



KCMO Housing Challenge

A 2020 League of Women Voters Kansas City/Jackson/Clay/Platte County Study

The LWV/KC/J/C/P 2020 Housing Study Committee
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Executive Summary

As we work on this Housing Study in the spring of 2020, we, the League of Women Voters of Kansas City/Jackson/Platte/Clay Counties (LWVKCJCP) and in fact, the world, find ourselves in uncharted waters.

Scientists say to expect more world-wide pandemics as human beings have changed the environment for their benefit and as opportunistic viruses and bacteria have found human hosts willing to transport them around the globe.

The COVID-19 epidemic is more than a health emergency; it is creating a global economic crisis that will ultimately provide an opportunity, maybe the necessity, to rethink and restructure many of the systems that create our everyday reality. This reality is taken for granted and is usually very difficult to change.

The current disruption, whose impact is likely to last longer than the immediate crises, will shake up those systems.

With an updated housing position, the League of Women Voters will be prepared to offer community-based advice on how to rebuild them in ways that will make them more effective, more equitable and more sustainable.

In April 2020 when we were meeting on the LWV Housing Study, we saw a massive stimulus bill before Congress that promised to provide funds to state and local governments, to individuals and businesses aimed at keeping the economy going in the face of this massive disruption (more than 3 million applications for unemployment insurance the first week of April, holds placed on utility shut offs, holds placed on evictions and foreclosures, gathering places, restaurants and entertainment venues shut down).

It is likely that additional stimulus – including legislation specifically aimed at creating affordable housing will follow.

As these programs are developed and the economy is rekindled, housing advocacy organizations also must partner with organizations that support living wages.

There is no affordable housing if there are few jobs that pay a living wage. If stimulus spending triggers inflation living wages will be even more vital.

There are cautions and there is hope.

From the 2019 book, *The Homewreckers* by Aaron Glantz:

“If the government invests prudently on behalf of the public, returns are likely to follow, especially if they are accompanied by restraints on the worst excesses of capital.

“Since the government insures more than \$7 trillion in consumer deposits, we have the right to insist that banks operate in a way that benefits the public. We have the right to question whether bundling, slicing, and trading debt fulfills that public trust--since we will be on the hook again when things go wrong.

“We have the obligation to craft a policy solution in line with our values--because these financial transactions shape our society and our relationships to each other.”

Studies show that over time, affordable housing will save the community millions, provide the stability families, and especially children need, help stabilize neighborhoods, improve family health and provide the basis for both successful families and communities.

Why a Housing Study?

There are a number of reasons for updating a 1981 housing position: one of which is that in 40 years the world has changed significantly and continues to change – both rapidly and dramatically.

Before the League of Women Voters can advocate for or against an issue, the group must first study an issue, develop a consensus and then establish a position. Once that’s in place, a process that can take months, even years depending on the scope, the group can advocate on local, state or national issues.

The League learned from its 2019-2020 Tax Increment Financing (TIF) study that the local financing and development

tool encourages development in blighted, substandard and economically underutilized areas that would not be developed without public investment.

We also learned that little money is being directed to housing.

By comparison, the League also found in its six-month TIF study is that in 2018 the city gave developers \$175 million in tax breaks and city-supported debt for commercial properties, including high-end apartments, high-end hotels and high-end business space. If the taxes had been paid, the funds would have been directed as follows: public schools \$34 million; \$1.5 million for mental health and \$2.6 million to public libraries (TIF Watch.)

The difficulty in finding affordable housing

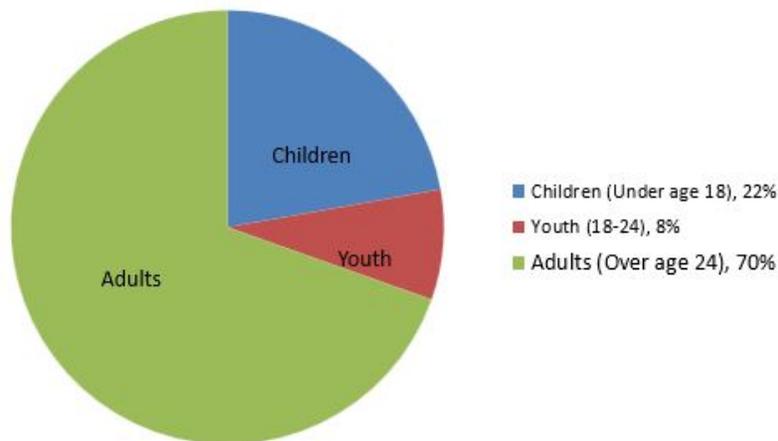
In Kansas City, there is not enough affordable housing and not enough space for those who need social net housing.

The Housing Authority of Kansas City (HAKC) owns, operates and maintains more than 1,900 Public Housing units for eligible low-income families, the elderly and persons with disabilities.

http://www.hakc.org/affordable_housing/public_housing_overview.aspx

It's not enough housing for the vulnerable, poor and homeless: the Kansas City Point in Time 2018 Count found 1,798 homeless individuals and 1,346, homeless households. Although most of the population is adults, 70 percent, 22 percent were children under 18 with young adults, 18-24, 8 percent of the homeless surveyed.

KC Point in Time Homeless Count Results



<https://restartinc.org/point-in-time-2018-results/>

There is an inadequate number of public housing units, 1,900, and the space that's available has a years-long waiting list for thousands of the Kansas City poor.

http://www.hakc.org/affordable_housing/public_housing_overview.aspx

In addition to that, some of the Section 8 (voucher) landlord housing is substandard, mismanaged and decrepit, further reducing the number of units available.

While not typical, this news report is illustrative:

kshb.com/news/local-news/housing-authority-of-kansas-city-will-not-allow-clients-to-live-in-teh-realty-properties:

KANSAS CITY, Mo. — The Housing Authority of Kansas City, Missouri, will no longer provide new leasing subsidies for clients wanting to rent apartments from [TEH Realty](#) due to a "history and pattern of non-compliance."

TEH Realty owns several housing complexes throughout the metro, including Nob Hill and Park Gate apartments.

Over the past three months, the Housing Authority has received 56 complaints about the conditions of their units at Nob Hill, according to HAKC executive director Edwin Lowndes.

Since Jan. 1, TEH Realty has received more than \$600,000 in federally subsidized housing vouchers for its Nob Hill and Park Gate apartments.

The HAKC's decision to not accept or process any requests for tenancy approval is unique, according to Lowndes.

TEH Realty has been the [subject of numerous 41 Action News reports](#), including residents who were [left without air conditioning](#) in the summer and [complaints of mold and plumbing problems](#).

As a result, the 2020-21 Kansas City budget is adding three positions to the Health Department for rental inspections,

a benefit that came out of the Kansas City Tenant’s Bill of Rights, part of a national movement. (Tenant Bill of Rights)

In addition to the shortage of units, there are priorities for residents, another barrier to overcome. The Housing Authority of Kansas City (HAKC) public housing units are awarded based on these categories:

- 1) Working, work training program, elderly and disabled;
- 2) Homeless, Job Training Program, Housing Factor and Rent Burden.

Eligibility is based on Housing and Urban Development (HUD) criteria, which includes income data from the entire metro area.

For 2019, Jackson County’s median income was \$82,700. Today HAKC provides housing and housing assistance to nearly 10,000 families in the low, very low and extremely low-income categories. There are approximately 8,000 families on the voucher wait list and some 6,700 on the public housing waitlist.

Unfortunately, the HUD funds for the Section 8 program are limited and the demand for Section 8 vouchers regularly exceeds availability. As a result, there are often waiting lists and applicants can remain on a list for an extended period. It’s also not uncommon for waiting lists to be closed if they grow too long: currently, the average time spent on a wait list is 3 years. Source <https://eligibility.com/section-8/missouri-mo-section-8-benefits>

The result is that it’s next to impossible to find decent housing that doesn’t cost more than the generally accepted budgeting benchmark of 30 percent of a living wage. For an individual, that is \$31,200 a year, or \$866 a month including utilities. http://www.hakc.org/affordable_housing/public_housing_overview.aspx

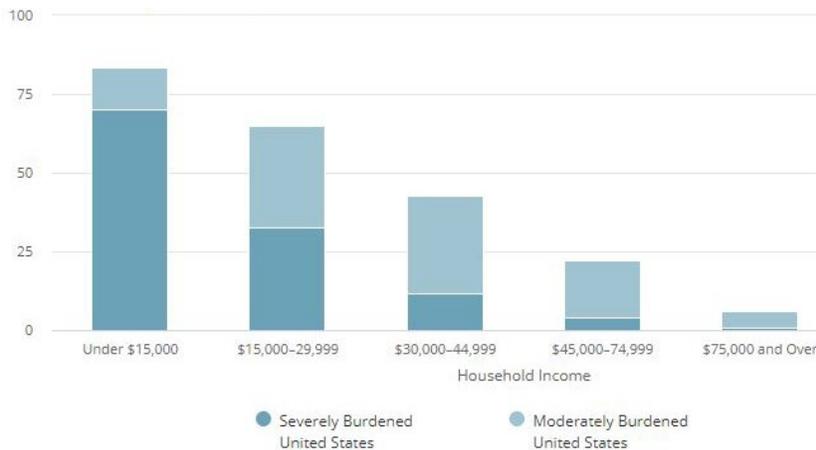
The 2017 MARC, Mid America Regional Council, Poverty Study was produced when the federal minimum wage was \$7.25, or \$15,080 per year; in 2020 in Missouri, it is \$9.45, or \$19,656 annually, just over half of what’s currently considered a living wage.

Coming out of the Great Recession (before COVID) the income inequality gap expanded with those at the top enjoying tax cuts, rising property values and a rising stock market. By contrast, those who depend solely on their salary are hampered by the low minimum wage, and in the spring of 2020, a slide into a recession.

The current pandemic creates even more difficulties for low-wage service sector earners who are in “at risk” industries. Most cannot do their jobs remotely which adds to the challenge of already spending more than 30 percent of their income on housing. (Joint Center for Housing Studies of Harvard University <https://www.jchs.harvard.edu/blog/pandemic-will-worsen-housing-affordability-for-service-retail-and-transportation-workers/>)

On top of this, the current Federal administration now is rewriting social safety net programs making it more difficult to qualify for aid, rather than supporting living wage legislation. Missouri has not expanded Medicaid eligibility (now on the Aug. 4, 2020 ballot) which adds to the household expense burden.

Share of Households (percent)



Courtesy Harvard University Joint Center for Housing Studies

Using MARC’s 2017 numbers, a wage earner holding a full-time job that pays the minimum wage should spend no more than 30 percent of their salary, or less than \$400 in monthly rent including utilities.

Reality is very different.

In 2017, fair market rents and the annual salary required to pay for housing was:

\$781 for a studio (no bedroom), \$31,220/year
\$892 a month for a one bedroom, \$36,660
\$1,103 for a two bedroom unit, \$44,121
\$1,482 for a three bedroom unit, \$59,283
\$1,726 for a four-bedroom unit, \$69,044

Where are the priorities?

An April 2018, article in *Governing Magazine** provided analysis on tax abatement revenue using data from the Good Jobs First website (goodjobsfirst.org). The article noted that in addition to losing millions, these cities tend to have increased levels of income inequality by funding costly developer projects.

Although with Kansas City giving away \$190 per capita places it in the top 10, it's not the only city giving millions to developers. Mishawaka, Ind., with \$416 per capita had the largest per capita abatement and a \$20 million total tax abatement. By comparison, and coming in third, New York City was \$401 per capita totaling \$3.4 billion and in seventh place, Chicago's developer contributions at \$220 per capita reached nearly \$6.6 billion.

Cities and Counties with the largest losses from tax abatements

Jurisdiction	Per Capita rate	Total Annual Direct and Passive
Mishawaka, Indiana	\$416	\$20,072,792
St. John the Baptist Parish, Louisiana	\$407	\$17,858,805
New York, New York	\$401	\$3,389,468,000
Bloomington, Minnesota	\$333	\$28,360,455
East Palo Alto, California	\$302	\$8,855,528
Seneca County, New York	\$278	\$9,726,072
Chicago, Illinois	\$220	\$596,599,000
Greenville, South Carolina	\$211	\$13,248,017
Kansas City, Missouri	\$190	\$89,811,000
Kenosha, Wisconsin	\$181	\$18,032,574
DeKalb, Illinois	\$177	\$7,657,438
Glendale, California	\$171	\$33,814,000
Cicero, Illinois	\$162	\$13,621,598
Denver, Colorado	\$162	\$107,244,000
Liberty, Missouri	\$158	\$4,780,219
Niagara Falls, New York	\$156	\$7,648,484
Pittsburg, California	\$155	\$10,534,624
West Baton Rouge Parish, Louisiana	\$140	\$3,501,030
District of Columbia	\$140	\$92,037,000

Source: Governing calculations of data reported by Good Jobs First, U.S. Census Bureau 2012-16 American Community Survey

NOTE: View financial disclosures for all jurisdictions with available data on the [Good Jobs First website](#).

**Note: Governing Magazine no longer is being published, but it’s possible to find articles such as this, when searching topics. Our thanks for the analysis and introduction to the Good Jobs First website.*

We have these numbers because the Governmental Accounting Standards Board (GASB) instituted an accounting rule, Statement 77, that now gives us an idea of how much revenue states and communities are **losing** from tax breaks.

We can confirm that cities are giving away millions to developers while the poor and their families are sleeping in their vehicles, in shelters or under bridges. In some cities, the poor are in tents on sidewalks and in parking spaces.

There’s a moral argument to be made for sharing resources.

For example, Massachusetts has a “right to shelter” law for families with children and pregnant women. Managed and funded by the state, families can apply for shelter at an office or by phone. In addition, its supportive housing program called Housing First provides both shelter and the necessary support services for employment or addiction, two issues that frequently lead to eviction and homelessness. Called a Continuum of Care

(CoC), the goal is to provide supportive housing until families find a path to a permanent home.

Can we afford...hotels?

The downtown Loews Hotel is the latest poster child for an expensive TIF project gone awry. In 2015, then Mayor Sly James committed \$35 million in cash and \$7 million in land for the downtown Loews Hotel, an exclusive catering contract fee, a management fee plus a special community improvement (CID) sales tax district, yet another foray into a private benefit via public taxes.

Community Improvement Districts, CIDs, are interesting because it's a separate tax used to pay for public or private facilities, improvements and services. For example, Kansas City has CIDs in the River Market, Zona Rosa, Crossroads Art District, and Waldo. The monies are to be used for safety, beautification, business retention, economic growth and capital improvements.

In February, 2020, the city learned it would need to kick in another \$4.4 million to Loews. Then in March, the hotel shut down because of the COVID-19 pandemic.

To its credit, the City Council has made modest improvements over developer pushback.

In 2016 the Council began requiring “but-for” analyses (a project wouldn't be completed ‘but for’ the city's participation) to be established by an independent consultant. AdvanceKC, then a new initiative, said that developers can't shop among agencies for the best incentives and a scorecard said that subsidized deals need to align with Council priorities. (KC Business Journal, Aug. 25, 2016)

This is progress in the right direction, but there's more to be done.

There's also a great case to be made for looking beyond the downtown redevelopment from both a practical and a humanistic point of view.

The value of housing

It's a good time to work to mitigate homelessness and provide housing to meet the needs of the poor—from the no income to the working poor--to build the capacity of the city.

Housing is a complex issue viewed through many prisms.

For purposes of this study, the League's narrow premise, to an extent based on the League's prior TIF study, is that our property taxes are being given to well-financed corporations and developers while the needs of the rest of the city, especially when it comes to housing, are being shortchanged.

A RAND Corporation study found that supportive housing:

- lowers health care costs by millions
- helps stabilize neighborhoods
- helps keep people with mental illness out of jail
- reduces homelessness
- helps reduce crime

Housing helps stabilize school districts

And then there's the educational component, especially important in the struggling Kansas City public school districts.

Housing helps stabilize school attendance. Children of low-income families are four times more likely to be chronically absent than middle class students. Children of color and children who are homeless are more likely to drop out of school because they're not working at grade level and begin an all too common downward spiral. (Robert Wood Johnson Foundation, The Relationship Between School Attendance and Health, Sept. 1, 2016)

Trulia, a real estate listing company, notes that buyers look for real estate based on school districts. "If you do the math, you'll find that pricier homes in a strong public school district may actually be better bargains than affordable homes in districts where many children attend private schools." (trulia.com/blog/)

Housing pays multiple dividends

Knowing that we can save millions and solve problems that eventually evolve into larger, more complex, more expensive problems, it makes sense to redirect funds and find builders, nonprofits and other groups to begin construction on single- and multi-family properties.

We have some land, we have some houses, we could save some money

It's apparent the city has resources: the Kansas City Land Bank owns more than 2,700 parcels of a combination of distressed houses and vacant lots that can be used for infill housing. Infill housing would help stabilize and bring life to urban neighborhoods, stabilize the neighborhood schools and help stabilize those at the lower end of the income spectrum. (kcmolandbank.org)

We're now waiting at least 15 years for TIF projects to begin paying off: providing stability, an education and hope for children and families would start bringing value to the community well before that.

Redirecting some of those funds could help resolve the challenges of finding decent and safe housing, which would help stabilize our school districts, educate our children, reduce crime and any number of other social benefits.

Small Group Accounted for Largest Share of Health Care, Corrections, & Other Costs

Costs of health care, corrections, and homeless services used by people with disabilities who were homeless for a long time



Source: Stephen Poulin *et al.*, "Service Use and Costs for Persons Experiencing Chronic Homelessness in Philadelphia: A Population-Based Study," *Psychiatric Services*, November 2010, Vol. 61, No. 11, pp. 1093-1098.

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Investing in our families makes as much or more sense than serving as a bank for corporations and commercial developers.

The 2014 MARC Fair Housing and Equity Assessment study, based in part on a national review on best practices, recommended these five items to help resolve the regional problem of housing:

1. Promote access to opportunity
Ensure that all segments of the population can live in places of opportunity, defined as desirable areas close to activity centers, including employment, transportation options, quality schools, and other amenities such as restaurants and shops.
2. Reinvest in communities
Reduce inequity across the region and promote reinvestment in communities that need redevelopment.
3. Assist lower-income renters and homeowners
Help low-income residents of the Kansas City region so that they can take advantage of existing or new programs and increase their access to opportunity.
4. Pursue financial innovation through partnership
Target limited resources for maximum impact, align funders and funding sources to support top priorities, and expand revenue sources.
5. Foster deeper collaboration around the housing agenda

Convene a regional housing roundtable composed of housing stakeholders and decision-makers to work together to address regional housing objectives.

Going forward, it's a matter of the will and the ethics of the City Council to allocate funding in a way that puts people first.

