

Approved: Jan 18 1995
Date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 17, 1995 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Burke, Downey, Feleciano, Gooch, Harris, Hensley, Kerr, Ranson, Reynolds, Steffes and Vidricksen.

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Committee Secretary

Conferees appearing before the committee: . Dennis M. Shockley, Undersecretary for Housing

Others attending: See attached list

Lynne Holt, Legislative Research Department submitted a Memorandum to the Committee regarding the Proposed Federal Housing Policy and Blue Highways Committee on Urban Revitalization. see attachment 1.

Senators Gooch and Vidricksen, both members of the Blue Highways Committee on Urban Revitalization, stated that it was the Committee's finding that there is a correlation between affordable housing and juvenile crime. The Report is in draft form and has not been approved, however, it does contain recommendations for legislation.

Dennis M. Shockley, Undersecretary for Housing, submitted a copy of the Department of Commerce & Housing 1995 Annual Housing Report to the Legislature. see attachment 2

Mr. Shockley testified in response to questions submitted to him by Lynne Holt. see attachment 3
Mr. Shockley advised that the Federal Department of HUD is in the process of undergoing major changes, both substantively and administratively. The simplification of programs has commenced, (consolidation of 60). He stated that economic development and housing are directly linked. Due to the need for information and assistance from rural communities, the Housing Department has adjusted its staff to accommodate the need to serve as a general clearinghouse and resource. It has one person who spends 80 to 90% of time assisting these communities in setting up workshops to identify local problems and possible solutions. see attachment 4.

The Chair requested of the Undersecretary data that may have been compiled from the work in rural communities on housing problems and barriers to solutions in these areas of the state.

Upon motion by Senator Gooch, seconded by Senator Burke, the Minutes of the January 12, 1995 meeting and the Minutes of the January 13, 1995 meeting were unanimously approved.

The Committee adjourned at 9:00 a.m.

The next meeting is scheduled for Wednesday, January 18, 1995.

MEMORANDUM

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January 16, 1995

To: Senate Commerce Committee

From: Lynne Holt, Principal Analyst

Re: Proposed Federal Housing Policy and Blue Highways Committee on
Urban Revitalization

Proposed Federal Housing Policy

Much of the current discussion on housing policy at the federal level is akin to discussions regarding SBA finance assistance, job training, and welfare reform. The underlying theme of all these deliberations is the need to increase flexibility to states in designing their own programs and the need to reduce program duplication.

The most recently issued document reflecting federal government intent in transforming housing policy is HUD's *Reinvention Blueprint* (December 19, 1994). Congress has yet to release alternative proposals. HUD's *Blueprint* would consolidate that agency's 60 programs into three flexible, performance-based funds:

1. housing certificates for families and individuals to provide rental and homeownership assistance;
2. affordable housing to support development; and
3. community assistance to stimulate community economic revitalization.

Attachment I is an article from the *New York Times* (January 8, 1995), which indicates HUD's proposal to reduce over a five-year period HUD's workforce from 11,900 to 7,500 and its budget by \$800 million. The proposed consolidation would operate as follows. HUD identified certain conditions with which states and localities would have to comply - adherence to income targeting rules, compliance with federal fair housing laws, attention to vulnerable populations, emphasis in program designs on transitions to economic independence and homeownership, participation by community-based organizations, and development of local and state plans as a precondition for funding disbursements. All funding recipients would be subject to performance-based evaluations.

With respect to certificates for families and individuals, current public housing, assisted housing, and Section 8 rental assistance programs would be consolidated into one fund that provides housing certificates to families and individuals. Housing certificates would tie subsidies to people rather than to units, and people in public housing and assisted housing would be allowed to move to housing of their own choice. The responsibility for administering housing certificates would shift from the federal government to local and

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Attachment 1

state governments. For their part, state and local governments could select administering agencies for their rental properties. Public housing agencies might continue to administer such programs, but only if they are selected to do so. States and localities could also design their own rental assistance programs.

With respect to affordable housing, existing programs for housing production and rehabilitation -- HOME, housing for the elderly and persons with disabilities, housing counseling, and the National Homeownership Fund -- will be consolidated into one program. Formula funds would be provided to local and state governments with an allocation of 60 percent for localities and 40 percent for states (same as the HOME program). Federal grants could be used for housing acquisition, rehabilitation and construction of affordable housing, particularly for special populations, and for efforts to encourage moderate-income families to purchase homes in distressed communities. Set-aside funds for community housing development organizations would continue.

With respect to community revitalization, the Community Development Block Grant program, Youthbuild, and the Economic Development programs would be consolidated using a 70 percent allocation for localities and 30 percent for states. Program funds would be used for: assistance to community-based organizations for neighborhood revitalization; business loans to entrepreneurs to build supermarkets or commercial centers in distressed communities; and assistance to residents in distressed communities to link them with job opportunities elsewhere in the metropolitan area; and environmental cleanup of certain sites to prepare for economic or housing development. A loan guarantee mechanism would be available to localities and states as a means of providing assistance.

The *Reinvention Blueprint* proposes to transform the HUD's Federal Housing Administration (FHA) into a government-owned corporation which functions as a private financial institution. The *Blueprint* proposes to: consolidate FHA's existing insurance programs, restructure HUD's debt on the basis of a property's true market value, and modify FHA's obligations in the event that properties are not properly managed or cease to be cost effective.

The implications of this proposal are subject to debate and will undoubtedly be addressed by other conferees who are scheduled to make presentations this week. Attachment II is an article from *The Wall Street Journal* (December 21, 1994), which is critical of the voucher approach. In that article, the argument is made that HUD should reduce rental subsidies and provide greater assistance to the private market to build new low-cost housing that is affordable for poor working families. Attachment III, which is excerpted from *CQ Researcher* (September 10, 1993) presents two opposing responses to the question: is public housing the most effective way to address the country's low-income housing needs? Other conferees were asked to explain the implications of proposed HUD changes for public housing on Thursday and Friday.

Observations Made to Blue Highway Committee on Urban Revitalization

From December 19-22, 1994, the Blue Highway Committee on Urban Revitalization heard presentations from various city and county officials and representatives from local chambers of commerce and other neighborhood organizations in the following cities: Garden City, Dodge City, Hutchinson, Wichita, Topeka, Leavenworth, and Kansas City, Kansas. The Committee was comprised of six members, including Senator Gooch and Senator Vidricksen. The Committee has reviewed a draft report of its experience and recommendations but it is awaiting final approval and therefore cannot be distributed.

The availability and affordability of decent housing was one of the major concerns raised by conferees in all the cities on this trip. In Garden City and Dodge City, the most critical problem appeared to be a shortage of single family affordable housing. Job growth in both cities exceeded affordable existing

housing. In Garden City, an estimated 1,500 housing units will be needed in the next five years (representing an increase of 30 percent). The Committee was informed that in Dodge City, there has been sufficient housing stock in only four of the past 39 years. Job creation accounted for 1,120 new jobs in 1993 and 547 in 1994. The observations of conferees in both these cities were echoed in a presentation to the House Economic Development Committee on January 11, 1995. A spokesperson for the Superior Farms Southwest Kansas Swine Development Project informed Committee members that a lack of available housing for all workers is a barrier to swine development in southwest Kansas.

A related problem to shortage in housing is the lack of skilled contractors in the southwest part of the state. A conferee in Garden City explained that the community college and local Tech Prep program are attempting to "grow their own" contractors. The Blue Highway Committee learned that a problem Garden City experiences is that contractors are generally more interested in new construction than in housing rehabilitation because profit margins are greater for the former than for the latter. Associated with the profit margin is the proper incentive (or lack thereof) for builders to construct single family housing that is affordable. As one conferee in Hutchinson noted, the word "affordable" is key because many projected jobs in that city are not high paying; however, single family home ownership is important for long-term neighborhood stability.

One problem that all cities seemed to experience was the existence of vacant dilapidated buildings in downtown areas and the need for rehabilitation. The City of Leavenworth has made great strides in addressing this problem and the City of Kansas City, Kansas has come up with a proposal to create a land bank, to which would be deeded all tax delinquent property foreclosed by the county and not sold in a tax sale. In all cities, the connection between inadequate and neglected housing, crime and gang activity, lack of retail services and an economic base, poverty, and isolation from public services was articulated. The large cities seemed to have more integrated plans to assist in resolving many of the problems associated with blighted neighborhoods but conferees in all these cities appeared to recognize the inextricable nature of all these factors.

As we listen to presentations from conferees, we should keep in mind the implications of adequate and affordable housing for job creation and retention, reduced criminal activity, and neighborhood commitment and pride — all of which are necessary ingredients for economic vitality.

New York Times Jan. 8, 95

Housing Dept. Plans a Big Cut in Its Work Force

WASHINGTON, Jan. 7 (AP) — The Department of Housing and Urban Development, a target of the effort to reduce the size of government, plans to cut more than a third of its work force during the next five years to avoid being eliminated altogether, Housing Secretary Henry G. Cisneros says.

Trimmed by 1,500 positions last year, the department will now be cut by almost 4,500 more — to about 7,500 from its current level of 11,900 — to achieve a five-year reduction of \$800 million in its budget of \$30 billion a year.

In announcing the new cuts on Friday, Mr. Cisneros said the department would also reduce the number of its field offices to 60, from the current 81. He said that many jobs would be eliminated through early retirement and attrition but that layoffs would eventually be needed.

"This is a delicate matter," the Secretary said. "We hope to do this

Reductions now to avoid elimination later.

with a minimum of discomfiture for employees."

Mr. Cisneros said enforcement of fair-housing laws and assistance for the elderly and the disabled must be maintained. "We have to walk a very fine line," he said.

Searching for savings in Federal spending, President Clinton had considered eliminating a Cabinet agency, possibly the housing department, but chose instead to make drastic cuts to four agencies. Under the President's plan, 60 programs of the housing department are to be consolidated into a set of three block grants to cities and states: for rent assistance, community development

and affordable housing.

But some members of Congress would still like to eliminate the department or another agency, "for the symbolic purpose of having something to show," Mr. Cisneros said.

"This agency needs to change," he said, "but it also needs to exist. If we're going to put more trust in local communities to do the job, we also need to provide a place where they can plug in to the Federal Government."

Mr. Cisneros distributed to all members of Congress this week copies of the Administration's plans for cutbacks at the department. But Representative Rick A. Lazio, a New York Republican who is chairman of a House subcommittee that oversees the department, said the plans would save less than half of 1 percent of its budget. He suggested rolling back some housing regulations and eliminating or consolidating 140 other programs to save more money.

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THE WALL STREET JOURNAL WE

Voucher Plan For Housing: A Trojan Horse

By HOWARD HUSOCK

Conservatives can be expected to be overjoyed that the Clinton administration has proposed converting all housing subsidies, even those that currently go to public housing tenants, into portable vouchers. On the surface, at least, the proposal would seem to have many of the strengths which conservatives see in applying vouchers to other areas of social policy. As with education, dinosaur public bureaucracies—in this case, public housing authorities—would be forced to compete with private suppliers for customers, in this case poor tenants. In theory, tenants would have a choice, and housing authorities would have to shape up.

A closer examination, however, finds that the Bill Clinton/Henry Cisneros voucher plan is a Trojan horse—an attractive package masking dangerous long-term consequences. For federal housing policy is not simply about the best way to procure shelter for the poor at inexpensive prices. It is intimately connected with federal social policy. As many families receive housing subsidies as receive Aid to Families With Dependent Children; many, in fact, are the same families. At a time when welfare is on the verge of being reformed to emphasis work and its rewards, the voucher plan moves housing policy in the opposite direction.

This is especially true because the administration wants to leave the overall budget of the Department of Housing and Urban Development—which runs old-style housing programs—virtually unchanged; only \$800 million will be cut out of the \$27 billion total. The voucher plan appears to be a crisis-driven scheme to put vastly more money in the ill-conceived Moving to Opportunity program, designed to move poor tenants from the inner cities to subsidized apartments in the suburbs. This is a policy that will undermine the working poor and lead to controversy and resentment.

* * *
What's wrong with vouchers? To answer that question, one must start by looking at the social structure of American residential neighborhoods. They are not simply places where people happen to live. They comprise an incentive and reward system tied to our larger economic system. Neighborhoods are segmented along economic lines; families work to climb what can be thought of as a housing ladder and are rewarded for their effort. Vouchers stand this system on its head.

They reward an arbitrarily chosen group of poor tenants—current housing aid covers only 29% of those eligible—not for their effort but for their lack of income. This is a kick in the teeth for those families among the working poor who are struggling to escape neighborhoods plagued by underclass elements and to move up the housing ladder to working-class city and lower-middle-class suburban neighborhoods.

Voucher holders may get a helping hand from their subsidy; it's just as likely, though, that private landlords will be given an incentive to fill buildings with subsidized tenants who will bring problems of crime and drugs to neighborhoods previously untouched by them. A problem of just that type struck a previously stable blue-collar street in Boston's Dorchester section two years ago and prompted the city to set up a special committee to examine "subsidized housing/absentee landlord issues." Moreover, because voucher payments stay high, even when market rent levels may be falling, property owners have an incentive to bring voucher tenants to previously unsubsidized neighborhoods.

The secret to understanding the administration's true motivation lies in the understated proposal by HUD Secretary Cisneros to provide suburban communities with financial incentives to accept subsidized tenants. The previously established vehicle for trying to disperse the urban poor, the Cisneros Moving to Opportunity program, has projected funding of only \$50 million for five years. "Voucherizing" all of HUD provides a vehicle for vastly expanding the vision of moving the subsidized poor to the suburbs.

* * *
Does opposition to such plans mean that one simply wants the urban poor to stay on "reservations," as Mr. Cisneros has, not inaccurately, characterized public housing projects? Not at all. Instead of trying to disperse the problems of urban poverty, a reformed HUD should reduce rental subsidies and do what it can to help the private market build new low-cost housing, which poor working families can afford to buy. In such a system, public housing can play a role as a starting point for families looking to save money before moving into the private market, either as renters or owners. Public housing could be a way-station—perhaps limited to tenancies of two years, just as welfare may be limited to the same period.

To where might public housing tenants "graduate"? Programs like the Nehemiah Plan homes in the South Bronx and East Brooklyn—very modest row houses for families earning as little as \$20,000—have provided first homes for thousands of former public housing tenants. The Clinton administration could assist such builders by renewing the push to reform the federal Comprehensive Environmental Response, Compensation and Liability Act, which poses serious obstacles for housing developers trying to build on abandoned inner city tracts.

In short, housing subsidies, even as vouchers, are bad social policy. Housing construction, with the goal of home ownership (or at least tenancy in an owner-occupied structure), is good social policy. It brings the American dream to poor families, rather than envisioning an endless stream of transfer payments. There is no doubt that public housing is deeply troubled. But in our zeal to rebuke it, let's not create new problems that will be just as severe.

Mr. Husock is director of case studies in public policy at Harvard's Kennedy School of Government.

ATTACHMENT III

Is public housing the most effective way to address the country's low-income housing needs?

MARYANN BUSS

Executive Director, U.S. Dept. of Housing and Urban Development

i yes
If we still accept the 1949 Housing Act goal of a decent, safe and sanitary home for every American family, the public housing program is the most effective way to address the country's low-income housing needs. The public housing being built today is attractive, affordable and successful.

Public housing is not popular, as the saying goes, with anyone except those who live in it and those who are trying to get in. Yet despite its negative public image, the program has a vital role in the lives of poor Americans. Public housing has, throughout its history, embraced the diversity of the nation's poor, serving minorities, large families, the homeless, people with a wide range of disabilities, families receiving public assistance and many other groups who are considered undesirable tenants, even by other landlords receiving federal housing subsidies.

HUD officials, agency administrators and residents now face the difficult task of redesigning, redeveloping and revitalizing the worst public housing neighborhoods. Some developments cannot be salvaged — multi-family high-rises, for example, must be demolished and replaced with apartments that are designed to blend into the neighborhoods in which they are located.

Low-income housing can be subsidized through a combination of direct grants, interest subsidies, tax credits and other tax incentives, inclusionary zoning and density bonuses. Public housing, the oldest and simplest of the federal approaches to housing the poor, is also the best buy for the American taxpayer.

In spite of its negative image, the public housing program was not the source of HUD's scandals, does not have thousands of HUD-held units and has not been subject to major HUD foreclosures. Those of us old enough to remember the "Great Society's" housing programs recall the 236 and 221 interest subsidy programs. We saw serious, well-meaning nonprofit organizations developing many different types of housing. We also saw the management failures, physical deterioration and the units reverting to HUD's inventory.

Goodwill is not enough. Low-income housing requires professional management and administration. No one knows better than housing authorities how to serve the full range of poor families at the lowest cost to the taxpayer.

JAMES W. ROY

Founder of Enterprise Foundation

p no
Public housing plays a vital role in the housing assistance delivery system by providing deeply subsidized housing for the very poor. It is not, however, the sole solution to America's low-income housing needs.

Housing assistance is fundamental to addressing the problems in America's low-income communities. As the 1988 National Housing Task Force report, *A Decent Place to Live*, noted, "A decent place for a family to live becomes a platform for dignity and self-respect and base for hope and improvement. A decent home allows people to take advantage of opportunities in education, health and employment — the means to get ahead in our society. A decent home is the important beginning point for growth into the mainstream of American life."

For the most part, public housing provides decent, cost-effective shelter for more than 1.4 million families. Unfortunately, public housing is also the source of some of the nation's most visible low-income housing failures and some of the most racially segregated housing in this country.

The National Commission on Severely Distressed Public Housing estimates that 6 percent of the public housing stock, or 86,000 units, are in serious trouble. The properties are poorly managed and maintained; residents beset by fear and violence. These problems stem in part from inept micromanagement of the public housing program by the federal government which saps local initiative, as well as unresponsive local authorities.

It is clear from past federal housing efforts that there is no single national solution to widely diverse local housing needs. In addition, the extent of housing needs relative to federal resources available requires that federal money be used to leverage funds from other sources. Federal rules to a large extent prevent public housing authorities from being flexible and taking advantage of local opportunities.

Community-based nonprofits can tailor solutions to meet unique local needs and to effectively use different funding sources, such as the Low Income Housing Tax Credit, the HOME program, state programs and private-sector resources. The Enterprise Foundation and thousands of local efforts across the country are demonstrating that solutions do exist.

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KANSAS

Bill Graves
Governor

DEPARTMENT OF COMMERCE & HOUSING
DIVISION OF HOUSING

Gary Sherrer
Secretary

MEMORANDUM

TO: Governor Bill Graves
President Bud Burke
Speaker Tim Shallenburger
Members Senate Commerce Committee
Members House Economic Development Committee

THROUGH: Secretary Gary Sherrer *[Signature]*

FROM: Undersecretary for Housing Dennis M. Shockley *[Signature]*

DATE: January 17, 1995

SUBJECT: 1995 Annual Housing Report to Legislature

Pursuant to KSA 74-5082 (5) (c) please find the 1995 Annual Report to the Legislature on Housing programs in the Department of Commerce & Housing.

If you have any questions regarding this document, please contact me or my staff.

cc: Gary Sherrer
Carole Morgan
Cal Lantis
Marty Miller

January 17, 1995

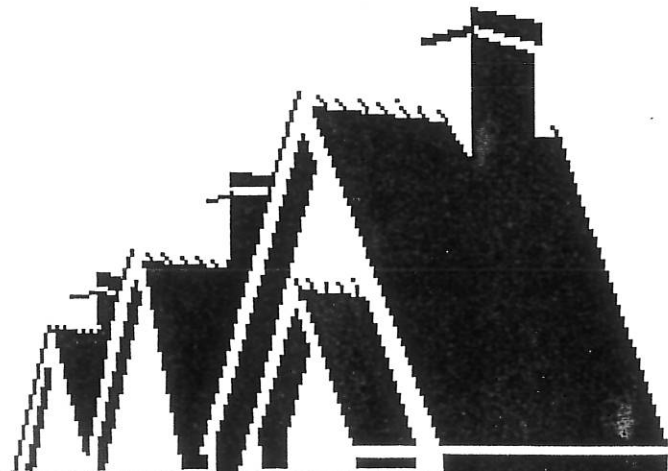
Commerce

Attachment 2: 1995

KANSAS

**1995 ANNUAL HOUSING
REPORT TO THE
LEGISLATURE**

State of Kansas
Department of Commerce & Housing



(913) 296-2686 • Hotline (800) 752-4422 • Fax (913) 296-8985 • V/TTY(913) 296-3487

Gary Sherrer, Secretary

Bill Graves, Governor

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**Annual Performance Report
Kansas Comprehensive Housing Affordability Strategy
Federal Fiscal Year 1994**

Section 105 of the National Affordable Housing Act of 1990 requires states to develop a Comprehensive Housing Affordability Strategy (CHAS). The State of Kansas submitted its third CHAS to the U.S. Department of Housing and Urban Development (HUD) on December 30, 1993. HUD approved the Kansas CHAS on February 2, 1994. Section 108 of the National Affordable Housing Act requires submission to HUD of an Annual Performance Report on the CHAS. This is the third CHAS Annual Performance Report by the State of Kansas. The report covers the federal fiscal year (FFY) of 1994 (October 1, 1993 - September 30, 1994).

The focus of this Annual Performance Report is the State's progress on the One-Year Plan contained in the Kansas CHAS for FFY 1994. As mandated by HUD, the report is divided into two parts: Part I - Annual Performance, and Part II - Assessment of Annual Performance. Part I includes resources available to the State, State investment of resources, households assisted by the State, and other State actions. Part II includes the effectiveness of State performance and future State actions. There is an Appendix including related Tables of information and description of public participation regarding the report. The report is limited to housing programs using federal funds and actions actually completed during the reporting period.

PART I - ANNUAL PERFORMANCE

The Kansas Department of Commerce & Housing (KDOC&H) manages 12 federal housing programs. Below is the list of housing programs managed by KDOC&H:

<u>Housing Program</u>	<u>Common Reference</u>
1. HOME Investment Partnerships	HOME
2. Community Development Block Grant	CDBG
3. Mortgage Revenue Bond/ Mortgage Credit Certificate	MRB/MCC
4. Department of Energy/Other Energy Related Programs	DOE/Other
5. Low Income Housing Tax Credit	LIHTC
6. Section 8 New Construction	Sec. 8 NC
7. Rental Rehabilitation	RR
8. Emergency Shelter Grant	ESG
9. Permanent Housing for the Handicapped Homeless	PHHH
10. Emergency Community Services for the Homeless	ECSH
11. Section 8 Existing Housing Certificates and Housing Vouchers	Sec. 8 EC/HV
12. Community Services Block Grant	CSBG

Resources Available to the State

In 1994, KDOC&H had actual new receipts and spending authorizations of \$121,298,676 in housing resources. (See Table 1 in the Appendix.) The sources of funds for these receipts included the 12 federal programs listed above. The estimated amount of KDOC&H's planned receipts from these sources was \$120,209,438. The difference between planned and actual receipts was \$1,089,238. The HOME, DOE, ESG, and CSBG programs provided receipts above those expected. The CDBG, PHHH, and ECSH programs provided receipts below those expected. One program received no new funds. The RR program was being phased out.

Among KDOC&H's programs, some housing activities were state administered and some were locally administered. (See Table 2 in the Appendix.) Four (4) programs have state administered housing activities, with LIHTC being the most notable state administered program. Nine (9) programs have housing activities locally administered by general local government, public authorities, or nonprofit organizations. The MRB/MCC, HOME, DOE, and CSBG programs are prominent among the locally administered programs. The apparent discrepancy in total number of administered programs, 13 instead of 12, is due to KDOC&H's HOME program having both state administered and locally administered housing activities.

In 1994, the subtotal of funds available for state administered programs was \$8,382,837. The subtotal of funds available for locally administered programs was \$116,250,223. KDOC&H awarded funds for locally administered housing activities on a competitive basis under its HOME, CDBG, and ESG programs. KDOC&H used formula allocations for locally administered activities supported by its other housing programs.

Other state agencies had housing related programs, especially supportive services. In 1994, the Kansas State Board of Education had actual receipts of \$174,687 for the Education of Homeless Children and Youth and \$288,750 for the Education of Homeless Adults. Although the State Board actively structured these programs, the educational services were locally administered. In 1994, the Kansas Department of Social and Rehabilitation Services (SRS) had actual receipts of \$13,226,030 for services to very low income families, homeless and special needs individuals. The Income Maintenance Division received \$10,249,472 for the Low Income Energy Assistance program (LIEAP) for payment of utilities. The Mental Health and Retardation Services Division received \$300,000 for Projects to Assist the Transition from Homelessness (PATH) and \$1,948,558 for Access to Community Care and Effective Services and Supports (ACCESS). The Youth and Adult Services Division received \$728,000 for Crime Victim Assistance and Emergency Shelter for victims of domestic violence. LIEAP and Victim Assistance were state administered. PATH and ACCESS were locally administered.

State Investment of Resources

KDOC&H's total amount of funds for housing related investment in FFY 1994 was \$124,633,060. (See Table 2 in the Appendix.) This amount included carryover funds from FFY 1992 and 1993. The amount of funds committed for all KDOC&H projects was \$121,811,728. The amount of funds expended for all KDOC&H projects was \$118,408,624. The total amount of funds for state administered projects was \$8,382,837, all of which was committed to specific projects and expended. The total amount of funds for locally administered projects was \$116,250,223, of which \$113,428,891 was committed to specific projects, and \$110,025,787 was expended. KDOC&H committed the total amount of funds available for

its LIHTC, SEC. 8 NC, PHHH, CDBG, MRB/MCC, DOE, ESG, ECSH, Sec 8 EC/HV, and CSBG housing programs. Thus, actual investment and planned investment were the same for these programs.

In 1994, KDOC&H authorized HUD to transfer \$50,000 of the State's HOME funds to Johnson County (outside Overland Park) and \$121,000 to the City of Lawrence. This action by the State enabled Johnson County and the City of Lawrence to qualify as entitlement area participating jurisdictions in the federal HOME program.

KDOC&H invested its housing resources in priorities of the CHAS One-Year Plan for 1994. The promotion of affordable housing for very low, low, and moderate income families included homeowner and rental rehabilitation, new construction of rental units, rental assistance, and homebuyers assistance. The promotion of supportive housing for homeless individuals and families and persons with special needs included a range of support facilities and services, i.e. emergency shelters, supportive services, and permanent housing. KDOC&H directed its housing programs toward these priorities as follows:

<u>Housing Priorities in One-Year Plan</u>	<u>State's Housing Programs</u>
Affordable Housing	
Rehabilitation (homeowner)	HOME, CDBG, DOE/Other
Rehabilitation (rental)	HOME, CDBG, DOE/Other, LIHTC, RR
New Construction (rental)	LIHTC
Rental Assistance	HOME, Sec. 8 NC, CSBG
Homebuyers Assistance	HOME, CDBG, MRB/MCC
Supportive Housing	
Emergency Shelters	ESG
Supportive Services	ECSH
Permanent Housing	PHHH, Sec. 8 EC/HV

KDOC&H's geographic distribution of housing resources in 1994 was extensive and varied. The geographic distribution of some KDOC&H housing programs was easy to characterize. Most HOME applicants were cities, counties, and regional organizations in the Eastern half of the State. CSBG subgrantees represented 32 counties in the East and South Central parts of the State and 10 counties in the West end of the State. MRB/MCC activities occurred mainly in Sedgwick, Shawnee, and Wyandotte counties. The geographic distribution of other KDOC&H housing programs was more difficult to characterize, although housing resources seem to have been concentrated in the more populous Eastern part of the State.

KDOC&H used its LIHTC program in 1994 to stimulate the development of housing for very low income families. For example, selection criteria gave preference to projects setting aside 20% of units for tenants with less than 30% of area median income. Although LIHTC projects were not coordinated with public housing, the projects were approved by local governments.

KDOC&H leveraged \$5,486,126 in non-federal funds in FFY 1994. The HOME program leveraged \$4,858,176, including \$3,880,976 in first mortgage loans and \$977,200 from the State General Fund. KDOC&H's ESG program secured a \$1 for \$1 match of \$627,950, primarily from staff salaries and the value of volunteer labor. There was no gap in KDOC&H's pattern of actual and planned leveraging and matching of federal funds.

Other state agencies invested housing related resources across the State in 1994. The Kansas State Board of Education assisted six public school districts in its Education for Homeless Children and Youth program, awarding grants of \$20,000 each. Under its Education of Homeless Adults program, the Board assisted one university, three community colleges, and three public school districts, offering seven grants ranging from \$19,644 to \$70,666. The Income Maintenance Division of SRS provided LIEAP utility assistance to very low income families throughout the state. The Youth and Adult Services Division of SRS provided emergency shelter to victims of crime and domestic violence. The Mental Health and Retardation Services Division of SRS supported three community mental health centers under Projects to Assist the Transition from Homelessness (PATH), also, two of the three under ACCESS. Shawnee Community Mental Health Center received \$800,981. Sedgwick County Department of Mental Health received \$1,042,006. Wyandot Mental Health Center received \$94,713.

Households Assisted by the State

In FFY 1994, KDOC&H's total goal for families to be assisted with housing was 8,016, including 3,216 renters, 2,425 homeowners, 2,113 homeless persons, and 262 non-homeless persons with special needs. In 1994, KDOC&H's housing programs actually assisted 15,464 households, including 6,426 renters and 2,596 homeowners. (See Table 3 in the Appendix.) In 1994, KDOC&H assisted 5,837 homeless persons and 605 non-homeless persons with special needs. The number of renters served exceeded the 1994 goal by 3,210 households. This major difference was probably due to two factors: 1993 flood relief activities and full implementation of the HOME program. The number of homeowners served exceeded the 1994 goal by 171 households. The number of homeless persons served exceeded the 1994 goal by 3,724 households. The number of non-homeless persons with special needs served exceeded the 1994 goal by 343 households.

By CHAS definition, a household is one or more persons occupying a housing unit. An assisted household is a renter occupying newly acquired, rehabilitated, or constructed housing and/or receiving rental assistance during the reporting period. Similarly, an assisted homeowner is one occupying newly rehabilitated or purchased housing. An assisted homeless person is one taking occupancy of transitional or permanent housing. An assisted non-homeless person with special needs must meet the definitional test of a renter, but with the addition of having supportive services linked to housing assistance.

Supply-side housing assistance includes the housing activities of acquisition, rehabilitation, and new construction. In FFY 1994, KDOC&H's housing programs included no acquisition activity. KDOC&H's DOE/Other housing program, the Weatherization Assistance Program, was devoted entirely to

rehabilitation activities, assisting 1,121 homeowners and 1,806 renters. Generally, weatherization activities were performed on units meeting Section 8 Housing Quality Standards. KDOC&H's LIHTC program supported the rehabilitation of 510 rental units. The LIHTC program supported the new construction of 1,289 rental units.

Demand-side housing assistance includes the housing activities of rental assistance and homebuyers assistance. In FFY 1994, KDOC&H provided rental assistance to 2,749 renters, with the HOME program assisting 340 households, the Sec. 8 NC program serving 291 households and the CSBG program helping 2,118 households. KDOC&H provided rental assistance to 655 homeless individuals and families, with the HOME program assisting 74 households, the Sec. 8 EC/HV program (Operation Homeless) serving 169 households and the ECSH program helping 412 households. The MRB/MCC program provided homebuyers assistance to 943 households. In addition, the HOME program provided homebuyers assistance to 121 households, and the CDBG program, 68 households.

Housing assistance to homeless persons and persons with special needs may be supply-side, demand-side, or both. The PHHH program provided permanent housing to six homeless persons and six persons with special needs. The ESG program assisted shelters across the State. It is assumed that a major share of the 5,095 homeless households served by the ESG program obtained permanent housing. The ESG program also served 205 non-homeless persons with special needs. KDOC&H's housing programs included the start-up of the Sunflower Supportive Services Program (SSSP) in 1994. Supportive services will be developed for 225 senior residents at four sites.

KDOC&H assisted 15,464 households in FFY 1994, including 8,680 very low income (0 to 30% of median family income - MFI), 3,913 very low income (31 to 50% of MFI), and 2,871 other low income (51 to 80% of MFI). (See HUD Table 1: CHAS Annual Performance Report in the Appendix.) Almost all of these households met Section 215 limits of affordable housing. Assisted renter households were concentrated in the very low income category of 0 to 30% of MFI. Owner households were concentrated in the very low income category of 31 to 50% of MFI, with the exception of first-time homebuyers, who were concentrated in the low income category of 51 to 80% of MFI. Assisted homeless persons and non-homeless persons with special needs were concentrated in the very low income category of 0 to 30% of MFI. Racial/ethnic composition was reported for 71% of the households assisted. The composition of assisted households was 64.6% white, 25.9% black, 5.7% Hispanic, 2.5% Native American, 0.6% Asian, and 0.7% other.

Other state agencies provided housing related assistance in 1994. The Kansas State Board of Education provided educational services to 600 homeless children and youth and 1,200 homeless adults. The Kansas Department of Social and Rehabilitation Services (SRS) provided utility assistance to 26,291 very low income renters and 11,628 very low income homeowners. SRS also provided case management and other supportive services to 1,058 homeless persons and 4,786 non-homeless persons with special needs, mostly mentally ill, seeking permanent housing.

Other State Actions

In FFY 1994, the State of Kansas continued its capacity building for affordable and supportive housing. The Division of Housing completed a vision statement, Kansas Housing 2010, to direct the State's long-range purpose in housing. The Division served as a clearinghouse of information on daily operations in housing. The Housing Hotline handled an average of 88 calls per month. The Division published the

first Kansas Housing Services Directory, including 1000 listings.

The State improved the housing delivery system in Kansas by strengthening housing partnerships. The State directed its attention to public policies, institutional structure, and governmental cooperation.

Regarding public policies, the Kansas Department of Commerce & Housing (KDOC&H) supported Fair Housing in all of its operations. The HOME First-Time Homebuyers program required applicants to complete a self-study module of housing counseling. A homeowner's manual, including financial and maintenance information, was provided to the homebuyer. The Weatherization program secured training and certification of staff as energy raters, and also, conducted a conference on Home Energy Rating Systems (HERS). Efforts continue to implement HERS in Kansas. The Kansas Legislature passed S.B. 490, which increased the maximum ratio of insurance on mortgage principal and interest from 95% to 97%. This provision allows private industry to lend more money to low income families.

Regarding institutional structure, the Legislature appropriated funds for an additional position in the HOME program. The new position is responsible for Tenant Based Rental Assistance (TBRA), which had been difficult to implement. The Division of Housing publicized the availability of technical assistance to help service agencies and voluntary associations qualify as Community Housing Development Organizations (CHDO's). The HOME program set aside 15% of funds for rental rehabilitation activities by CHDO's and 5% of funds for CHDO operating expenses.

Regarding governmental cooperation, the HOME, CDBG, LIHTC, and ESG programs conducted application and grantee workshops for local governments, private developers, and nonprofit organizations. The Division of Housing assigned an outreach person to help communities assess housing needs and provide information on housing programs. KDOC&H convened a focus group of CDBG, HOME, and ESG grantees to consider implications of the HUD-mandated Consolidated Plan in FFY 1995 and 1996.

The State improved the housing delivery system in Kansas by increasing housing resources. The State directed its attention to special circumstances, the LIHTC program, and new resources.

Regarding special circumstances, KDOC&H received federal assistance to aid homeowners and tenants in areas stricken by the 1993 flood. The CDBG program received \$14,037,000. The HOME program received \$2,739,000. The CSBG program received \$1,013,000. Approximately \$1,000,000 of FFY 1993 HOME funds for Tenant Based Rental Assistance (TBRA) were unused. Therefore, the Division of Housing reallocated these funds to pilot projects for persons with mental disabilities. About 300 persons with severe and persistent mental illness will receive rental assistance for a two year period.

Regarding the LIHTC program, the State's LIHTC Allocation Plan for 1994 included tenant income limits and a rent structure favoring very low income families. Although LIHTC housing development was not coordinated with conventional public housing, up to 50% of LIHTC tenants received Section 8 rental assistance. In 1994, the Kansas Legislature passed H.B. 2726, which authorized the Kansas Development Finance Authority (KDFFA) to establish a Tax Credit Equity Fund. Capitalized through private investment, the Equity Fund will be used to make loans to rental housing projects participating in the LIHTC program.

Regarding new resources, KDOC&H's Sunflower Supportive Services Program (SSSP), funded by the Robert Wood Johnson Foundation, includes resident management initiatives in two Sec. 8 NC housing projects. The HOME program developed a Lead-Based Paint Policy, and all housing program

administrators distributed consumer information on prevention of childhood lead poisoning and reduction of lead based paint hazards. Legislative efforts were unsuccessful in 1994 to establish a Lead Abatement Contractor Certification Program. Also, legislative efforts were unsuccessful to dedicate additional revenues for the State Housing Trust Fund.

In summary, most proposed State actions were achieved. The action agenda was extensive. Some proposed actions will be continued into 1995.

PART II - ASSESSMENT OF ANNUAL PERFORMANCE

FFY 1992 was the first year of operations for the State's HOME program. It was also the first year for KDOC&H, as the host agency, for consolidation of the State's housing programs. FFY 1992 was like the start-up phase of a new organization, including: transfer of existing programs, hiring and training of staff, structuring of new programs, and administrative integration.

FFY 1993, as the second year of operations, was like the maturation phase of a new organization. Administrative routines became established. Programs became operational. Staff worked in concert. This new degree of stabilization made possible some effective change. The State's housing delivery system was expanded: 10 CHDO's were added; KDOC&H received a grant from the Kansas Corporation Commission for home energy ratings; KDOC&H received a grant from the Robert Wood Johnson Foundation for supportive services to senior citizens. The State's acquisition of housing resources was enhanced: 11-B bond refinancing was completed; HOME matching funds were secured. About 400 people attended the First Governor's Conference on Housing and Homelessness, sponsored by the Governor's Commission.

FFY 1994, as the third year of operations, was like the diversification phase of a successful new organization. The Division of Housing established a future vision of Kansas housing. The Division published a housing directory. Division staff were trained to do housing quality inspections, including energy efficiency. Marketing efforts were made for community outreach and use of rental assistance by persons with special needs. The Tax Credit Equity Fund was approved, providing a new resource for the LIHTC program.

Much remains to be done, however, in FFY 1995 and beyond.

APPENDIX

Table 1

Resources Available to the State

	Housing Programs	Planned Receipts*	Actual Receipts	Amount of Difference
1.	HOME	\$ 4,414,000	\$ 5,460,000	\$ 1,046,000
2.	CDBG	2,700,000	2,100,000	- 600,000
3.	MRB/MCC	97,416,405	97,416,405	0
4.	DOE/Other	3,758,000	4,163,082	405,082
5.	LIHTC	5,362,894	5,362,894	0
6.	Sec. 8 NC	1,936,148	1,936,148	0
7.	RR	0	0	0
8.	ESG	282,000	661,000	379,000
9.	PHHH	278,000	71,627	- 206,373
10.	ECSH	205,000	165,879	- 39,121
11.	Sec. 8 EC/HV	794,991	794,991	0
12.	CSBG	3,062,000	3,166,650	104,650
	Total of Housing Funds	\$120,209,438	\$121,298,676	-\$ 1,089,238

* Amounts received by the State in the last fiscal year.
 For programs with no amounts listed in CHAS Table 3A,
 actual receipts are used as planned receipts.

Table 2

State Investment of Resources

State Government Projects

	Housing Programs	Total Amount of Funds*	Amount of Funds Committed	Amount of Funds Expended
1.	HOME	\$ 1,012,168	\$ 1,012,168	\$ 1,012,168
2.	LIHTC	5,362,894	5,362,894	5,362,894
3.	Sec. 8 NC	1,936,148	1,936,148	1,936,148
4.	PHHH	71,627	71,627	71,627
	Total for State Projects	\$8,382,837	\$ 8,382,837	\$8,382,837

Local Government Projects
Profit and Nonprofit Organizations

	Housing Programs	Total Amount of Funds*	Amount of Funds Committed	Amount of Funds Expended
1.	HOME	\$ 6,497,813	\$ 3,742,673	\$ 2,001,864
2.	CDBG	2,100,000	2,100,000	2,100,000
3.	MRB/MCC	97,416,405	97,416,405	97,416,405
4.	DOE/Other	5,381,293	5,381,293	4,458,859
5.	RR	66,192	0	0
6.	ESG	661,000	661,000	31,086
7.	ECSH	165,879	165,879	165,879
8.	Sec. 8 EC/HV	794,991	794,991	794,991
9.	CSBG	3,166,650	3,166,650	3,056,703
	Total for Local Projects	\$116,250,223	\$113,428,891	\$110,025,787
	Total for All Projects	\$124,633,060	\$121,811,728	\$118,408,624

* Includes carryover funds.

Table 3

Households Assisted by the State

	Housing Activities	Number of Homeowners	Number of Renters	Number of Homeless	Number of Special Needs
1.	Acquisition	0	0	0	0
2.	Rehabilitation	1,464	2,388	68	72
	a. HOME	79	2	0	0
	b. CDBG	264	70	0	0
	c. DOE/Other	1,121	1,806	60	0
	d. LIHTC	0	510	8	72
	e. RR	0	0	0	0
3.	New Construction	0	1,289	13	97
	a. LIHTC	0	1,289	13	97
4.	Rental Assistance	0	2,749	655	0
	a. HOME	0	340	74	0
	b. Sec. 8 NC	0	291	0	0
	c. ECSH	0	0	412	0
	d. Sec. 8 EC/HV	0	0	169	0
	e. CSBG	0	2,118	0	0
5.	Homebuyers Assistance	1,132	0	0	0
	a. HOME	121	0	0	0
	b. CDBG	68	0	0	0
	c. MRB/MCC	943	0	0	0
6.	Support Facilities & Services	0	0	5,101	436
	a. ESG	0	0	5,095	205
	b. PHHH	0	0	6	6
	c. SSSP	0	0	0	225
	Total of Households Assisted	2,596	6,426	5,837	605

CHAS Annual Performance Report Table 1

U.S. Department of Housing and Urban Development
Office of Community Planning and Development

Households and Persons Assisted with Housing

Comprehensive Housing Affordability Strategy (CHAS)
Instructions for States

Name of State: **KANSAS** FY: **1994**

Assistance Provided by Income Group	Renters					Owners				Homeless*		Non-Homeless Special Needs (L)	Total (M)	Total Section 215 (N)
	Elderly 1 & 2 Member Households (A)	Small Related (2 to 4) (B)	Large Related (5 or more) (C)	All Other Households (D)	Total Renters (E)	Existing Homeowners (F)	1st-Time Homebuyers		Total Homeowners (I)	Individuals (J)	Families (K)			
							With Children (G)	All Others (H)						
1. Very Low-Income (0 to 30% of MFI)**	199	1,509	459	499	2,666	94	13	4	111	4,395	1,250	258	8,680	8,680
2. Very Low-Income (31 to 50% of MFI)**	467	1,015	398	241	2,121	1,210	135	65	1,410	67	98	217	3,913	3,913
3. Other Low-Income (51 to 80% of MFI)**	113	1,007	518	1	1,639	160	527	388	1,075	2	25	130	2,871	2,478
4. Total Low-Income (lines 1 + 2 + 3)	779	3,531	1,375	741	6,426	1,464	675	457	2,596	4,464	1,373	605	15,464	15,071

* Homeless families and individuals assisted with transitional or permanent housing.

**Or, based upon HUD adjusted income limits, if applicable.

*** 5. Racial/Ethnic Composition of line 4, column (M) Total Low Income:

1. Hispanic	630
2. Non-Hispanic White	7,117
3. Black	2,852
4. Native American	272
5. Asian & Pacific Islander	73
6. Other	76
7. Total (must equal Total on line 4, column (M))	11,020

*** Racial/ethnic composition has not been recorded, or is not yet available, for some housing-related programs.

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PUBLIC PARTICIPATION

Public Notice

The Kansas Department of Commerce & Housing (KDOC&H) published a public notice in the Kansas Register on November 10, 1994. The public notice stated that the Annual Performance Report on the Kansas Comprehensive Housing Affordability Strategy (CHAS) for federal fiscal year 1994 was available for public review and comment from November 18 to December 19. The public notice indicated that the Annual Performance Report was available at county seat public libraries, and also, upon request from KDOC&H.

Further, the Annual Performance Report was distributed to members of the Governor's Commission on Housing and Homelessness and to administrators of housing related programs in the Kansas Department of Commerce & Housing, Kansas State Board of Education, Kansas Department on Aging, Kansas Department of Health and Environment, and Kansas Department of Social and Rehabilitation Services.

Public Comments

No public comments were received.

MEMORANDUM

Kansas Legislative Research Department

300 S.W. 10th Avenue
Room 545-N – Statehouse
Topeka, Kansas 66612-1504
Telephone (913) 296-3181 FAX (913) 296-3824

January 6, 1995

To: Conferees Making Presentations to the Senate Commerce Committee

From: Lynne Holt, Principal Analyst

Re: Questions to Be Used in Structuring Presentations

1. What are the needs in your city/county with respect to *decent and affordable* housing for the following populations: single-family homeowners with low-to-moderate incomes; renters with low-to-moderate incomes; persons with special needs (mentally ill, mentally handicapped, physically handicapped); elderly persons; homeless persons; persons in need of transitional housing; and persons in need of temporary shelter?
2. To what extent, if at all, does the demand for decent housing exceed the availability of such housing for each population identified above?
3. To what extent, if at all, does the availability of housing exceed the demand for such housing for each population identified above?
4. To your knowledge, what federal/state housing programs are in place to assist the above populations with their housing needs and to what extent does demand exceed housing availability for each program?
5. What support services are in place that are coordinated with housing assistance to persons with special needs or to the elderly? If there are "gaps" in such services, what are they?
6. Has your city/county encountered any problems with the availability of builders and craftsmen to build or renovate housing for the populations identified above? If your response is affirmative, what, if anything, has your city/county done to address such problems?
7. Has your city/county considered or explored creative housing alternatives, such as intergenerational cooperative housing? Please be specific in your response.
8. Has your city/county considered or implemented alternative funding mechanisms, such as trust funds, that involve public-private partnerships?
9. Has your city/county implemented a means of coordinating available housing programs to ensure that public funds or tax incentives are used most efficiently and effectively?
10. What does your city/county need in terms of technical assistance or regulatory relief to make housing more available to the populations identified above?

January 17, 1995
Commerce
Attachment 3

11. What are the implications for the future of public housing in your community, as proposed in HUD's *Reinvention Blueprint*, and how, in your opinion, will these proposed changes affect low-income residents?
12. Do you have any suggestions for improvements or changes in state technical assistance and the dissemination of information?

**Testimony
Presented By
Dennis M. Shockley
Undersecretary for Housing**

**To the Senate Commerce Committee
January 17, 1995**

On December 19, 1994 the U.S. Department of Housing and Urban Development (HUD) proposed the most sweeping changes in that agency's history. The changes will have to be worked out with Congress, but what is certain is that HUD will be an extremely different agency next year, and the impact of these changes will have a significant effect on state governments. The administration's proposal will be detailed in the budget which it sends to Congress later this month or in early February.

Roughly 60 HUD programs would be consolidated under the proposed "three flexible, Performance-Based Funds: Housing Certificates for Families and Individuals; the Affordable Housing Fund; and the Community Opportunity Fund." Block Grant funds would be allocated by HUD by formula to state and eligible local governments.

To receive funds under any of the three block grants, jurisdictions would be required to design and implement plans that adhere to a series of conditions that promote national goals and objectives. These conditions include: compliance with fair housing laws; adherence to income targeting; attention to homeless and other vulnerable populations; emphasis on homeownership and transitions to economic independence; and participation of community-based organizations.

Jurisdictions's performance would be evaluated against a series of performance measures. Superior performers would have access under each Block Grant to a 10 percent bonus pool (10 percent of each Block Grant's funds would be held back for distribution to them) and would be permitted to "flex" or move their resources among the three Block Grants. Poor performers would be ineligible for fund bonuses and flexibility, and could have their funding reduced or eliminated and reallocated to other jurisdictions.

The HUD proposed states that "the move to program consolidation and performance-based funding would be an act of responsible devolution.....states would be given greater flexibility to administer federal housing resources in exchange for complying with a series of conditions that promote national goals and objectives."

January 17, 1995
Commerce

Attachment 4

Under the Housing Certificate program, for example, states and some localities would allocate and administer these portable instruments to individuals through states, in other words, states would have more responsibilities which would require additional staffing.

Attached you will find responses to your questions regarding housing needs in Kansas.

KANSAS HOUSING

1. Kansas has 76,294 single-family homeowners with low-to-moderate incomes lacking decent and affordable housing. Kansas has 99,906 renter households with low-to-moderate incomes lacking decent and affordable housing. A combined total of 176,200 low-to-moderate income households lack decent and affordable housing, which is 18.6 percent of all Kansas households — almost one in five Kansas households. Also, Kansas has persons with special needs for housing assistance:

Mentally Ill	6,010
Mentally Handicapped	1,863
Physically Handicapped, including Elderly	105,451
Homeless (at least)	2,773
Alcohol & Drug Abuse	1,017
AIDS / HIV Infection	150.

2. The demand for decent housing of low income renters exceeds the availability of low cost rental units by 15,193. A total of 74,129 physically handicapped persons, including elderly, need housing assistance or supportive services. The mentally ill, and persons abusing alcohol and drugs, need 3,819 units of transitional housing or temporary shelter. Homeless persons need an additional 1,629 beds and supportive services. The mentally handicapped need 163 more housing units. Persons with AIDS need 150 housing units.
3. The availability of low cost single-family homes exceeds the demand of low-to-moderate income homebuyers by 170,807. The availability of moderate cost rental units exceeds the demand of moderate income renters by 91,000.
4. The State administers 10 federal housing programs. Below is the balance of Kansas housing needs and resources.

<u>Target Populations</u>	<u>Housing Activities</u>	<u>Housing Programs *</u>	<u>Housing Demand</u>
a) Single-Family Homebuyers	Homebuyers Assistance	MRB/MCC HOME CDBG	Available Units: 169,973
b) Single-Family Homeowners	Rehabilitation	HOME CDBG	Unmet Demand for Units: 74,905
	Weatherization	DOE / Other	
c) Renters	Rental Assistance	HOME Sec. 8 CSBG	Unmet Demand of Households: 93,480
	Rehabilitation	HOME LIHTC	
	Weatherization	DOC / Other	
	New Construction	LIHTC	

<u>Target Populations</u>	<u>Housing Activities</u>	<u>Housing Programs*</u>	<u>Housing Demand</u>
d) Homeless	Support Facilities	ESG	Unmet Demand for Beds: 1,579
e) Other Persons with Special Needs	Rehabilitation	HOME LIHTC	Unmet Demand for Spaces: 77,267
	New Construction	LIHTC	

* See Key to Programs (page 3).

5. Supportive services are coordinated with housing assistance. Regarding the elderly, the Sunflower Supportive Services Program, funded by the Robert Wood Johnson Foundation, assists four senior housing developments. This project will help 700 elderly residents in 1995. The gap in services, the number of unserved elderly residents, will be 73,429. Regarding the homeless, the ESG, PHHH, and ECSH Programs provide homeless prevention and essential services to individuals and families. These programs will help 5,102 persons in 1995. The gap in services to the homeless will be the lack of permanent housing. Other State agencies, including Aging, Education, Health and Environment, and SRS, provide home and community based services to persons with special needs.
6. The State has encountered a relative absence of nonprofit Community Housing Development Organizations (CHDO's) to develop low cost rental housing. The State has conducted an affirmative marketing campaign to identify, and qualify, service agencies and voluntary associations as CHDO's. The State has certified 10 nonprofit organizations as CHDO's.
7. The State has designed creative housing elements. Examples include: (1) a self-study module of housing counseling for first-time homebuyers; (2) reallocation of unused rental assistance funds to pilot projects for persons with mental disabilities; (3) planning by the Long Term Care Action Committee for alternative housing to replace nursing home care.
8. In 1991, the Kansas Legislature established a State Housing Trust Fund. Initial sources of revenue for the Trust Fund included a donation, MRB / MCC program participant fees, and savings from the refinancing of previous issues of private activity bonds. Subsequent legislative efforts to capitalize the Trust Fund have been unsuccessful. In 1994, the Legislature passed H.B. 2726, which authorized the Kansas Development Finance Authority to establish a Tax Credit Equity Fund. Capitalized through private investment, the Equity Fund will be used to make loans to rental housing projects participating in the LIHTC program.
9. As mandated by the National Affordable Housing Act, the State has developed a Comprehensive Housing Affordability Strategy (CHAS) to coordinate available housing programs. The Kansas CHAS for 1994-1998 includes the One-Year Plan for 1995. As mandated by HUD, a Consolidated Plan for housing and community development will replace the CHAS in 1996.

10. Homebuyers would benefit by the repeal of the 2.5 percent sales tax on services related to new construction.
11. The President and Congress will probably agree on HUD's proposed block grants regarding housing, i.e. (1) Housing Certificates for Families and Individuals — rental assistance and homebuyers assistance; and (2) Affordable Housing — acquisition, rehabilitation, and new construction, including special needs facilities. However, federal funds will probably be substantially reduced. This will make it imperative for the State to dedicate additional revenues to the State Housing Trust Fund and create a State Housing Finance Agency with bonding authority.
12. Like HUD, the State will need to reinvent itself in relation to housing programs. If the State makes a major commitment to housing, reinvention must occur around an authorized State Housing Finance Agency and a capitalized State Housing Trust Fund. If the State makes a minor commitment to housing, reinvention must occur around the State's administration of revised federal programs.

***Key to Programs**

- CDBG — Community Development Block Grant Program
- CSBG — Community Services Block Grant Program
- DOE / Other — Department of Energy / Other Energy Programs
- ECSH — Emergency Community Services for the Homeless Program
- ESG — Emergency Shelter Grant Program
- HOME — HOME Investment Partnerships Program
- LIHTC — Low Income Housing Tax Credit Program
- MRB / MCC — Mortgage Revenue Bond / Mortgage Credit Certificate Program
- PHHH — Permanent Housing for Handicapped Homeless Program
- Sec. 8 — Section 8 Program

Kansas Department of Commerce & Housing
January 12, 1995

Executive Summary

Profile of Kansas Housing Needs

Many Kansans face severe hardships in acquiring decent, safe, and affordable housing. Kansas has 417,000 very low and low-income families. Over 109,000 of these families spend more than 30% of their income on housing. Kansas households living in poverty increased from 10.3% in 1990 to 12.3% in 1991.

Special populations face severe housing problems in Kansas:

- * The disabled: 35,000 persons are mobility impaired, including 23,000 over age 65; 70,000 persons have self-care limitations, including 31,000 over age 65.
- * Frail elderly: 107,000 households are over age 75. Elderly persons need supportive services.
- * The homeless: 1,200 persons lived in emergency shelters, public places, or on the streets in 1990; 2,000 children lived doubled-up with other families in 1993.
- * Minorities: Racial and ethnic minorities make up 11.5% of the Kansas population. Minorities experience discrimination in housing and employment.
- * Single parents: 10.8% of Kansas households are single parents with dependent children. Housing costs are a hardship for single parents.

Although state and community agencies have actively sought funds for housing programs, the current level of assistance meets only a small portion of Kansas housing needs:

- * Kansas has 417,000 very low and low-income families but only 38,000 subsidized housing units to serve them (32,100 HUD assisted units and 5,900 FmHA assisted units).

There is insufficient investment in private market housing in Kansas:

- * Over 40% of rental housing in 33 counties was built before 1940. Over 50% of owner-occupied housing in 19 counties was built before 1940.
- * Less than 0.5% of rental housing in 68 counties was built in 1990. Less than 0.5% of owner-occupied housing in 37 counties was built in 1990.
- * Kansas has 4.3% of rental units that are overcrowded.

Kansas Housing Needs Increase for Low-Income

The supply of assisted housing units in Kansas does not meet the needs of all low-income households. The households must rely upon the private market to meet their housing needs. However, the private market does not provide enough decent housing at affordable prices.

Very low income families can only afford gross rents below \$250 per month. There is a serious shortage of such units. From 1980 to 1990, gross rents increased by 70% in Kansas while inflation increased by 59%. Thus, in inflation adjusted terms, the costs of rental housing increased. From 1980 to 1990, the value of owner occupied homes in Kansas appreciated by only 37%, compared to the 59% general increase in prices. Thus, in inflation adjusted terms, the typical Kansas home lost value over the decade of the 1980's.

Kansas Rural Housing Distressed

- * Adequate, affordable housing is a problem in all rural areas.
- * 51,000 very low and low-income rural families need rental housing assistance. 26,000 very low and low-income rural families need homeowner assistance.
- * Minority farm workers in Finney County, and students and military personnel in Riley and Geary Counties, bear the greatest cost burden.

- * At least 330 persons were homeless in rural areas in 1990. Housing needs of the rural elderly are great.
- * Some rural communities have long waiting lists for assisted housing. The wait for housing is two to three years.
- * The problem of an aging housing stock is greatest in rural areas.
- * Most rural areas are unserved by nonprofit Community Housing Development Organizations (CHDO's).
- * There is lack of mortgage credit in rural areas.

Kansas Housing Goals

For 1994-1998, the State of Kansas has established six broad goals for affordable and supportive housing. Four goals promote the general welfare of Kansas housing consumers, including very low, low, and moderate income households:

- Resident investment in homeownership
- Resident access to rental housing
- Resident transition to permanent housing
- Resident choice of appropriate housing.

Two goals promote the market opportunities of Kansas housing providers, including private, public, and nonprofit organizations:

- Provider formation of housing partnerships
- Provider acquisition of housing resources.

Kansas Priorities for Assistance

The State has established nine general priorities for housing assistance. The priorities have a relative importance of 1, 2, or 3. All categories of residents eligible for federal housing programs have been addressed. The priorities are:

Homeownership

1. Low Income First Time Homebuyers with Children and All Others
2. Very Low and Low Income Existing Homeowners
3. Very Low Income First Time Homebuyers with Children and All Others.

Rental Housing

1. Very Low and Low Income Small, Related Households
1. Very Low and Low Income Large, Related Households
2. Very Low and Low Income Elderly Households
3. Very Low and Low Income Other Households.

Permanent Housing

1. Homeless Individuals and Families

Appropriate Housing

1. Non-Homeless Persons with Special Needs.

Better Housing Delivery Needed

The State needs to strengthen public/private partnerships. Actions to improve public policies, institutional structure, and governmental cooperation have been identified. Emphasis has been given to new relationships with Community Strategic Planning Organizations, regional agencies, the Kansas Interagency Council on Homelessness, and the Long Term Care Action Committee.

The State needs to increase the resources available to housing providers. Actions to expand resources for the Low Income Housing Tax Credit program, supportive services for senior citizens, and reduction of lead paint hazards have been identified.

The State's legislative agenda may include proposals to establish a State Housing Finance Agency and dedicate new revenues to the State Housing Trust Fund.

Households to Be Assisted

The State of Kansas expects to assist a total of 15,176 households in federal fiscal year 1995. This includes 2,223 homeowners; 6,426 renters; 5,533 homeless persons; and 994 non-homeless persons with special needs.

Consolidated Plan in 1996

For federal fiscal year 1996, the U.S. Department of Housing and Urban Development will require the State of Kansas to develop a Consolidated Plan in place of the Comprehensive Housing Affordability Strategy. The State is laying a foundation for the Consolidated Plan now. The 1995 One-Year Plan includes guidelines for possible demonstration projects and operations schedules for 1995 and 1996.

Kansas Comprehensive Housing Affordability Strategy

CHAS Development Process
