

Analyzing Funding Opportunities for Rental and Utility Assistance in Douglas County

Introduction

The Housing Stabilization Collaborative (HSC) is a Douglas County Program established to improve housing access to county residents through several supportive housing programs. One of the major housing support programs that the HSC offers is the rental and utility assistance fund, which provides financial assistance to renters in the county who are unable to pay their rent or utility bills. The HSC has been primarily funded by the American Rescue Plan Act (ARPA) and other local funding sources, however, with ARPA funds expiring, the HSC identified a funding gap for the program. Douglas County, who provides an oversight of the HSC, consulted with Lawrence-Douglas County Public Health (LDCPH) to provide a detailed analysis of potential funding options to continue to provide this assistance program to residents in the county. This report will explore potential funding options and their likely economic impact and health outcomes.

Background on the HSC

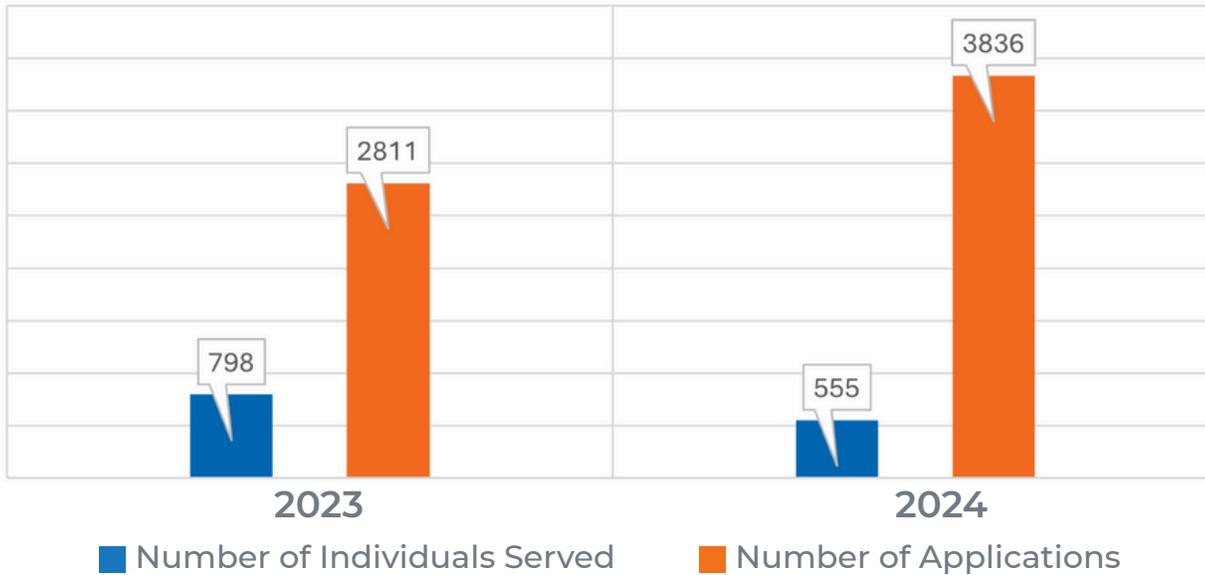
The HSC was started in 2019 in response to the rise in homelessness in the county and the lack of affordable housing. The group serves in an advisory capacity and develops policies, procedures, and guidance for a rental and utility assistance program available to county residents. The rental assistance program has been very popular, with over 2,811 requests for assistance in 2023 alone. The requests only grew in 2024, with a total of 3,836.¹ However, due to funding constraints, the HSC was only able to fund around 28% of the requests in 2023, and about 14% of the requests in 2024, respectively (Figure 1). Due to the demand, the HSC evaluated and streamlined the application process to better reflect the funding capacity for the program by creating a randomized lottery every quarter and primarily funding renters who were at risk of being evicted and having their utilities shut off within the next 3 days.

Community resource navigators in Douglas County who work with the HSC indicate that the application process is relatively low barrier and straightforward. Their clients appreciate the transparency that the application provides. However, several members of the community have been disappointed when their applications have not been funded and rarely re-apply for funding once their first application is denied.

¹Information provided by Douglas County staff.

Figure 1.

FY 2023 - 2024 Service Comparison



The HSC is currently funded through grants, county and city funding, and donations. The largest funding source for the HSC has been through ARPA, with about a \$1,125,000 direct allocation for the program. Additional funding comes through around \$330,000 from the county’s general fund, about \$509,000 from the Affordable Housing Trust Fund and around \$50,000 from the Community Development Block Grant (CDBG), both from the City of Lawrence, and direct donations from the public, primarily through the Douglas County Community Foundation (Figure 2).

Figure 2.

Fiscal Year Budget Allocation Comparison 2024 - 2025

	2025 Budget	2024 Budget	% Change
County Budget	\$330,007	\$330,000	0%
City of Lawrence - Affordable Housing Trust Fund	\$200,000	\$509,000	-61%
City of Lawrence - CDBG	\$49,665	\$50,220	-1%
Total	\$579,672	\$889,220	-35%

Background on Housing in Douglas County

According to data collected in the 2023 Community Health Assessment, about 48.8% of renters in Douglas County are cost burdened.ⁱ This percentage is significantly higher than the Kansas average (23.3%).ⁱⁱ To be considered “rent burdened”, a household must spend more than 30% of its income on rent or other housing costs. According to the Community Health Assessment, Lawrence and Baldwin City experience the highest rates of cost-burdened renters. However, LeCompton and Eudora still have percentages of cost-burdened renters higher than the Kansas average. Additionally, many renters in the county use Housing Choice Vouchers, which is a federal program that provides rental assistance to low-income, elderly, and people with disabilities. In Douglas County, there are about 815 voucher users, with a waiting list of 320 people. Additionally, the waiting list average is about 2-4 years to receive assistance.ⁱⁱⁱ

Additionally, safe and affordable housing was identified as a top priority for Douglas County residents in the county, as homelessness has rose significantly over the past 5 years. In 2024, the City of Lawrence and Douglas County noted that there were over 414 people who were experiencing homelessness in the county. This included chronically homeless individuals, and children, who often experience homelessness at higher rates.^{iv}

As we know, housing can have a significant impact on health. High quality housing is important to overall health and well-being. Evidence suggests that the lack of good, quality housing conditions (including heating issues, air conditioning, presence of mold, asbestos, and lead) can all have an impact on the physical and mental health of renters. These factors have been shown to increase blood pressure, depression, and anxiety. Further, these conditions can also disproportionately impact children, who may face developmental delays when exposed to environmental toxins.^v

The Problem

With the ARPA funding expiring in 2026, the largest funding source for the HSC will run out within the next year. While Douglas County and the City of Lawrence are committed to providing funding to continue the program, funding will be even more limited than in previous years at the current utilization rate. Without funding solutions that either completely or partially fund the rental and utility assistance, several tenants could experience eviction, which also increases their risk of experiencing homelessness, both of which can lead to negative health consequences.



Studies have suggested that those who experience evictions are more likely to be seen in the emergency room for PTSD-related symptoms and heart attacks, experience chronic conditions at higher rates, including depression, anxiety, and high blood pressure. Further,

evidence suggests that evictions have a negative impact on the neighborhoods they occur in. Studies have suggested that there is a connection between the social, economic, and physical environments that are associated with housing, including poverty, food insecurity, and crime. Evictions can increase these risks for the neighborhood and disrupt healthy bonds.^{vi}

Exploring Potential Solutions

There are several potential solutions that the HSC could consider. The goal of the potential solutions discussed in this report are to provide stable, diverse, and efficient funding streams for the county and HSC partners to consider. This report will use pareto efficiency metrics when considering sustainability and feasibility of potential solutions. Pareto efficiency is a metric that considers how to allocate resources in the most economical and efficient manner without making one individual or group better or worse off than they were before the solution was implemented. As an additional metric, this report will also explore the potential positive and negative health outcomes of the solutions to provide an overall picture of the impact of the solutions on tenants, recipients of the assistance funds, and the Douglas County community.



Work with Douglas County, the City of Lawrence, and other cities within Douglas County to increase budget allocations for 2026.

Both Douglas County and the City of Lawrence are committed to continuing to fund the HSC. However, due to budget constraints, both the county and the city have had to decrease their original funding amounts. Along with the ARPA funds expiring, this current budget proposal may not provide enough funding for the HSC to continue in the long term. To that end, the HSC could consider approaching the City of Lawrence and Douglas County and encourage them both to increase their funding amounts by \$50,000-\$100,000 for the program. Additionally, the HSC could approach other cities in the county (Leocompton, Baldwin City, and Eudora) and ask for funds to support the program. Since the City of Lawrence provides significant funding, this could be an appropriate solution to not only increase funds but also increase the reach that the program could have. Under current funding, the money from the City of Lawrence goes directly to Lawrence residents who apply for the program. By increasing funding from other cities, more money could be allocated to other residents who are facing eviction in more rural or smaller areas of the county.

Additionally, increasing the allocation from Douglas County would have the benefit of helping the county save money on eviction-related costs through the court system. According to the Coalition for the Homeless, eviction prevention programs can save cities (and counties) up to \$38,000 per year in sheltering costs.^{vii}

Unfortunately, this potential solution is not fully sustainable or attainable. Municipalities and counties are required to provide budget estimates to the state and notify the state if they are going to exceed the revenue neutral rate – which looks at the rate in which property is taxed and what is needed to keep the property tax rate the same. While counties and municipalities are allowed to exceed their revenue neutral rates, it is typically not a good practice to exceed them regularly, as it can affect bond ratings ² and other financial allocations in the long term. Additionally, a good municipal budgeting practice is to keep revenue and expenditures neutral. The City of Lawrence currently remains in a budget deficit, with hard budget decisions occurring throughout various city-supported programs, already. Requesting additional allocations could not only prove difficult for building support for the program but could also create shortages in other important areas – including parks and recreation, fire and medical, and even crossing guards, which are already on the chopping block. These could have significant health consequences that raise costs in other areas, increase food insecurity, decrease healthy living, and potentially expose residents to more toxins. While the county has a sizeable surplus that could be used to increase funding for the HSC, federal budget changes and uncertain economic conditions could make

using this surplus more difficult to maintain. However, approaching other cities in the county about funding could be feasible. By diversifying funding sources, especially from stable entities, the HSC could potentially serve more tenants.

Consider More Private Grants and Further Developing a Community Endowment Fund

The HSC currently receives about \$1,600 in yearly donations from the Douglas County Community Foundation. At the time of publication, that number was closer to \$750. This funding source is not enough to fund the HSC at current levels alone. The HSC could consider applying for outside grants to support funding. There are several local, regional, and state

Expected Health Impacts

As noted in the problem section, evictions can have a significant impact on individuals and families. The risk of eviction can cause toxic stress, which can lead to depression, anxiety, and high blood pressure.^{viii} Alongside evictions, immediate shutoffs of utilities (like electricity and gas) could expose tenants to environmental stressors like overheating and bad air quality.^{ix} However, moving around city and county budget allocations could also have detrimental consequences for all residents.

According to the Center for Budget and Policy Priorities (CBPP), the way that municipalities raise revenue could impact poverty, health, and inequalities among residents.^x By diverting funding resources to the HSC, programs such as transit, parks and recreation, and education could be reduced – creating further disparities. While reducing evictions are important, it will not be the only expected outcome of this potential funding decision, and that should be considered. The overall potential to impact health is negative.

² Both the city and county have Aa1 bond ratings, which is the second highest type of rating that is assigned. This bond rating allows for low interest rates.

grants that are focused on improving housing-related outcomes. Several grantors focused on health-related projects such as the Sunflower Foundation, or the Health Forward Foundation could be good places to start. Federal grants, such as ARPA, have been discontinued, limiting the types of grants that are available. This could have the positive effect of more private funds in the future, but it is mostly limiting at this time. A potential local grant that the HSC could consider would be the United Way of Kaw Valley's Emergency Food & Shelter Grant. While this grant is specifically available for the City of Lawrence, it would still be able to provide financial support for the program, especially for Lawrence residents.

It is also important to consider potential limitations to this approach. The administrative burden for applying for grants could prove difficult for the county. This will need to be weighed alongside grant funds themselves and other potential solutions.

The HSC could also consider working to expand donation capacity with the Douglas County Endowment Fund. The HSC may want to also consider other nonprofit funding, including the United Way's annual campaign. There are several things to consider alongside this approach, including the tax status of the HSC. While the United Way finances several organizations and programs, they may be unwilling to finance a government-backed project, such as the HSC. While several partners within the HSC are 501c3 organizations, it is led by Douglas County – so this will need to be considered. Additionally, the time and resources it may take to increase funding through the community endowment fund might also be difficult, especially because the current funding is so low. HSC could consider hosting fundraisers to raise more money for the endowment fund, but this will also take time, resources, and financial capacity that the HSC may not have.

Expected Health Impacts

Donations are highly volatile. They often require significant time and energy to sustain in the long term. A report done in 2019 noted that a reliance on generosity rather than stable, sustainable funding could harm public health and healthcare. The reliance on generosity allowed for the prioritization of certain health-related consequences than others. The report also concluded that “richer” individuals who are more likely to give money to various causes due to personal gratification and social status rather than wanting to do good work. While this is not the case of all donations, larger donations tend to be motivated by tax breaks or other factors related to private-sector control of government. These tax breaks and the decision-making authority that comes with it can harm public health through disparities of what issues get amplified based on those donations.^{xi}

Further, donations are often less transparent than taxpayer funded programs. This could also be a problem for the HSC, as transparency has been a key component of the HSC's application process. The expected impact of this potential solution could be mixed. While there might be more energy and funding for the HSC, it could have the intended consequence of limiting other disparities from being amplified.

Considering More Long-Term Solutions to Housing

Affordable housing has been a topic of conversation in several U.S. cities and counties for several years. The U.S. continues to face a shortage of affordable housing, with an estimated 7 million rental homes needed to make up for the shortage. According to the National Low Income Housing Coalition, this number is more significant. For every 100 low-income renter households, there are only 34 affordable and available units. ^{xii}



Closer to home, Douglas County also faces an affordable housing crisis. While preventing eviction is a critical part of making housing more accessible, making housing more affordable and increasing the housing stock are 2 long-term solutions that might decrease the need for rental and utility assistance.

A key strategy in the 2024-2028 Community Health Improvement Plan (CHIP) is to develop a long-term affordable housing plan for the county. ^{xiii} This funding expiry could provide a good opportunity to consider more long-term solutions to affordable housing through incentivizing affordable unit development for apartments, townhomes, and single-family units. The Kansas Department of Commerce provides several housing incentives that might be useful for Douglas County to consider, including a reinvestment housing incentive district (RHID). This incentive program creates an incremental increase in property taxes created by a housing project for up to 25 years. The increases can be used to pay debt services on bonds issued to fund the project. The county could also consider an Industrial Revenue Bond (IRB) to assist with the cost of development.

It is important to note that the City of Lawrence is currently working on an affordable housing incentive policy and also houses an Affordable Housing Trust Fund ³. This would be distinctly different from the work in the county, and the bonds and districts established by the county could be used to supplement work occurring on a local level and in other cities in Douglas County.

³The City of Lawrence currently has an affordable housing trust fund, which can be found here: <https://www.lawrenceks.org/pds/affordable-housing/>.

An additional option, especially for areas that have vacant properties, a Community Development and Financial Institutions Fund (CDFI) might also be appropriate. While this fund is not directly related to housing, it does provide funding and tax dollars to individuals and investors making investments in communities. This could be beneficial for rural communities in the county and might provide supplemental projects alongside housing. Because of the nature of tax credits, bonds, and incentive districts, these funding sources are highly sustainable and rarely expire, making it a feasible long-term option for the HSC.

Expected Health Impacts

The National Center for Healthy Housing notes that investing in affordable, quality housing can provide overall savings on healthcare expenses, both individually and more broadly on a municipal and county level. Healthy housing can improve several factors including education, income, and access to affordable healthcare that can decrease healthcare costs.^{xiv} As an example, living in affordable housing is associated with a 12% decrease in healthcare expenses for Medicaid recipients, and an 18% decrease in emergency department visits in North Carolina.^{xv}

There are several other factors that might be influenced by more affordable housing, including more job opportunities for the community, fewer evictions, and more money spent locally, which can improve the economy. Overall, the impact of providing more affordable housing is positive. However, the results may not be immediate, which could make sustainably funding the HSC more difficult in the short term.

Final Recommendations

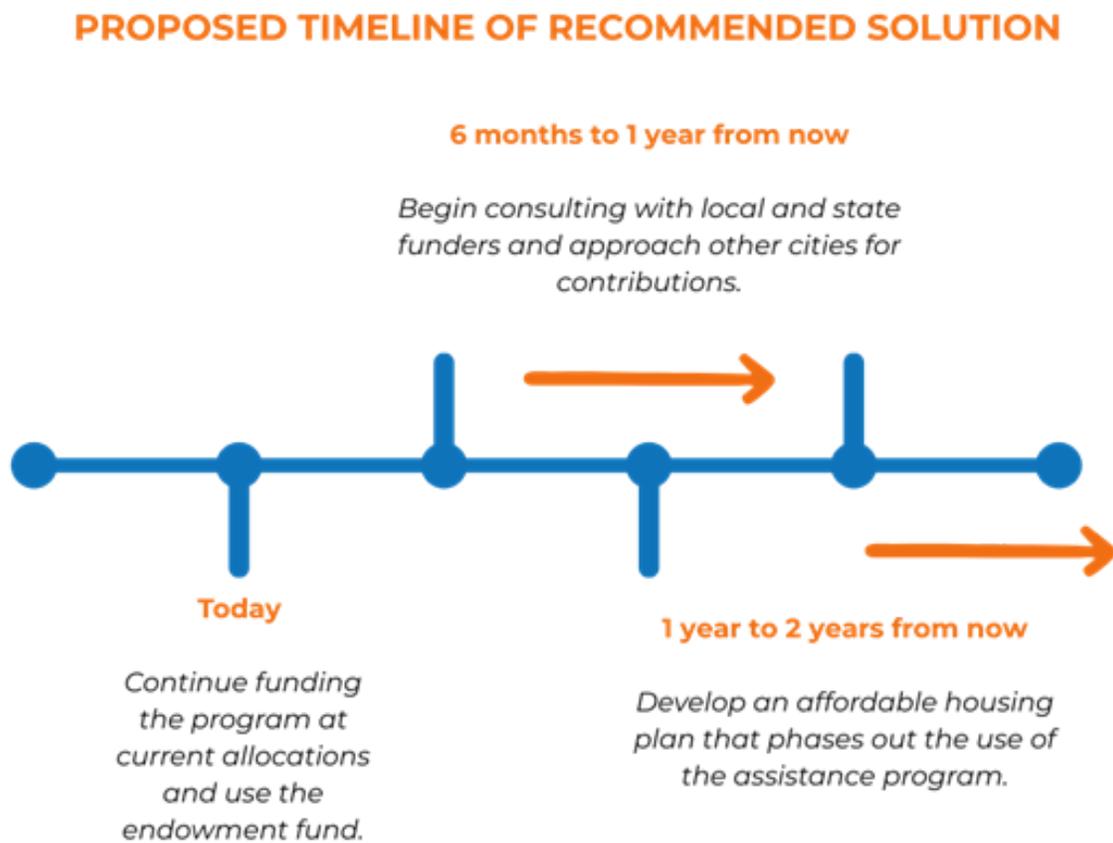
While all the potential solutions explored in this analysis have their merits, the HSC should consider both the economic feasibility of the solution and the sustainability of the funding sources. The recommended solution below provides the most funding while also being sustainable and economically efficient. Within the context of these solutions, it is also important to note the impact of federal grants on the future of the program. Current federal grant funding is limited, and not sustainable. However, that might improve over time and become more sustainable in future presidential administrations. That should also be considered alongside the solutions proposed here. This could provide additional funding and serve as a “pilot” for getting funding from other cities within the county.



First, the HSC could approach local, state, and regional funding partners to find grant funding to sustain the rental and utility assistance program over the next two years. This funding would not only recoup the funding that the HSC lost from ARPA funding but will also allow for the HSC to find new funding solutions for potential projects. Several local funders have housing-related dollars to consider, including the Health Forward Foundation and the United Way of Kaw Valley. Additionally, the HSC should consider using the Community Endowment Fund and the current allocations from both Douglas County and the City of Lawrence. These could be used while the HSC and county partners are determining the feasibility of applying for grants.

On a long term basis, the county could consider the funding implications and potential bond projects for the development of an affordable housing plan that phases out the use of the rental and utility assistance fund. The county could consider a plan that includes a reinvestment housing incentive district for cities in the county outside of Lawrence. This plan could also consider the use of bonds and encouraging the use of the tax credit program to incentivize developers and groups to revitalize certain areas in the county.

Figure 3.
Proposed Timeline for Recommendations



A combination of these solutions provides the most sustainable and economically viable way to fund affordable housing in Douglas County. Additionally, they will have positive health impacts, lessen the barriers for current tenants, and address the potential negative impacts of less rental assistance availability.

Conclusion

It is important to note that the proposed solutions discussed in this report are recommendations. While these recommendations are based on research, empirical evidence, and economic sustainability, they do not set policy agendas. Rather, they are intended to inform and assist with the decision making process. With that in mind, many of the proposed solutions have been successful in other cities and counties. For example, the City of Rochester, MN and Olmsted County created an affordable housing incentive program that allows rental property owners to get tax reductions while preserving affordable housing. This partnership has proved highly successful, and not only increased housing availability, but also provided more affordable homes and property tax reductions for property owners.

This should be taken in to consideration by the HSC as they develop long-term solutions. The policies proposed here may provide sustainable and economically viable funding solutions for the HSC for years to come.

Acknowledgements

This policy analysis was developed by community health staff at both Lawrence-Douglas County Public Health and the University of Kansas Medical Center, through the Academic Health Department. The authors would like to thank the following contributors and reviewers for their work on this report.

Jill Jolicoeur – Douglas County, KS

Kristen Egan – Douglas County, KS

Amanda Martinez – Willow Domestic Violence Center

Gabby Boyle – Lawrence Public Library

Shannon Oury – Lawrence-Douglas County Housing Authority

Photos for this report were provided by the Housing Stabilization Collaborative.

Glossary

Affordable Housing Trust Fund: a dedicated public fund used to create, preserve, and promote long-term affordable housing for low-income or moderate-income households. They also provide resources for affordable housing initiatives.

American Rescue Plan Act (ARPA): a 2021 law that provided federal funding for state, local, and tribal governments to aid in recovery from the COVID-19 pandemic. It also included several additional funding streams dedicated to improving housing.

Community Development Block Grant (CDBG): a federal grant program funded by the Department of Housing and Urban Development (HUD). It provides funding for state and local governments to support community development activities that focus on affordable housing, anti-poverty, and infrastructure development.

Chronic Homelessness: used to describe individuals or groups of individuals who have been homeless for at least a year, or repeatedly while struggling with a disabling condition such as mental illness, substance use disorder, or a physical disability.

Community Endowment Fund: a type of charitable fund established by an individual, family, or organization to support community needs and initiatives through a community foundation. These funds are designed to provide a long-term, sustainable source of funding for charities and nonprofits.

Cost-Burdened Renters: a household that spends more than 30% of its income on housing costs, including rent, utilities, and other housing expenses.

Housing Choice Vouchers: a federal program that helps low-income families and individuals pay for their rent in privately owned apartments.

Rental and Utility Assistance: funds that provide financial assistance to low-income households facing difficulties paying rent and utility bills.

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