,999 annually, a larger market for move-up housing priced from $200,000 $299,999 may be supportable.

Just 2.3 percent of housing in Osawatomie is valued over $300,000. Given that 17.0 percent of Osawatomie households earn $100,000 or more annually, suggests that a larger market for upscale housing priced in excess of $300,000 may be supportable.

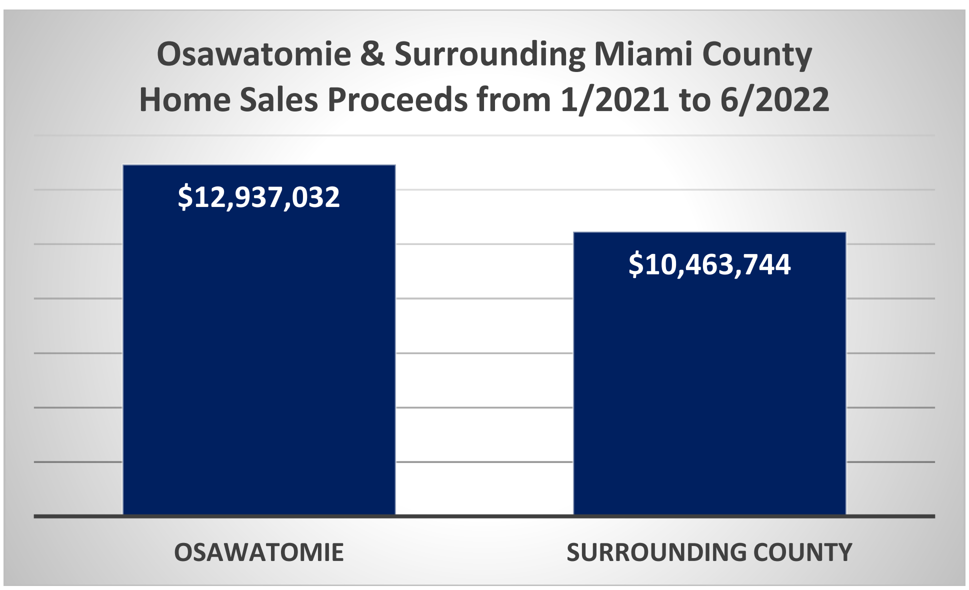


Home Sale Trends

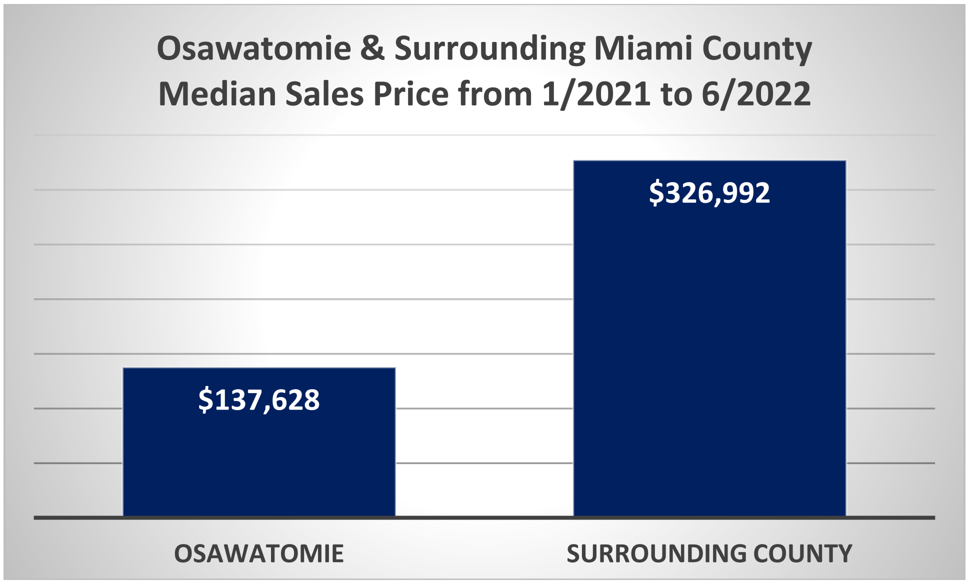
Multiple Listing Service ("MLS") data was consulted to ascertain recent single-family home sales velocity trends in the Osawatomie city limits. From January 2021 to June 2022 a total of 94 homes sold in Osawatomie. Another 32 homes were sold in Miami County surrounding Osawatomie.



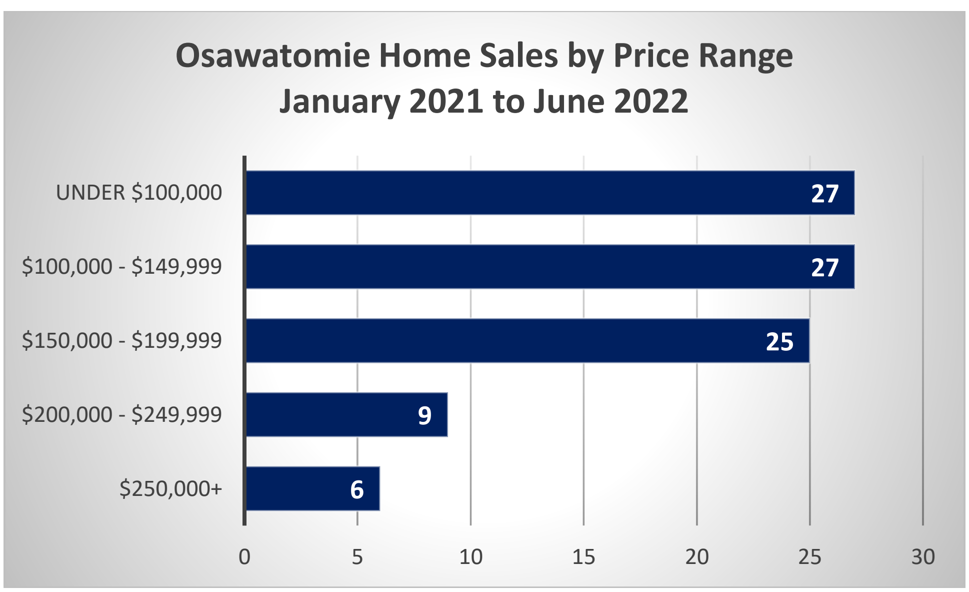
From January 2021 through June 2022, home sales proceeds totaled $12.9 million in Osawatomie and $10.5 million in the surrounding Miami County.



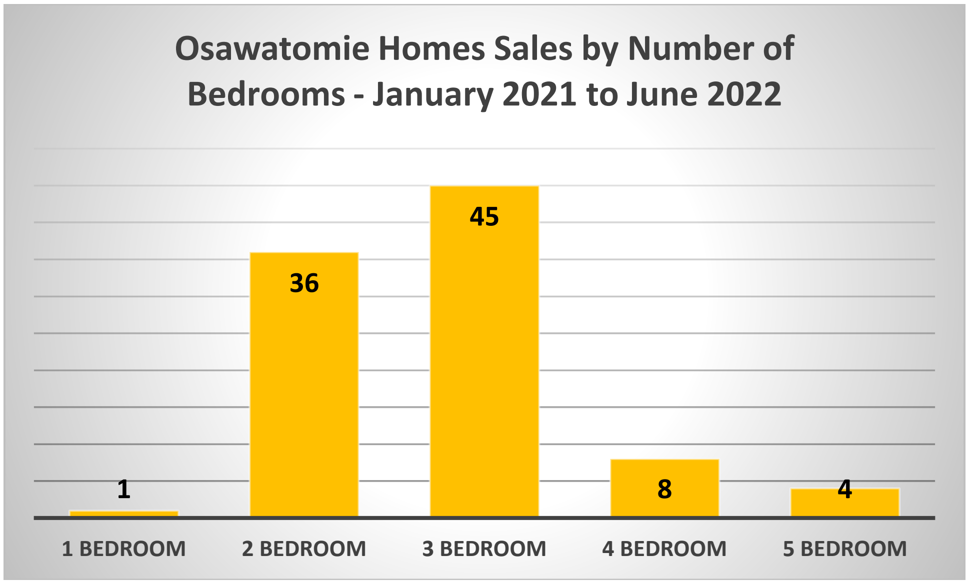
The MLS reported the median home sale price in Osawatomie from January 2021 to June 2022 at $131,250 which exceeded the median listing price of $129,925. Homes in surrounding Miami County are more expensive due to newer construction, larger home size, and accompanied acreage. The MLS reported the median home sale price in surrounding Miami County from January 2021 to June 2022 at $326,992 which exceeded the median sales price in Osawatomie by 138 percent.



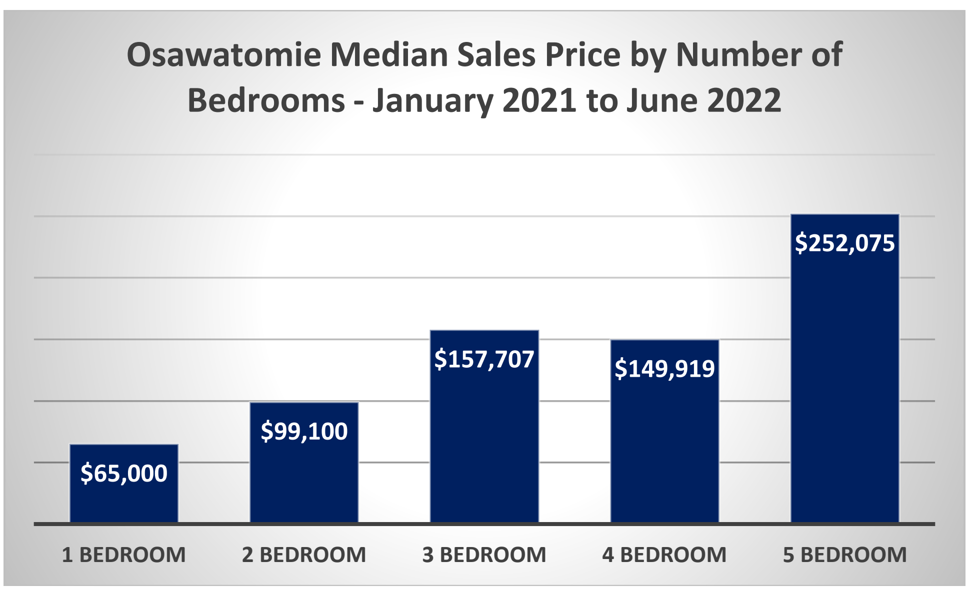
Based on home sales data published by the Multiple Listing Service, Osawatomie's for-sale housing market offers a wide range of price points. From January 2020 through June 2022, 28.7 percent of homes sold in Osawatomie were priced under $100,000. The lowest priced homes were generally sold to flippers. Entry-level homes priced from $100,000 to $149,999 accounted for another 28.7 percent of home sales. Move-up housing priced from $150,000 to $199,999 accounted for 26.6 percent of all sales with homes priced at $200,000 to $249,999 accounting for just 9.6 percent of total sales. Upscale housing priced at $250,000 and above accounted for just 6.4 percent of all home sales from January 2020 to June 2022.



The bar chart below illustrates home sales in Osawatomie from January 2021 through June 2022 by number of bedrooms. Over the 18-month timeframe 3-bedroom homes accounted for 47.9 percent of all homes sales, totaling 45 sales. Two-bedroom homes accounted for the second highest share at 38.3 percent, or 36 home sales.



The bar chart below illustrates the median sales price by number of bedrooms in Osawatomie from January 2021 through June 2022. The 36, 2-bedroom homes sold for $30,000 to $153,500, averaging $99,100. The 45, 3-bedroom homes sold for $25,000 to $254,000, averaging $157,707. The average sales price for 4-bedroom homes was $149,919 with 5-bedroom homes selling for an average of $252,075.



Portions of Osawatomie experiencing strong home sales volumes include neighborhoods closest to Highway 169 and the southwest quadrant where a couple small subdivisions built 15 to 20 years ago are located. Historically, the most active price range for for-sale, single family homes was

$120,000 to $150,000. Quality homes priced at $200,000 or more possess the greatest opportunity for future growth.

Osawatomie's largest employers are the State Hospital and the School District. Many residents live in Osawatomie for the smalltown atmosphere and housing affordability, and drive into the Kansas City area for their jobs.

Residents of Osawatomie are attracted by the smalltown feel, good schools, community spirit, and recent upturn in home renovations and new home construction. The bike trail is also a draw for those people seeking an active lifestyle. Constraints in attracting new residents to Osawatomie include the poor quality of much of the housing stock and limited inventory of homes available for sale or rent. In addition, the lack of quality housing stock is a huge issue when local employers are recruiting new employees. New employees struggle to find a home that appeals to them, forcing many to find housing in neighboring towns.

Current Supply of Homes on the Market

According to the Multiple Listing Service, as of July 11, 2022, just 17 homes in Osawatomie were on the market for sale with 14 homes under contract. Two new homes are on the market, both priced at $249,000.

For-Sale Homes in Osawatomie, Kansas
Active Listings and Pending Sales

	# of	Price	Range	Average
	Homes	Low	High	Price
Active Listing	17	$85,000	$350,000	$167,276
Pending Sale	14	$15,000	$249,000	$150,529
Totals	31	$15,000	$350,000	$159,713

Source: Multiple Listing Service.

The 17 homes on the market are priced from $85,000 to $350,000, averaging $167,276. Only two homes are priced under $100,000. Nine homes on the market are priced from $100,000 to $149,999, two homes priced from $150,000 to $199,999, and four homes priced at over $200,000.

The 14 pending home sales are under contract for $15,000 to $249,000, averaging $150,529. Three pending home sales are priced at less than $100,000 with eight homes priced from $100,000 to $199,999. Three of the pending home sales are under contract at a price exceeding $200,000. These market factors indicate that the Osawatomie entry-level for-sale housing market continues to support strong demand while the move-up housing market is beginning to gain traction.

Active Residential Construction

From 2000 through 2019, just two new homes were built in Osawatomie. During 2020 and 2021, a total of 14 homes were constructed and four homes are currently under construction. There are currently no actively developing residential subdivisions in Osawatomie. Hickory Valley located in the southwest quadrant of the city has two lots for sale priced at $20,000 with the potential of up to 35 additional lots.

In recent years there has been escalating activity by small investors to purchase, renovate, and flip homes in Osawatomie. The renovated homes have been well received into the market, prompting recent new single-family home construction. Wright Way Homes and Cassone Homes are actively building homes on infill lots in Osawatomie. Wright Way Homes is under construction on three homes at 406, 408, and 410 Lincoln Avenue. Cassone Homes is planning to build five homes during 2022.

The table below identifies recent sales and active listings for new homes built in Osawatomie. Since January 2021, six new homes have sold in Osawatomie, priced from $205,000 to $254,000. All recent new builds are 3 bedroom and 2 bath homes ranging in size from 1,320 square feet of livable area. One additional new home is currently on the market for sale, that being a 1,292 square foot, 3 bedroom and 2 bath home at 308 Reed Avenue priced at $249,000.

Osawatomie Recent New Home Sales and Listings

Address	# of Bedrooms	# of Baths	Sq. Ft.	Sales Price	Status
Closed Sales					
608 Retan Street	3	2	1,320	$205,000	Sold
606 Retan Street	3	2	1,320	$206,000	Sold
315 East Mill Street	3	2	1,464	$239,999	Sold
104 Walnut Avenue	3	2	1,464	$250,000	Sold
100 Walnut Avenue	3	2	1,464	$254,000	Sold
820 3rd Street	3	2	1,246	$249,000	Sold
Active Listings					
308 Reed Avenue	3	2	1,292	$249,000	Active

Source: Crown Realty.

The principal constraint in attracting homebuilders to Osawatomie is the limited availability of large tracts of land serviced with utility and road infrastructure. Recent homebuilding activity has focused on infill lots. Some infill lots remain in town, but many are in undesirable locations (i.e., near train tracks) or are in areas that aren't accessible by large equipment needed to build homes.

Conclusions

Detached single-family homes in Osawatomie garner an above average share of the owner-occupied housing market. Specifically, detached single-family homes in Osawatomie accounts for 95.1 percent of Osawatomie's owner-occupied housing stock, compared to 92.1 percent for the State of Kansas. The inventory of owner-occupied housing units in Osawatomie has declined from 1,264 units in 2013 to 993 units by 2020. Meanwhile, no owner-occupied multi-family housing units were reported in Osawatomie, compared to 0.9 percent statewide.

Osawatomie's median housing value of $89,000 is well below the statewide median of $157,600. Nearly two-thirds of Osawatomie's owner-occupied housing stock is valued under $100,000. Osawatomie's lagging housing values are due in large part a much older housing stock that is small and lacks the amenities of modern housing. Much of Osawatomie's housing stock is also in poor condition relative to the statewide inventory. The lack of quality housing stock is a huge issue when local employers are recruiting new employees.

From January 2021 to June 2022, a total of 94 homes sold in Osawatomie at a median price of $131,250. Two- and three-bedroom homes accounted for 38.3 percent and 47.9 percent of all homes sales, respectively. Over 57 percent of the homes sold for less than $150,000 while just 16.0 percent sold for $200,000 or more.

Seventeen homes in Osawatomie are currently on the market for sale with 14 homes under contract. The homes on the market are priced from $85,000 to $350,000, averaging $167,276. The pending home sales are under contract for $15,000 to $249,000, averaging $150,529. These market factors indicate that the Osawatomie entry-level for-sale housing market continues to support strong demand while the move-up housing market is beginning to gain traction.

From 2000 through 2019, just two single-family homes were built in Osawatomie. There has been escalating activity in Osawatomie by small investors to purchase, renovate, and flip homes. The renovated homes have been well received into the market, prompting recent new single-family home construction. New home construction in Osawatomie totaled three homes in 2020 and eleven homes in 2021. According to the MLS, since January 2021, six new homes sold in Osawatomie, priced from $205,000 to $254,000. One additional new home is currently on the market for sale priced at $249,000.

Based on the market acceptance of new homes in Osawatomie and with 12.1 percent of Osawatomie households earning $75,000 to $99,999 annually, a larger market for housing priced from $200,000 $299,999 appears supportable.

The principal constraint in attracting homebuilders to Osawatomie is the limited availability of large tracts of land serviced with utility and road infrastructure. Recent homebuilding activity has focused on infill lots. Some infill lots remain in town, but many are in undesirable locations (i.e., near train tracks) or are in areas that aren't accessible by large equipment needed to build homes.

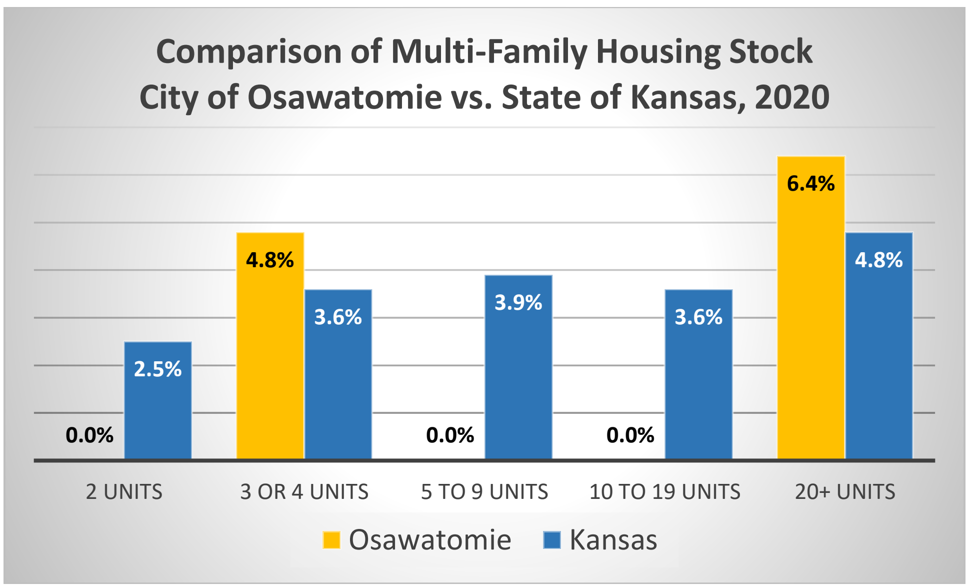
RENTAL HOUSING MARKET ANALYSIS

This section of the report evaluates the City of Osawatomie's rental housing market. Three rental housing products were surveyed, including: 1) market-rate apartments; 2) income-based apartments; and 3) income-based senior housing.

Osawatomie Rental Market

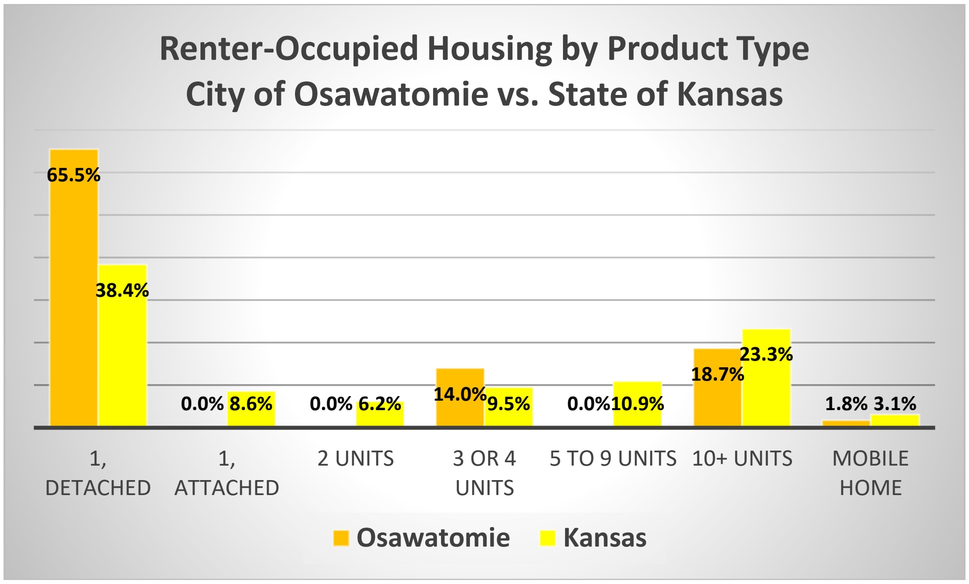
According to the *American Community Survey* in 2020 Osawatomie's housing stock totaled 1,826 dwelling units, of which 11.2 percent, or 303 dwelling units were in multi-unit structures. By comparison, multi-family housing accounts for 18.4 percent for the statewide housing stock.

Multi-family structures with 3 or 4 dwelling units account for 4.8 percent of Osawatomie's total housing stock, compared to 3.6 percent for all of Kansas. Multi-family structures with 20 or more dwelling units account for 6.4 percent of Osawatomie's housing stock compared to 4.8 percent statewide.

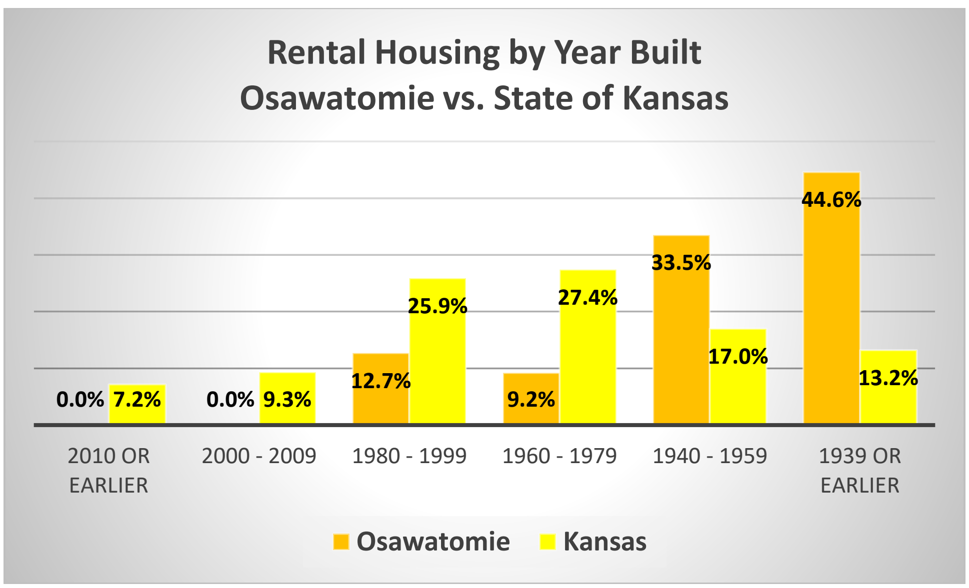


According to the *American Community Survey 2020*, rental housing accounted for 38.5 percent of Osawatomie's occupied housing stock which exceeds the statewide average of 33.8 percent. From 2012 to 2018, the inventory of renter-occupied housing units in Osawatomie increased from 467 units to 671 units. By 2020, the inventory of renter-occupied housing declined slightly to 621 dwelling units.

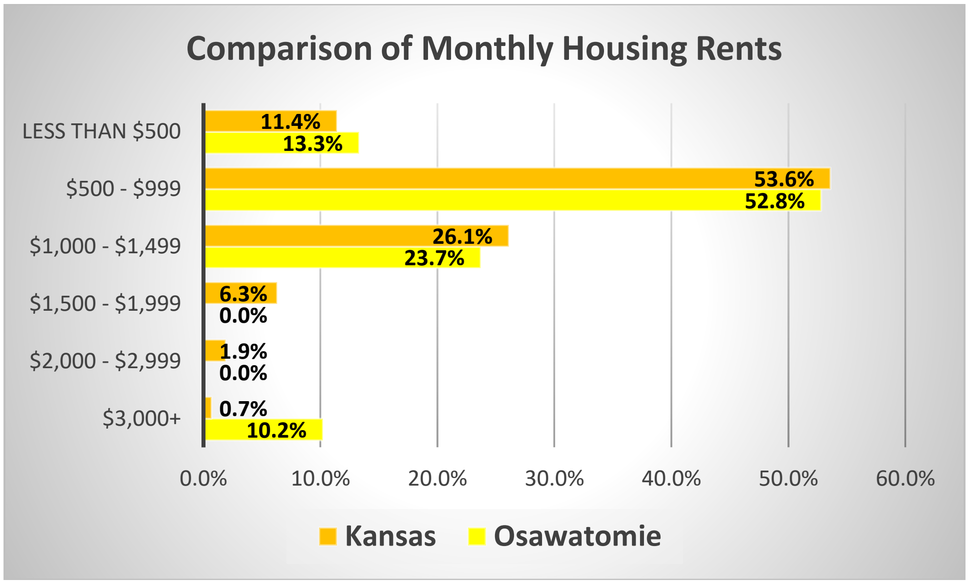
One-unit detached housing accounts for 65.5 percent of the occupied rental housing stock. Structures with 3 or 4 dwelling units accommodate 14.0 percent of all occupied rental housing in Osawatomie, followed by structures with 10+ dwelling units at 18.7 percent. By comparison, the State of Kansas' rental housing market supports much lower percentages of one unit detached and attached housing at 47.1 percent and structures with 10 or more dwelling units at 23.0 percent.



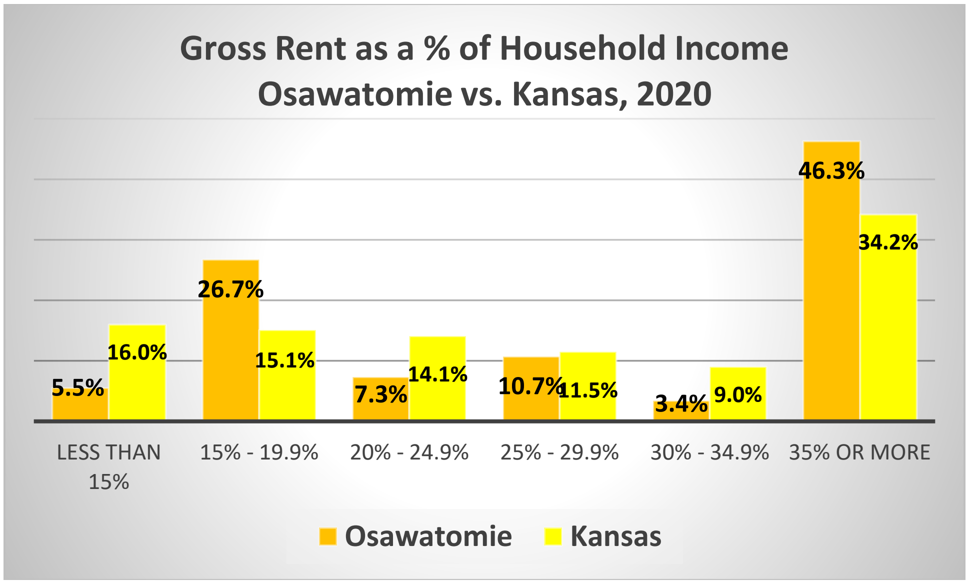
A shortage of quality rental properties exists in Osawatomie with single family homes accounting for most of the market-rate stock. An estimated 21.9 percent of Osawatomie's rental housing was built between 1960 and 1999 with 78.1 percent prior to 1940. As a result, most of Osawatomie's rental housing is old and lacks the modern design and amenities of newer properties.



According to the *American Community Survey 2020* the median rent in Osawatomie of $799 per month compared to the statewide average of $863. Of the 621 occupied rental housing units, just 13.3 percent rented for less than $500 per month compared to 11.4 percent statewide. Nearly 53 percent of Osawatomie's rental stock supported rents of $500 to $999 per month with 53.6 percent rented at $1,000 to $1,499 per month. No housing in Osawatomie rents for $1,500 to $2,999 per month. These rents are reflective of the age and general poor quality of Osawatomie's rental housing stock.



For 32.2 percent of renter households in Osawatomie the gross rent accounts for less than 20 percent of total household income compared to 31.1 percent statewide. The 46.3 percent of Osawatomie households where the gross rent accounts for 30 percent or more of total household income exceeds the statewide average of 34.2 percent. These households are experiencing rental stress which is defined as paying more than one-third of household income on rent. These rent to household income percentages suggest the need for more affordable and income-based rental housing in Osawatomie.



Rental Housing Survey

To identify current rental housing market conditions in Osawatomie, Kansas a survey was conducted of larger rental properties. For purposes of the analysis, rental properties were classified into three groups, including: 1) market-rate apartments; 2) income-based family apartments; and 3) income-based senior housing. Independent and assisted living senior communities were excluded from the survey. The property data was compiled via the Miami County parcel search and by contacting property managers and leasing agents.

Market-Rate Rental Housing

No large-scale market-rate rental apartment properties currently operate in Osawatomie. As mentioned, single-family homes account for approximately two-thirds of Osawatomie's rental housing stock. Rents for 2-bedroom homes start at $700 per month with 3-bedroom homes starting at $800 per month.

At the time of this study market-rate housing available for rent in Osawatomie was limited to a 960 square foot 3 bedroom/1 bath home for $1,100 per month, a 2 bedroom/1 bath mobile home for $675 per month, and a 1-bedroom apartment for $900 per month. The lack of market-rate rental apartments in Osawatomie places a significant constraint on the ability of many individuals and families to obtain suitable rental housing.

Income-Based Family Apartments

An estimated 17.0 percent of Osawatomie households earn less than $15,000 per year which creates demand for income-based rental assistance. Affordable housing assistance in Osawatomie takes the form of Section 42 Low-Income Housing Tax Credit Program, Section 521 USDA Rental Assistance Program, and the Department of Housing and Urban Development's ("HUD") subsidized housing through its Section 8 Housing Choice Voucher Program.

Eligibility for the Section 8 Choice Voucher Program is determined based on the total annual gross income and family size and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. All Section 8 programs use the very low-income or low-income standards of the median income for the county or metropolitan area in which the eligible household chooses to live.

Based on the Kansas City HUD Metro FMR Area median household income of $97,700, for FY 2022 the maximum very low-income limit (50% of median income) ranges from $33,900 annually for a one-person household to $63,900 annually for an 8-person household. The low-income limit (80% of median income) ranges from $54,250 annually for a one-person household to $102,250 annually for an 8-person household. Fair market value monthly rents range from $762 for efficiency to $1,569 for 4-bedroom units.

The Multifamily Tax Subsidy Projects income limits are used to determine qualification levels and to set rental rates for low-income housing tax credit or tax-exempt bond projects. Section 42 of the Internal Revenue Service's tax code, also known as the Low-Income Housing Tax Credit (LIHTC), exists to serve high-need households in qualified Census Tracts with an income level at

60 percent of the local median income in distressed housing areas, both for residential purposes and through other community services. The program allows property owners to charge a rental amount not to exceed 30 percent of the tenant's income. Eligibility for the Section 42 Tax Credit Program is determined based on maximum income limits set annually by HUD as a percentage of area median income adjusted for household size.

One income-based apartment property catering to families and singles operates in Osawatomie. The Lom Vista Estates are located at 900 Melody Lane in the southeast quadrant of the city. The property was built in 1981 and totals 64 rental units. Property amenities include an on-site laundry, playground, and off-street parking. The unit mix includes 1-, 2- and 3-bedroom models. The 1 bedroom/1 bath models are 650 square feet of livable area, the 2 bedroom/1.5 bath models are 955 square feet, and the 3 bedroom/1.5 bath models are 1,018 square feet. The property is a Low-Income Housing Tax Credit (LIHTC) so rents can't exceed 30 percent of the tenant's income. Maximum monthly rents are $524 for the one-bedroom models, $740 for the two-bedroom models, and $801 for the three-bedroom models. The property is owned by Yarco Property Management and is fully leased. Demand for income-based rental housing in Osawatomie has been strong for several years.

Income-Based Senior Housing

Seniors 65+ years of age account for 15.2 percent of Osawatomie's total population, or 636 residents. By 2027, the city's senior population is forecast to increase by 13.5 percent, or 86 residents, generating increased need for senior housing.

Three income-based senior rental communities operate in Osawatomie totaling 102 dwelling units.

Built in 1991, Osawatomie Senior Apartments is a Low Income Housing Tax Credit (LIHTC) community in the western portion of Osawatomie at 1545 Brown Avenue. The one-story buildings offer 24, 1-bedroom apartments. Owned by the Hamilton Properties Corporation, property amenities include a laundry and community room. The property is currently fully leased.

The Osawatomie Court Apartments is a senior community located at 405 Carr Avenue within the city's northeast quadrant. Built in 1982, the property features 54 one-bedroom apartments of 500 square feet of livable area. The property was built or renovated using funding from HUD's Section 202 Supportive Housing for the Elderly program. The property is fully leased.

Woodland Hills Estates is a 24-unit rental community catering to residents 55+ years of age. Since the property received Low Income Housing Tax Credits (LIHTC) a certain number of units are reserved for low-income households. Located in the city's northwest quadrant at 502 Woodland Hills Circle, this income-based property features 963 square foot, 2 bedroom/1 bath apartments. Rents are $575 per month. The property is fully leased.

The modest inventory of affordable rental apartments, high occupancy rates, and large lower income and senior populations suggest Osawatomie can support additional income-based rental units.

Conclusions

By 2020, Osawatomie's housing stock totaled 1,826 dwelling units, of which 11.2 percent, or just 303 dwelling units were in multi-unit structures. By comparison, multi-family housing accounts for 18.4 percent for the State of Kansas housing stock. Osawatomie's multi-family housing stock consists of entirely of properties with 3- to 4-units or 20 or more dwelling units.

Rental housing accounts for 38.5 percent of Osawatomie's occupied housing stock which exceeds the statewide average of 33.8 percent. From 2012 to 2018, the inventory of renter-occupied housing units in Osawatomie increased from 467 units to 671 units. By 2020, the inventory of renter-occupied housing declined slightly to 621 dwelling units. One-unit detached housing accounts for 65.5 percent of the occupied rental housing stock.

A shortage of quality rental properties exists in Osawatomie with single family homes accounting for most of the market-rate stock. Over three-quarters of Osawatomie's inventory of rental housing was built prior to 1940. As a result, most of Osawatomie's rental housing is old and lacks the modern design and amenities of newer properties.

The median rent in Osawatomie of $799 per month compares to the statewide average of $863. Nearly 54 percent of Osawatomie's rental stock supports rents of $500 to $999 per month with 26.1 percent rented at $1,000 to $1,499 per month. Just 10.2 percent of the housing stock rented for excess of $2,000 per month. These rents are reflective of the age and poor quality of Osawatomie's rental housing stock.

For 46.3 percent of Osawatomie households, the gross rent accounts for 30 percent or more of total income which exceeds the statewide average of 34.2 percent. These households are experiencing rental stress which is defined as paying more than one-third of household income on rent.

No market-rate rental apartment properties currently operate in Osawatomie. At the time of this study market-rate housing available for rent in Osawatomie was limited to three single-family homes, mobile home, and apartment units. The absence of market-rate rental apartments in Osawatomie places a significant constraint on the ability of many individuals and families to obtain suitable rental housing.

An estimated 17.0 percent of Osawatomie households earn less than $15,000 per year which creates demand for income-based rental assistance. Seniors 65+ years of age account for 15.2 percent of the city's total population, fueling demand for senior housing. Income-based rental housing in Osawatomie is limited to 64 units catering to families and singles and 102 units serving seniors. All the income-based properties are now fully rented.

The primary barrier for prospective renters in Osawatomie is the limited availability of quality market-rate and rental assistance housing units. A quality rental housing stock is an important component in fostering a healthy for-sale housing market by offering prospective residents the opportunity to live in the community before buying a home. Current market conditions and demographics suggest Osawatomie is in need of additional market-rate and income-based rental housing.

FORECAST HOUSING NEED

The previous sections of this study analyzed the existing housing supply and the demographic characteristics of the population and households in Osawatomie, Kansas. This section of the report provides 5-year housing need estimates for the City of Osawatomie.

Demographic Profile and Housing Need

The demographic profile of a community affects housing needs and the types of housing that is needed and supportable. The various housing life-cycle stages are defined in the text below.

Entry-Level Householders

- Often prefer to rent basic, inexpensive apartments
- Usually singles or couples without children in their early 20's
- Will often "double-up" with roommates in an apartment setting

First-Time Homebuyers and Move-Up Renters

- Often prefer to purchase modestly-priced single family homes or rent more upscale apartments
- Usually married or cohabitating couples, in their mid-20's or 30's, some with children, but most are without children

Move-up Homebuyers

- Typically prefer to purchase newer, larger, and more expensive single family homes
- Typically families with children where householders are in their late 30's to 40's

Empty-Nesters and Never-Nesters

- Empty-nesters are persons whose children have grown and left home while never-nesters are persons who never had children
- Prefer owning but will consider renting their housing
- Some will move to alternative lower-maintenance housing products such as patio homes, garden homes and condominiums
- Generally couples in their 50's or 60's

Younger Independent Seniors

- Prefer owning but will consider renting their housing
- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
- Generally in their late 60's or 70's

Older Seniors

- May need to move out of their single family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Smaller rural communities such as Osawatomie, Kansas tend to have higher proportions of younger households that own their housing than in larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households. However, Osawatomie possesses much different market dynamics from most rural communities its size given its highly educated populous, above average household income levels and housing values, and a high percentage of renter-occupied housing. Therefore, the age categories for housing life cycles are somewhat different in Osawatomie than in other similar-sized rural communities.

Over the next five years residents 35 to 44 years of age and senior 65+ years of age will have the biggest effect on the housing market in Osawatomie with these age cohorts both forecast to experience population growth. Some residents ages 35 to 44 years will prefer move-up single-family homes. Seniors will have a significant impact on the local housing market as the number of residents 65+ years of age is forecast to increase by 13.5 percent over the coming five years. Some of these residents will move out of their single-family homes into independent or assisted living communities. Over the next five years many of Osawatomie's population 15 to 24 years of age will be entering the housing market with demand primarily for rental housing.

Housing Need Calculations

Residential housing need estimates for the City of Osawatomie, Kansas through the year 2027 were forecast based on a demographic and economic model of the new housing market. Key input to the model includes historical patterns in annual residential building permit activity; projected population growth; household composition; average household formation rates; age distribution; and income levels. Demographic and economic characteristics for Osawatomie were provided by the U.S. Census and Esri Business Analyst.

Rental Housing – The demand components for new rental housing units in Osawatomie include renter household growth, latent demand for rental housing, and the number of units required for a balanced market. The analysis provides the number of units that the market can support by five monthly rent segments (less than $650, $650 to $799, $800 to $999, $1,000 to $1,499, and $1,500 and higher).

For-Sale Housing – The analysis considered potential demand from new owner-occupied household growth, latent demand for owner-occupied housing, and the number of units required for a balanced market. Demand estimates were provided for four price points (less than $150,000, $150,000 to $199,999, $200,000 to $249,999, and $250,000 and higher).

This section of the study forecasts: 1) total new housing demand from 2022 to 2027; 2) the mix of housing demand; and 3) the pricing segmentation of for-sale housing and rental housing.

Housing Need Forecasts

Supportable residential housing absorption over the next five years will be a function of resident population growth and household size while income levels and age composition will dictate the type and mix of housing product. As of 2020, Osawatomie's supply occupied housing included 993 owner-occupied housing units and 621 renter-occupied units.

Housing Need from Population Growth

According to the U.S. Census Bureau, from 2010 to 2020, the City of Osawatomie population declined 4.3 percent, losing 192 residents. From 2022 through 2027, Esri Business Analyst forecasts the Osawatomie population to increase by 15 new residents and 16 new households. The senior (65+ years) and family/working adult (35 to 44 years) populations are forecast to experience the largest gains in population and have the greatest impact on the local housing market.

From 2000 through 2019, just two single-family homes were built in Osawatomie. During 2020 and 2021, a total of 14 new homes were built. During 2022, Cassone Homes has plans to build five new homes and Wright Way Homes has plans to build five or six new homes. The City-owned 9.5-acre parcel also has the potential to support near-term new home construction. Based on the recent level of home renovations/flips and new home construction, population growth over the next five years is anticipated to eclipse that forecast by Esri Business Analyst. Instead, by 2027 the city's population is estimated to increase by 60 to 75 new residents.

According to the *American Community Survey 2020* by the U.S. Census Bureau, the City of Osawatomie's average household size is 2.43 persons. Therefore, Osawatomie's forecast population growth through 2027 will yield an estimated 25 to 30 new households and occupied housing units.

Latent Housing Demand

Latent demand occurs when the inventory of available housing is severely constrained. A balanced housing market is generally defined as supporting a 92 percent to 95 percent occupancy rate with 5 percent to 8 percent of the housing stock vacant and available for sale or rent. Healthy markets require a suitable housing stock to be available in order to allow for inner-market mobility and encourage competitive housing prices and rental rates. Markets with vacancy rates below a healthy rate often suffer from escalating home values and rents, minimal tenant turnover, residents being forced into housing situations that do not meet their housing needs, and the inability of nonresidents to enter the market.

As of June 2022, only 17 single-family homes were actively on the market for sale in Osawatomie with 14 homes pending sale. Available rental housing is limited to three dwelling units. The current inventory of 34 available housing units equates to a vacancy rate of just 1.9 percent. The constrained supply of available housing serves as a barrier of entry for those individuals and households interested in moving to Osawatomie.

According to the *American Community Survey 2020*, Osawatomie's labor force totals 2,102 residents. The mean commute time to work is 23.6 minutes with 58.2 percent of residents working in Miami County and 39.0 percent commuting outside of Miami County. An estimated 20.3 percent of Osawatomie residents have less than a ten-minute commute to their place of work. Another 38.0 percent of workers reside within a 10- to 29-minute commute, and 38.7 percent reside within 30 to 59 minutes. The short commute times to work affords the opportunity for Osawatomie to attract more residents and support additional housing construction.

A report by the County Economic Research Institute found that almost 17,000 Miami County residents are part of the region's workforce. The report also found that almost 43 percent of the county's employed residents work in Johnson County with about 32 percent working within Miami County. Shawnee and Wyandotte counties each attract about 3.5 percent of the county's employed persons. Within Miami County, almost 61 percent of the current jobs are filled by county residents. Another 12 percent are from Johnson County followed by 6 percent from Linn County and 5 percent from Franklin County. The influx of workers commuting into Miami County represents a source of prospective future residents and housing demand.

Favorable qualities of Osawatomie as a place to live include high quality of life, small-town atmosphere, safe affordable housing costs, good schools, and proximity to jobs, shopping, restaurants and entertainment in Southern Johnson County and the Kansas City MSA.

Constraints cited for Osawatomie as a place to live include the lack or retail businesses, restaurants, and lack of quality for-sale and rental housing.

Based on the inventory of housing, current vacancy rate, and a conservative balanced housing market vacancy rate of 4 to 5 percent, over the next five years Osawatomie can support an estimated 14 to 68 additional housing units.

Total Housing Need 2022-2027

To conclude, through population growth, latent housing demand, and achieving a balanced housing market, new housing need from 2022 through 2027 in Osawatomie is estimated at 65 to 88 dwelling units.

Osawatomie Forecast New Housing Need; 2022-2027

Housing Demand Component	Conservative Scenario	Optimistic Scenario
Population Growth	25	30
Latent Demand	40	58
Total Housing Demand	**65**	**88**

Source: Canyon Research Southwest, Inc.

Housing Mix

The table on page 46 provides a comparison of Osawatomie's housing stock by unit type against the statewide averages and that of comparable sized cities surrounding both the Kansas City MSA and Wichita MSA. The comparable cities include Paola, Park City, Hesston, Maize, Goddard, and Louisburg. Population and median household income estimates were also provided to determine those cities most comparable to Osawatomie. The housing data was provided by the *American Community Survey 2020.*

Osawatomie's housing stock is dominated by detached single family homes that account for 85.6 percent of the total inventory. By comparison, detached single family housing accounts for 72.7 percent of Kansas' housing stock. The share of single-family housing for the six comparable cities range 61.0 percent to 89.8 percent of the total housing stock, averaging 74.9 percent. This analysis suggests that Osawatomie supports an above average proportion of single-family housing units.

Small multi-family properties with 2 to 9 dwelling units comprise 4.8 percent of Osawatomie's housing stock. By comparison, 2 to 9 dwelling unit structures account for 10.0 percent of Kansas' housing units. For the six comparable cities 2 to 9 dwelling unit structures account for 7.9 percent to 20.8 percent of the total housing stock, averaging 10.2 percent. This analysis suggests that Osawatomie supports a disproportionately low percentage of multi-family properties with 2 to 9 dwelling units.

Multi-family properties with 10 or more dwelling units comprise just 6.4 percent of Osawatomie's housing stock, compared to 8.4 percent of Kansas' housing stock. For the six comparable cities structures with 10 or more dwelling units account for 0.4 percent to 18.8 percent of the total housing stock, averaging 7.4 percent. This analysis suggests that Osawatomie supports a below average percentage of multi-family properties with 10 or more dwelling units.

The mix of future housing demand is best determined by evaluating Osawatomie's population demographics with that of the various housing life-cycle stages. Emphasis is placed on age, education, and income.

Single or couples without children in their early 20's often prefer to rent basic, inexpensive apartments or first-time, for-sale housing. Residents 20 to 24 years of age account for 8.4 percent of the Osawatomie population with those 25 to 34 years of age accounting for 14.0 percent. Individuals with high school degrees or less are more likely to be renters than homeowners. An estimated 54.3 percent of Osawatomie residents are high school graduates or less.

The median household income of renters in Osawatomie is $32,259, with 51.2 percent of residents earning less than $35,000 and 19.7 percent earning less than $15,000. These households tend to be perpetual renters with the lowest income households potentially qualifying for some form of housing assistance. There are 621 occupied rental units in Osawatomie with just 166 income-based rental units. Osawatomie's resident profile for the population under the age of 35 years suggests a significant need for market-rate and income-based rental housing.

First-time homebuyers and move-up renters are usually married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children. These individuals prefer to purchase moderately priced single-family homes or rent more upscale apartments. Residents 25 to 34 years of age account for 14.0 percent of the Osawatomie population with residents 35 to 44 years of age comprising 13.8 percent. The median household income for Osawatomie residents 25 to 44 years of age is $75,346. The median household income of homeowners in Osawatomie is $60,425, with 46.6 percent of residents earning $50,000 to $74,999 annually. Osawatomie's resident profile for the population 25 to 44 years suggests a sizable market exists for first-time homebuyers and move-up renters.

Move-up homebuyers are typically in their late 30's to 40's, married with children. Residents 35 to 44 years of age account for 13.8 percent of the Osawatomie population with residents 45 to 54 years of age comprising 13.7 percent. The median household income of homeowners in Osawatomie is $60,425, with 28.2 percent of residents earning $75,000 or more annually. Osawatomie possesses a sizable move-up market for housing priced at $250,000 and more.

Through latent demand and population growth the need for new housing from 2022 through 2027 in Osawatomie is estimated at 65 to 88 dwelling units. Osawatomie's current mix of occupied housing units is 61.5 percent owner-occupied and 38.5 percent renter occupied. Given Osawatomie's demographic profile and latent demand for affordable housing this report estimates that through 2027, owner-occupied housing is estimated to account for 60 percent of all **new** housing need with renter-occupied housing accounting for the remaining 40 percent. Therefore, through 2027 the mix of new housing demand is estimated at 39 to 53 owner-occupied units and 26 to 35 rental units.

Housing Stock Mix Comparison
City of Osawatomie vs. State of Kansas and Comparable Cities

	Housing Mix as % of Total Housing Stock								City
Units in Structure	Osawatomie	Kansas	Paola	Park City	Hesston	Maize	Goddard	Louisburg	Averages
Population	4,279	2,912,619	5,634	7,654	4,046	5,044	4,797	4,499	**5,279**
Median Household Income	$51,307	$61,091	$52,417	$67,286	$50,644	$59,856	$82,270	$77,182	**$64,943**
Housing Units	1,826	1,280,376	2,523	3,156	1,541	1,989	1,579	1,747	**2,089**
1-Unit, Detached	85.6%	72.7%	75.6%	89.8%	61.0%	56.2%	86.1%	80.8%	**74.9%**
1-Unit, Attached	0.5%	4.7%	1.8%	0.2%	1.6%	13.2%	1.6%	5.4%	**4.0%**
2 Units	0.0%	2.5%	10.4%	0.0%	5.5%	4.0%	2.2%	5.2%	**4.6%**
3 or 4 Units	4.8%	3.6%	2.9%	0.0%	5.7%	3.2%	2.5%	2.3%	**2.8%**
5 to 9 Units	0.0%	3.9%	2.9%	0.6%	9.6%	0.7%	4.0%	4.0%	**3.6%**
10 to 19 Units	0.0%	3.6%	1.1%	0.0%	7.5%	12.9%	0.7%	1.1%	**3.9%**
20+ Units	6.4%	4.8%	3.6%	0.4%	9.1%	5.9%	2.0%	0.0%	**3.5%**
Mobile Home	2.7%	4.2%	1.7%	9.0%	0.0%	3.9%	0.9%	1.1%	**2.8%**

Source: American Community Survey 2020.

Pricing Segmentation

Household income levels directly influence housing values and rents. Communities with above average household income levels generally support higher for-sale housing values and rents that exceed those of lower income communities.

Supportable for-sale housing values in Osawatomie were calculated based on historic homes sales velocity by price range, the household composition of its residents, and current lending practices and interest rates. Standard down payments for qualified applicants are 3.5 percent for FHA and 10 percent for conventional home loans. Future for-sale housing absorption in Osawatomie by price range was based on a 30-year loan and a housing expense-to-income ratio of 28 percent for conventional loans and 31 percent for FHA insured loans. FHA conforming loans for single-family homes in Miami County is currently $431,250.

Housing expenses include principal, interest, property taxes and insurance payments. As a share of total housing costs, annual property taxes are estimated at 2.0 percent and insurance payments at 0.5 percent. Current average mortgage rates are 5.72 percent for a 30-year conventional home loan and 5.66 percent for an FHA loan. Because mortgage rates have increased during the first half of 2022 and are expected to edge slightly higher throughout the remainder of the year this analysis used a range from 5.75 to 6.25 percent.

The table on the following page provides for-sale housing affordability estimates at various household income levels for both conventional and FHA financing.

An estimated 8.9 percent of Osawatomie households earn from $35,000 to $49,999 per year. At current FHA and conventional financing standards, households earning $35,000 annually can support an estimated home purchase of $101,000 to $110,000.

An estimated 22.4 percent of Osawatomie households earn from $50,000 to $74,999 per year. At current FHA and conventional financing standards, households earning $50,000 annually can current support a home purchase price estimated at $144,000 to $158,000.

An estimated 12.1 percent of Osawatomie households earn from $75,000 to $99,999 per year. At current FHA and conventional financing standards, households earning $75,000 annually can current support a home purchase price estimated at $215,000 to $237,000.

An estimated 17.0 percent of Osawatomie households earn $100,000 or more per year. At current FHA and conventional financing standards, households earning $100,000 to $150,000 annually can support a home purchase price estimated at $290,000 to $450,000.

Based on current and estimated future household income growth in Osawatomie, through the year 2027, **new** need for entry-level housing priced under $150,000 is forecast to account for 20 percent of total owner-occupied housing absorption. Move-up housing priced from $150,000 to $199,999 are estimated to account for 20 percent of new housing demand with homes priced from $200,000 to $249,999 are anticipated to account for 30 percent. Upscale product priced at $250,000 and more is forecast to account for 30 percent of owner-occupied housing need in Osawatomie through 2027.

For-Sale Housing Affordability Estimates

Household Income	Down Payment	Monthly Housing Costs	Supported Housing Costs 5.75%	6.25%
$35,000				
Conventional	10.0%	$817	$104,784	$101,309
FHA	3.5%	$904	$110,476	$106,544
$50,000				
Conventional	10.0%	$1,167	$149,502	$144,425
FHA	3.5%	$1,292	$157,939	$152,193
$75,000				
Conventional	10.0%	$1,750	$223,366	$215,837
FHA	3.5%	$1,938	$237,009	$228,484
$100,000				
Conventional	10.0%	$2,333	$298,778	$289,515
FHA	3.5%	$2,583	$315,700	$304,400
$150,000				
Conventional	10.0%	$3,500	$450,547	$433,997

Household income levels for Osawatomie suggest considerable new need for income-based and affordable market-rate rental housing will materialize through the year 2027. An estimated 39.6 percent of households in Osawatomie earn less than $35,000 annually. These households tend to be renters with the lower income households a candidate for income-based rental housing.

Through 2027, rental housing at rents of less than $500 in the City of Osawatomie is forecast to account for 15 percent of total new rental housing need. An estimated 25 percent of new rental housing absorption will originate at rents of $500 to $799 per month, 30 percent at monthly rents of $800 to $999, 20 percent at monthly rents of $1,000 to $1,499, and 10 percent at monthly rents of $1,500 and more. Single-family housing is expected to capture the highest rents.

The table on the following page outlines our calculations of general-occupancy new housing absorption in Osawatomie, Kansas from 2022 through 2027.

Forecast New Housing Need by Product Type
City of Osawatomie, Kansas; 2022-2027

Housing Type	Affordability Factor % of Households		Total Housing Units Low	High
Owner-Occupied Housing ($ Value)				
Under $150,000	20%		8	10
$150,000 to $199,999	20%		8	11
$200,000 to $249,999	30%		12	16
$250,000+	30%		11	16
Total Owner-Occupied Housing Need			**39**	**53**
Renter-Occupied Housing (Monthly Rent)				
Under $500	15%		4	5
$500 to $799	25%		6	9
$800 to $999	25%		8	11
$1,000 to $1,499	25%		5	7
$1,500+	10%		3	3
Total Renter-Occupied Housing Need			**26**	**35**
Total Housing Need			65	88

Source: Canyon Research Southwest, Inc.

To conclude, through latent demand and population growth new housing need from 2022 through 2027 in Osawatomie is estimated at 65 to 88 dwelling units. This report estimates that through 2027, owner-occupied housing will account for 60 percent of all **new** housing demand with renter-occupied housing accounting for the remaining 40 percent. Therefore, through 2027 the mix of new housing is estimated at 39 to 53 owner-occupied units and 26 to 35 rental units.

Through 2027 entry-level and first-time move-up new housing need in Osawatomie is estimated at 8 to 10 housing units priced under $150,000. Owner-occupied housing need is further estimated at 20 to 27 housing units for move-up housing priced from $150,000 to $249,999 and 11 to 16 upscale housing priced at $250,000 and more.

The breakdown of new rental housing need through 2027 is estimated at 4 to 5 dwelling units at a monthly rent under $500 and 6 to 9 units at $500 to $799 per month, much of which may consist of income-based housing. Market-rate rental housing demand is estimated at 8 to 11 units at $800 to $999 per month and 8 to 10 units renting at $1,000 or more per month.

SITE EVALUATION

This section of the study evaluates the 9.75-acre City-owned parcel of land east of 6th Street between Chestnut and Kelly Avenues for its suitability as a single-family home subdivision development site.

The criteria used to evaluate the suitability of the City-owned property as a future residential housing development site include site location; infrastructure; entitlements; visibility and exposure; access; and proximity to housing demand generators and services.

Location

The property is in the southern portion of Osawatomie and in proximity to the downtown area. Access to U.S. Highway 169 is provided via Main Street. Existing single-family home neighborhoods abut the property to the north and east.

Infrastructure

All off-site infrastructure is available to the property, including road access, electricity, natural gas, domestic water, and sanitary sewer. The City owns the utility services except for natural gas.

Adjacent street improvements include two asphalt paved lanes of traffic, gutters, streetlights, and power lines on 6th Street; two asphalt paved lanes of traffic, curbing, and power lines on Chestnut Avenue; and two asphalt paved lanes of traffic and power lines on Kelly Avenue. Plans call for the complete reconstruction of 6th Street past the property.

On-site improvements will require the construction of interior circulation roads complete with the necessary utility extensions. The City of Osawatomie could create a special district and issue a municipal-back bond issue to fund the necessary on-site infrastructure

Entitlements

The subject property is zoned for residential use. Envisioned is a single-family home subdivision.

Visibility and Exposure

Visibility and exposure are important to the image and marketability of single-family subdivisions.

While the subject property does not offer frontage onto the major arterial of 6th Street, it does benefit from visibility from the road. Therefore, the subject property offers sufficient visibility and exposure to support development of a single-family home subdivision.

Accessibility

Regional, local, and on-site vehicular access is important when assessing a prospective single-family home subdivision site.

The subject property benefits from adequate local and regional vehicular access via 6th Street, Main Street, and U.S. Highway 169. On-site access is provided via the adjacent neighborhood streets of Chestnut Street and Kelly Avenue.

Proximity to Housing Demand Generators

Proximity to such housing demand generators as employment centers, colleges and urban cores is critical when evaluating a potential residential development site. Osawatomie's largest employers include the Osawatomie State Hospital and Osawatomie Unified School District #367. Many Osawatomie residents commute to southern Johnson County and the Kansas City MSA for work.

To conclude, the subject property benefit from proximity to several housing demand generators for for-sale housing.

Availability of Community Services

A prospective for-sale, single-family subdivision development site should afford convenient access to such community services as shopping, dining, entertainment, recreation, and schools. Osawatomie offers shopping, restaurants, public schools, Flint Hills Trail eastern terminus trailhead, Karl E. Cole Sports Complex, John Brown Memorial Park, public library, and places of worship. Southern Johnson County is a convenient drive from Osawatomie, offering a wide selection of shopping and entertainment options.

Conclusions

Based on the outlined site selection criteria the City-owned property located east of 6th Street between Chestnut and Kelly Avenues is suitable for the development of single-family home subdivision, offering the necessary physical attributes; infrastructure; zoning; visibility and exposure; access; and proximity to housing demand generators and services.

Assuming 25 percent to 30 percent of a single-family subdivision's land area is dedicated to street right-of-way and public space, assuming a standard lot size of 9,000 square feet, the subject property could accommodate an average density of approximately 3.4 to 3.6 dwelling units per acre. Therefore, the 9.75-acre parcel could support up to 35 homesites.

RURAL HOUSING INCENTIVE DISTRICT

The Rural Housing Incentive District ("RHID") is a program designed to aid developers in building housing within rural communities by assisting in the financing of public improvements. RHID captures the incremental increase in real property taxes created by a housing development project for up to 25 years. To take advantage of the incentive, a property must be within a redevelopment district. Districts are defined by the City or County and must be based on the Housing Needs Analysis.

The Rural Housing Incentive District Act identifies four findings and determinations which must be included in the housing needs analysis. The housing needs analysis must demonstrate the following:

- That there is a shortage of quality housing within City/County;
- That the shortage of housing expected to persist;
- That the shortage of housing is a substantial deterrent to future economic growth in City/County; and
- That the future economic well-being of the City/County depends on governing body providing additional incentives for the construction or renovation of quality housing in City/ County.

These criteria form the primary basis upon which the Secretary will review the housing needs analysis and consider its approval. Based on the findings of the *Housing Study and Needs Assessment* for the City of Osawatomie the four findings and determinations outlined by the Rural Housing Incentive District Act were addressed.

There is a shortage of quality housing of various price ranges in the city or county despite the best efforts of public and private housing developers.

Osawatomie suffers from a shortage of quality housing at various product types and price points. Osawatomie homebuyers find it very difficult to find quality, affordable housing that doesn't require considerable renovation and upgrades.

Osawatomie's housing stock is old with nearly half of the existing inventory built prior to 1940 and only 6.9 percent built since 1980. Osawatomie's older housing stock is generally in poor condition, small, and lacks the modern amenities sought by homebuyers that are provided in newer housing. In addition, the city's housing stock has declined from 1,947 dwelling units in 2000 to 1,826 dwelling units by 2020. From 2000 through 2019, just two single-family homes were constructed in Osawatomie. During 2020 and 2021, a total of 14 homes were built in Osawatomie.

Osawatomie's for-sale housing stock is heavily skewed toward low-priced housing with very little housing upper-end product. As reported by the *American Community Survey 2020*, 62.5 percent of Osawatomie's owner-occupied housing stock was valued under $100,000 compared to 30.1 percent for the state of Kansas. About 35 percent of Osawatomie's owner-occupied housing stock is valued at $100,000 to $199,999, none valued at $200,000 to $299,999, and just 2.3 percent valued over $300,000. The abundance of lower priced homes is attributed to the age, size, and condition of Osawatomie's housing stock.

The lack of quality housing is a major issue for local employers when recruiting employees from outside of the area. In most cases, new employees end up securing housing outside of Osawatomie as the available housing stock doesn't meet their needs.

From 2015 to 2020, home values in Osawatomie appreciated in value by 8.0 percent which lags the statewide rate of 19.4 percent. By 2020, the median housing value in Osawatomie of $89,000 compared to the statewide rate of $157,600. The well below average median home value and rate of appreciation is directly linked to the characteristics and condition of Osawatomie's housing stock.

According to the *American Community Survey 2020*, for 31.4 percent homeowner households and 46.3 percent of renter households in Osawatomie housing costs amount to 30 percent or more of total household income. These households are experiencing housing cost stress which is defined as paying more than one-third of household income on housing.

Osawatomie's housing stock supports a disproportionately high rate of detached single-family homes and a small inventory of attached, multi-family housing product. Detached single-family homes account for 85.6 percent of Osawatomie's housing stock, compared to the statewide average of 72.7 percent. Multi-family housing account for just 11.2 percent of the total housing stock, compared to 18.4 percent for all of Kansas. Due to the below average inventory of multi-family housing in Osawatomie, detached and attached single-family homes account for nearly two-thirds of all occupied rental housing units. No large-scale, market-rate apartment properties exist in Osawatomie.

Osawatomie residents age, education, and income demographics suggest a more diverse mix of for-sale and rental housing is supportable. The market warrants quality entry-level for-sale housing, move-up housing priced over $200,000, and quality market-rate rental housing. The abundance of low-income households and full occupancy of existing income-based rental properties suggest additional housing inventory is needed.

According to the *American Community Survey*, 23 percent of households in Osawatomie possess incomes under $25,000 and potentially qualifying for some form of housing assistance. The current inventory of income-based rental housing in Osawatomie totals just 64 dwelling units for singles and families and 102 dwelling units for seniors, all of which are occupied. According to leasing agents for the existing income-based apartment properties the demand for affordable rental housing in Osawatomie has been strong for several years.

Despite in recent years the rate of renovations and resales in Osawatomie has increased and eleven new homes have been built or are under construction, the level of new quality housing has fallen far short from correcting the imbalanced housing market for both owner-occupied housing at a wide range of price points that meets the needs of today's homebuyers. New home construction has focused on existing infill lots serviced with utilities. A larger inventory of vacant lots in Osawatomie is required to stimulate increased new home construction, including infill lots and vacant land.

To conclude, Osawatomie suffers from a shortage of quality for-sale and rental housing at various price points. Market constraints such as the limited inventory of available vacant lots and raw land serviced by infrastructure has hampered efforts by the City and homebuilders to provide sufficient new housing inventory to alleviate the housing shortage.

The shortage of quality housing can be expected to persist and that additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county.

From 2000 to 2019, just two new housing units were constructed in Osawatomie. During 2020 and 2021, 14 homes were built. The new homes provide the design and amenities homebuyers seek and have illustrated a market exists for homes priced from $200,000 to $250,000. This modest level of new residential construction is insufficient to foster a balanced housing market in Osawatomie.

Housing built prior to 1940 accounts for nearly half of the city's total housing stock. The low costs of much of the city's older housing stock has prompted an upturn in the investment by "flippers" who buy, renovate, and sell at a profit. While the increased level of activity by flippers has produced more quality, affordable housing in Osawatomie, it is insufficient to foster a balanced housing market.

The principal constraints in facilitating new residential construction in Osawatomie is a modest inventory of vacant infill lots and lack of residential land serviced by the necessary infrastructure. A larger inventory of vacant lots and developable land is required to escalate the rate of new home construction activity in Osawatomie.

To conclude, the shortage of quality housing in Osawatomie is expected to persist as attracting builders has proven difficult given the modest inventory of vacant lots and residential land serviced with infrastructure. Additional economic incentives are necessary in order to extend infrastructure needed to facilitate new lot inventory, encourage builders to construct new housing, and private property owners to invest in home renovations.

The shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county.

Over the past 50 years Osawatomie's population has been stagnant and from 2000 to 2020 experienced an 8.4 percent decline in population, losing 390 residents. The lack of population growth places constraints on the local workforce which adversely impacts new business recruitment and opportunities for existing businesses to grow and expand. The city's existing population of 4,255 residents place constraints on the ability to attract retail businesses need to support area residents.

Continued economic expansion is critical to the economic and fiscal health of a community. To be competitive in attracting businesses a community must offer an excellent quality of life that includes a variety of housing at a wide range of price points, quality schools, low crime, ample recreational entertainment opportunities, and a pro-business environment.

The lack of quality housing is a major issue for local employers when recruiting employees from outside of the area. In most cases, new employees end up securing housing outside of Osawatomie as the available housing stock doesn't meet their needs.

A diverse housing market is a key factor in influencing a community's economic growth and development. Communities with a variety of for-sale and rental housing offer employers a diverse workforce. The shortage of quality for-sale and rental housing is a deterrent to the future economic growth and development of Osawatomie. To be more attractive to prospective businesses, support a diverse mix of residents and skills, and be more competitive with other communities in the arena of economic development, Osawatomie must improve the selection of its housing stock.

While the City of Osawatomie applies all available statutory incentives to attract businesses and job growth, in recent years economic growth and development has been modest. Economic indicators that are reflective of a community's economic growth and development include trends in total assessed valuation, construction, and retail sales tax collections. The City of Osawatomie's total assessed valuation rose from $22,285,924 in 2015 to $23,217,564 by 2018, increasing at an annualized rate of just 1.4 percent. Increased assessed valuation associated with new improvements amounted to $15,789 in 2015, $26,051 in 2016, $89,160 in 2017, and $424,191 in 2018. The City sales tax collections increased from $261,754 in 2014 to $355,682 in 2021. New home construction in Osawatomie totaled 14 homes in 2020 and 2021. These economic indicators suggest that in recent years the City of Osawatomie has experienced modest economic expansion.

The City of Osawatomie's inability to meet prospective companies site requirements hampers the ability to attract employers. Lost economic development opportunities are a symptom of the City's inability to effectively compete with other communities as it pertains to infrastructure, workforce, and housing.

To conclude, the shortage of quality for-sale and rental housing at various price points places the City of Osawatomie at a considerable disadvantage in competing for and fostering future economic growth and development. The shortage of quality housing hampers population growth and the ability to offer prospective businesses a diverse workforce and a growing economy.

> **The future economic well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county.**

To properly stimulate Osawatomie's new housing market the greatest hurdle to overcome is providing a larger inventory of vacant lots to entice builders to construct new housing as well as extending infrastructure to residentially zoned land to ensure a continued long-term pipeline of building sites. The principal constraint in providing additional lot and land inventory is the City's ability to fund the necessary improvements.

To facilitate future residential construction, new roads need to be constructed and utility lines extended. The City of Osawatomie owns a 9.75-acre parcel of land serviced with off-site infrastructure that is being considered for future development of a single-family subdivision. With a current total assessed valuation of $23.2 million the City's bonding capacity is limited and may not be sufficient to fund the required street and infrastructure improvements to the property. Alternative funding sources may likely be required to facilitate development of a single-family home subdivision at the property.

To conclude, City of Osawatomie applies all available statutory incentives to attract businesses and job growth, but lack incentives needed to invest in infrastructure required to stimulate new home construction and population growth. Additional incentives are needed by the City to spur the construction of new housing. Without a substantial investment in infrastructure and the resulting increase in available residential lots and serviced tracts of land designated for future residential use the Osawatomie housing market will continue to suffer from modest new home construction activity and unmet housing market needs. Osawatomie's continued housing imbalance will place significant constraints on the ability to attract employers and foster continued population and economic growth.

Based on the findings of the *Housing Study and Needs Assessment* it has been determined that the City of Osawatomie qualifies as a Rural Housing Incentive District. Osawatomie suffers from a severe shortage of quality for-sale and rental housing at various price points with economic incentives necessary to encourage builders to construct new housing. The economic incentives could be used to fund the construction of additional residential lots and the extension of infrastructure to land designated for future residential use.

ADDENDA

EXHIBIT A

Canyon Research Southwest, Inc., Client Roster

CLIENT ROSTER

During its period of operation, Canyon Research Southwest, Inc. has provided real estate consulting services for a number of leading organizations including:

Appraisal Technology, Inc.
Arizona State Land Department
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Belz-Burrow (Jonesboro, Arkansas)
Bridgeview Bank Group
Browning-Ferris Industries
Cameron Group (Syracuse, New York)
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
Circle G Development
City of Andover, Kansas
City of Augusta, Kansas
City of Belton, Missouri
City of St. Charles, Missouri
City of Coffeyville, Kansas
City of Dodge City, Kansas
City of Duncan, Oklahoma
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Independence, Missouri
City of Kewanee, Illinois
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Osawatomie, Kansas
City of Loveland, Colorado
City of Newton, Kansas
City of Oak Grove, Missouri
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of Salina, Kansas
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
DMB Associates
EDAW, Inc. (Denver, Colorado)
Frontera Development, Inc.
Gilded Age (St. Louis, Missouri)

W.M. Grace Development (Phoenix, Arizona)
Greystone Group (Newport Beach, California)
Heritage Bank (Louisville, Colorado)
Highwoods Properties (Kansas City, MO)
Holiday Hospitality Corporation (Atlanta, Georgia)
DR Horton Homes (Phoenix, Arizona)
Kaiser Permanente (Oakland, California)
Landmark Organization (Austin, Texas)
Lawrence Group (St. Louis, MO)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Platte County Economic Development Council
Pulte Home Corporation
Pyramid Development (St. Louis, Missouri)
Ralph J. Brekan & Company
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Weststone Properties
Widewaters (Syracuse, NY)
Yavapai-Apache Nation (Camp Verde, Arizona)

EXHIBIT B

Resume of Eric S. Lander, Principal
Canyon Research Southwest, Inc.

ERIC S. LANDER

EDUCATION

In May, 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration. He attended Arizona State University from September 1977 to May 1981, and received honors status for his superior cumulative grade point average. During this time, he was an active member of the Marketing Club and National AMA as well as a participant in several research projects involving both local and national firms. In May 1992, Mr. Lander received a Master's in Real Estate Development and Investment from New York University, graduating with honors.

BUSINESS EXPERIENCE

Canyon Research Southwest, Inc.
President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed in excess of 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

Mountain West Research
Associate (December 1988 to January 1990)
Senior Consultant (October 1983 to October 1984)

Mr. Lander managed the company's Commercial Real Estate Services Division. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

Iliff, Thorn & Company
Marketing Assistant (January 1982 to December 1983)

Joined Iliff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

RANGE OF EXPERIENCE

For two years Mr. Lander was an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Mr. Lander is Vice Chairman of the City of Buffalo Preservation Board and a board member for the Campaign for Greater Buffalo History, Architecture & Culture.

For public financing offerings has prepared revenue forecasts for a large number of mixed-use developments throughout the United States.

Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on large-scale, master planned communities throughout the United States. The working paper was also evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their Master's program in Real Estate, City and Regional Planning, and Business.

Mr. Lander has provided consulting services on downtown redevelopment projects and historic preservation efforts. Examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plans for the 24 Highway Corridor in Independence, Missouri and Porter Avenue Corridor in Norman, Oklahoma.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funded is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several major tourism-related developments in Kansas. Projects in the Kansas City area include the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, Rosedale Station Shopping Center, Prairiefire at LionsGate and The Gateway. Elsewhere in Kansas studies have been prepared for RiverWalk in Wichita and downtown Manhattan, Kansas. The *Market Study* evaluates the market positioning, market demand, short-term development potential and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.