



## Health Department

2400 Troost Avenue, Suite 4000  
Kansas City, Missouri 64108  
Office (816) 513-6252 Fax (816) 513-6293

## Director's Office



**Public Health**

Date: September 4, 2019

To: Mayor Quinton Lucas, Chair - Special Committee on Housing Policy  
Thru: Rex Archer, MD MPH, Director of Health  
From: Frank Thompson, Deputy Director

Cc: Members of Special Committee on Housing Policy,  
Troy Schulte, City Manager  
Tracie, McClendon-Cole, Deputy Director

Re: Written Comments on Ordinance #180721 – Affordable Housing

Thank you for this opportunity to submit our comments regarding Ordinance #180721 (Affordable Housing for Projects Seeking Economic Incentives).

KCHD's purpose in engaging in discussion about Ordinance # 180721 is not to ask for votes in support of or opposition to the ordinance. Our goal is to encourage development of an ordinance for City Council consideration that reflects the best practices and evidence-based approaches from model public health policies.

One of the national benchmarks for identifying local communities that have successfully implemented policies which have a positive impact on public health is the CityHealth Initiative sponsored by the deBeaumont Foundation and Kaiser Permanente. CityHealth rates the nation's 40 largest cities based on their progress in adopting an evidence-based, public health policy package. All CityHealth Policy recommendations are based in evidence, backed by experts, and have a track record of bipartisan support. Cities are ranked at one of three levels (Gold, silver or bronze medal) based on the number of public health policies adopted and the content of those policies.

Kansas City's initial ranking in 2015 was a bronze medal. In 2018, the adoption of a Complete Streets Ordinance helped elevate the City to a silver medal. The adoption of a comprehensive Affordable Housing/Inclusionary Zoning Ordinance would help move Kansas City to a gold medal. Passage of an inclusionary zoning ordinance for Kansas City would improve multiple health outcomes including: reduced hospital asthma visits because of exposure to environmental toxins, reduced food insecurity due to lowered housing burdens and  
These Talking Points are focused primarily on the areas where the currently proposed Ordinance (#180721) does not meet the policy standards set forth by the CityHealth Initiative for Inclusionary Zoning Ordinances. These include:

1. **Evaluation of the ordinance's impact on availability of affordable housing for low income households** – The only evaluation language in the current version of Ordinance

180721 is found in Section 4 which calls for the Council to “review the per unit payment and amend the schedule of fees, and Section 6 which requires that the ordinance “shall be reviewed by the Council not later than two years from the effective date ...of the minimum percentage of the total number of residential units...deemed affordable for households [at or below 70% of median income].

The Kansas City Housing Goal from the Adopted Citywide Business Plan is to “sustain the City’s diverse housing for all income groups through well-designed developments”. Evaluation for Ordinance #180721 should include measures that are consistent with the objectives for that goal. KCHD recommends an annual report evaluating: number of new units approved under Ordinance, percentage of approved units meeting affordability guidelines defined within the Ordinance, the number and % of units where developer opted for in Lieu payment, Total in Lieu revenue, description of projects in Lieu payments were applied to and a comparison of in Lieu revenues to actual construction costs for affordable housing units.

2. **Minimum development size where the ordinance applies** – KCHD recommends that Ordinance #180721 apply to all projects with 10 or more units that seek economic incentives from public funds. A 2017 review of inclusionary zoning ordinances by the Lincoln Institute of Land Policy found that 38% of inclusionary zoning programs across the nation include a trigger of 10 units or less for when the ordinance applies to new development.

When developments below a given size are exempt from inclusionary regulations, some communities have experienced a “one-under syndrome.” This refers to an increase in proposals falling just under (or one unit under) the inclusionary limit. For example, a developer may submit multiple four-unit subdivision proposals for contiguous lots that, absent the inclusionary requirement, would have been brought as a larger single proposal. To avoid this, definitions should be included that prohibit such activity including:

- Prohibiting submission of contiguous properties held by the same owner(s) as separate projects;
- Properties separated by a public/private right-of-way, utility corridor or any property that is not a separately-owned, private property are considered contiguous;

3. **Percentage of units within developments/projects that must meet affordability criteria** – KCHD recommends that the top overall set aside percentage be raised to 20%. Data from the City’s own Comprehensive Housing Affordability Strategy identified that the highest housing cost burden and effective shortage of affordable units is for households below 30% Adjusted Median Income (AMI) for the Kansas City Metropolitan Statistical Area (KC Metro) and below 50% AMI (KC Metro). Based on

this data, 63.9% of Renter Households at or below 30% AMI (KC Metro) have an extreme housing cost burden and there is an effective shortage of over 18,000 units for this income group. Renter Households at or below 50% AMI (KC Metro) have an effective shortage of over 6,000 units and 20% have an extreme housing cost burden.

Because affordable housing projects may need multiple funding sources (including federal HUD incentives) to become financially viable, KCHD recommends using the KC Metro AMI rather than the Kansas City-specific AMI. Although use of a Kansas City-specific AMI would better reflect poverty levels within the City, the application of different AMIs for local incentives versus federal incentives could have a negative effect on the creation of affordable housing units. KCHD recommends the following schedule for set aside percentages:

Percent of Affordable Units Designated For Different AMI Levels			Percent Affordable Units Required for Project
30% AMI (KC Metro)	50% AMI (KC Metro)	70% AMI (KC Metro)	
50%	50%		<b>15%</b>
50% or more	25% or less	25% or less	<b>20%</b>
50% or more		50% or less	<b>20%</b>

Under this schedule, units designated for extremely low-income households would never fall below 7.5% of total units in the project. Units for low-income households can't drop below 5% of total units.

Based on discussions with other community stakeholders, KCHD is also addressing one additional aspect of the proposed ordinance that is not related to the CityHealth criteria:

4. **Verification that designated affordable units are rented to low-income households -** Developments should be required to have the property management company use a procedure approved by the City to determine income eligibility, and the city or its designated entity would reserve the right to audit income verification files. Most management companies currently conduct credit checks and background checks for prospective tenants. Adding reasonable, income verification procedures to established background/credit checks for households wanting to occupy designated affordable units would not be unduly burdensome. The City could also opt to contract with a third-party entity that already conducts housing eligibility reviews to conduct income verification for all designated affordable units across the entire city.