

Resolution 260362:

HUD Section 108 Pilot-Addressing Vacant & Blighted Land

April 21, 2026

Neighborhood Planning & Development Committee

Presented & Sponsored by:

Melissa Patterson-Hazley, Councilwoman 3rd District At-Large



What is Section 108?

The HUD Section 108 Loan Guarantee Program allows cities to borrow up to five times their annual Consolidated Development Block Grant (CDBG) allocation by pledging future CDBG funds as security. These funds provide interest, long-term financing for large-scale projects that advance housing, infrastructure, and economic development goals.

All eligible activities must meet one of the three national objectives of the CDBG program:

- Principally benefit low- and moderate-income (LMI) persons;
- Aid in the prevention or elimination of slums or blight; or
- Meet an urgent need by addressing conditions that pose a serious and immediate threat to the health and safety of residents.

In alignment with CDBG program funds, 70% of a borrower's Section 108 loan funds must meet the objectives of the program, principally benefiting low- and moderate-income persons of which the majority fall into one of four broad categories:

- Economic development;
- Public facilities and infrastructure;
- Housing rehabilitation; and
- Debt servicing and related fees.

Slum & Blight Vacancy

Initiative to address long – term urban decay and improve living conditions in affected areas. The following:

- 10+ Years city-owned vacant land
- Land Bank & Homestead Property
- Applicable infrastructure allowable
- Eliminate contaminated sites





Financial Resources Important to K

Framed as a strategic tool, Kansas City was granted \$35,251,000 in Section 108 borrowing authority to finance catalytic projects that would otherwise be difficult to fund through traditional sources.

➤ Risk & Mitigation Strategies

- ✓ Financial underwriting
- ✓ Collateral and repayment sources
- ✓ Loan loss reserves
- ✓ Financial Institution Technical Assistance

The program's design guarantees repayment flexibility and to combine with other funding sources.

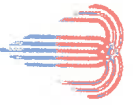
Intent of Pilot Program

- Design to support difficult, long-term vacant sites
- From application to implementation, reduce red tape
- Provide clear parameters and equity-focused structure
- Align with City-Wide Business Plan Goal: Equitable growth and sustainable development
- Layer with other goals such as KCMO First Time Homebuyer p



Impact on VLAI & Housing Acceleration

- Long term vacant properties can be challenging to de-activate due to stabilization needs and limiting market conditions
- Section 108 Loans can help offset costs and spur land activation through the following:
 - Acquisition assistance when city is an ownership partner at development meets immediate city goals
 - Overcome substantial infrastructure needs
 - Defray construction Costs



**KANSAS CITY
MISSOURI**

City Council Office

Questions?

