

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 180721

Requiring that projects which are primarily residential in nature and are seeking economic incentives in the nature of the capture and redirection, or abatement or exemption of taxes to contain a minimum of fifteen (15) percent of the projects' total number of units being deemed affordable for households having incomes equal to or below seventy percent (70%) of the median income for all households within Kansas City, Missouri. **\*\* This item will be held off the agenda\*\***

WHEREAS, in November, 2017, the City Council passed unanimously Resolution No. 170825 that directed the City Manager to provide information on the overall state of housing policy at the federal, state and local levels; and

WHEREAS, Resolution No. 170825 also directed the development of a report on the overall state of housing resources, housing policy, programs and funding options for the City, including the role of affordable housing in the development of the City; and

WHEREAS, in May, 2018, the City Council passed Ordinance No. 180370, establishing a definition of "affordable housing" for purposes of implementing the scoring system for certain projects seeking certain economic incentives; and

WHEREAS, the City Council recently mandated a minimum number of affordable units be required as a part of their approval of financial incentives and tax abatement for the construction of new housing units in the City; and

WHEREAS, the City Council continues to recognize the need for the creation of affordable housing units, particularly for households earning incomes below the median income for all households within Kansas City, Missouri, as estimated and reported by the American Community Survey 5-Year Estimates; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That all development projects which are primarily residential in nature and are seeking economic incentives in the nature of the capture and redirection, or abatement or exemption of taxes for the development of residential units are to be required, subject to Section 3 herein, to contain at least fifteen (15) percent of the total number of residential units being created as units deemed affordable for households having incomes equal to or below seventy percent (70%) of the median income for all households within Kansas City, Missouri, as estimated and reported by the American Community Survey 5-Year Estimates and that for each such development project, the developer shall be required to execute an agreement to rent those residential units deemed affordable to persons or families whose household incomes are equal to or below seventy percent (70%) of the above-described median income throughout the period of time that the development is receiving any benefit from the economic incentives granted.

ORDINANCE NO. 180721

Section 2. That the definition of affordable housing for the purposes of this ordinance is as follows: a household having income equal to or below seventy percent (70%) of the median income for all households within Kansas City, Missouri, as estimated and reported by the American Community Survey 5-Year Estimates, as updated from time-to-time, would be able to afford if it were to expend not more than thirty percent (30%) of such income for the mortgage or rent, including other housing expenses such as property taxes, insurance, and utilities.

Section 3. In the event a project developer is unable or unwilling to meet the affordable housing requirement established in Sections 1 and 2 of this ordinance, the project developer shall make a payment in lieu of the affordable housing unit provision to the Shared Success Fund, as established in Second Committee Substitute for Ordinance No. 160383, As Amended.

Section 4. The City Council shall establish the in-lieu per-unit cash payment on written recommendation by the City Manager and adopt it as part of the City's schedule of fees. The per-unit amount shall be based on an estimate of the actual cost of providing an affordable housing unit using actual construction cost data from current developments within the City and from adjoining jurisdictions. At least once every three years, the City Council shall, with the written recommendation of the City Manager, review the per-unit payment and amend the schedule of fees.

Section 5. For purposes of this ordinance, affordable housing shall comply with the following criteria:

- (a) That all units qualifying as affordable housing shall be on the principal project site and shall not be off site from the project.
- (b) That affordable housing units be mixed with, and not clustered together or segregated in any way from, market-rate units.
- (c) That all units qualifying as affordable housing either be at least one-bedroom units in size, or be equal to or share the same size as at least 25 percent of units to be constructed on the project site.
- (d) If the project development contains a phasing plan, the phasing plan shall provide for the development of affordable housing units concurrently with the market-rate units. No phasing plan shall provide that the affordable housing units built are the last units in an Affordable Housing Development.
- (e) The exterior appearance of affordable housing units shall be made similar to market-rate units by the provision of exterior building materials and finishes substantially the same in type and quality.

ORDINANCE NO. 180721

- (f) The project developer must covenant with City and successors in interest that the units remain affordable for a period of not less than the entire duration of time during which the project developer or its successors in interest receive tax abatements or redirections from the City and related taxing jurisdictions.

Section 6. That this ordinance shall be reviewed by the City Council not later than two years from the effective date of this Ordinance with the review of the minimum percentage of the total number of residential units being created as units deemed affordable for households having incomes equal to or below seventy percent (70%) of the median income for all households within Kansas City, Missouri, as estimated and reported by the American Community Survey 5-Year Estimates.

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Approved as to form and legality:

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Galen Beaufort  
Assistant City Attorney