



AFFORDABLE HOUSING: MAKING THE NUMBERS WORK

FACT SHEET

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FACT SHEET COMPILED BY CHRIS LEBEAU, UMKC RESEARCH LIBRARIAN (RET.)



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There is agreement that Kansas City is generally an affordable place to live, however, it is short on affordably priced properties vis-à-vis the need. How are the tax credits, zoning and development policies that are being put in place addressing social needs? Is it possible, or even reasonable, to attract prospective owners and tenants from varying socio-economic segments to the same neighborhoods? During its “Affordable Housing: Making the Numbers Work” event, American Public Square at Jewell seeks to break down the numbers around the need for, economics, and social dynamics of affordable housing.

“The United States’ housing market is at its least affordable in a decade, now affecting both low and middle classes,” according to the Urban Institute⁽¹⁾. “Renter demographics are changing and **nearly 21 million households continue to pay more than 30 percent of their income for rent**”⁽²⁾.

The situation is no different in Kansas City, Missouri, where the “undersupply of affordable housing” is creating severe cost burdens for residents⁽³⁾. “Nearly half the city’s renters and more than a quarter of its homeowners are spending more than they can afford on housing⁽⁴⁾.” **Incomes have not kept pace with rising rents, which have increased 19.6% from 2010-2017**⁽⁵⁾.

In Kansas City, one in five households qualifying for housing assistance receives it. There is an **estimated 2-6 year waiting list for KCMO public housing units**⁽⁶⁾. Officials estimate that the city needs **7,000 additional affordable units for families making less than \$15,000 a year**. “Households in the **\$50,000 to \$75,000 range face a deficit of more than 10,000 affordable units**”⁽⁷⁾. A housing researcher from the University of Kansas reports that the city is not lacking housing units, but rather **lacks enough affordable units for renters earning below \$20,000**⁽⁸⁾.

“A housing unit is considered affordable by the Department of Housing and Urban Development (HUD) **if a family making 60% of Area Median Income (AMI) can afford the rent.**” The AMI (2017) for households in the Kansas City Metropolitan Statistical Area (MSA) was \$63,404. **Sixty percent of the \$63,404 is \$38,042 making an affordable rent of \$951/month**. However, the Kansas City MSA extends from Linn (KS) and Bates (MO) counties to Clinton (MO) and Caldwell (MO) incorporating wealthy areas of Johnson County. Using the MSA median household income data inflates the AMI for Kansas City, MO.

Median household income for all residents in Kansas City, MO (city) in 2017 was \$51,330, well below the Kansas City MSA median⁽⁹⁾.

Rents are driven up by factors including “high construction costs, restrictive zoning laws, a shortage of private, low-cost housing”⁽¹⁰⁾, and community opposition to land use. Banks have tightened lending standards, and there is evidence of discriminatory lending practices⁽¹¹⁾. Residents eager to live in an urban setting motivate builders to exploit low income neighborhoods resulting in gentrification.

Over the past 18 years the federal government has decreased its support for the creation of affordable housing for low income families through HUD programs: HOPE, HOME, UDAG, HoDAG. “Federal support for CDBG (block grants) and **housing has diminished incrementally over 40 years from an annual allocation of nearly \$18 million to about \$7.0 million today**”⁽¹²⁾.

In addition to federal cutbacks, the Missouri Housing Development Commission cut all funding for state low-income housing tax credits in 2017, leaving it to cities to develop alternative plans and policies⁽¹³⁾.

Useful Abbreviations

- The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership.
- CDBG—Community Development Block Grant
- ESGP—Emergency Solutions Grants
- HOPWA—Home Opportunities for Persons with AIDS

How Have Rents Changed Since 1960?



Source: US Census; AL Calculations

apartment list RENTONOMICS

Source: Andrew Woo. "How Have Rents Changes Since 1960?" Apartment List. June 14, 2016.

<https://www.apartmentlist.com/rentonomics/rent-growth-since-1960/>

Percentage of Households that are Cost-Burdened (>30% of income on housing) by Income Groups



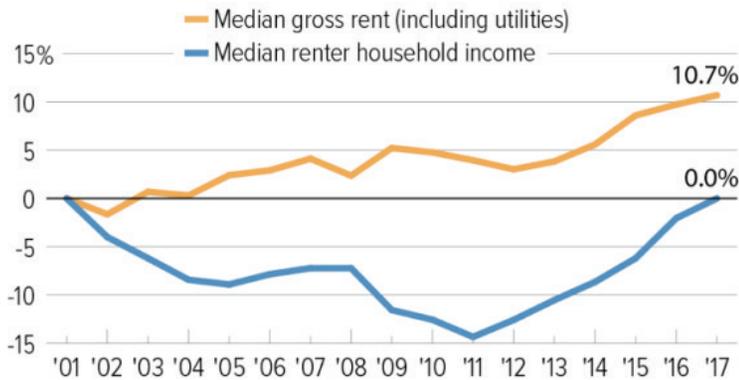
Source: 2011-15 ACS Estimates, US Census

The study found that a majority of people who make less than \$35,000 spend more than 30 percent of their income on rent.

<https://www.kcur.org/post/housing-study-low-income-residents-kansas-city-far-affordable#stream/0>

Renters' Incomes Haven't Caught Up With Housing Costs

Percent change since 2001, adjusted for inflation

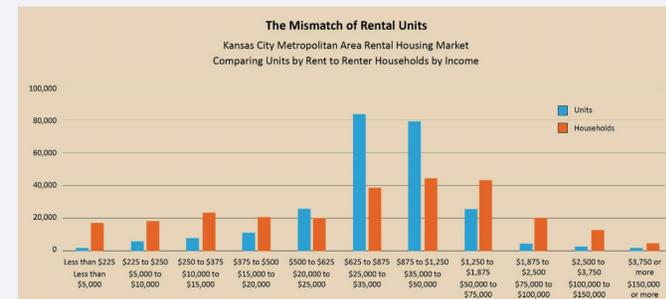


Source: CBPP tabulations of the Census Bureau's American Community Survey

Source: Center on Budget and Policy Priorities

<https://www.cbpp.org/blog/census-renters-incomes-still-lagging-behind-housing-costs>

Figure 1: Mismatch of Rental Units

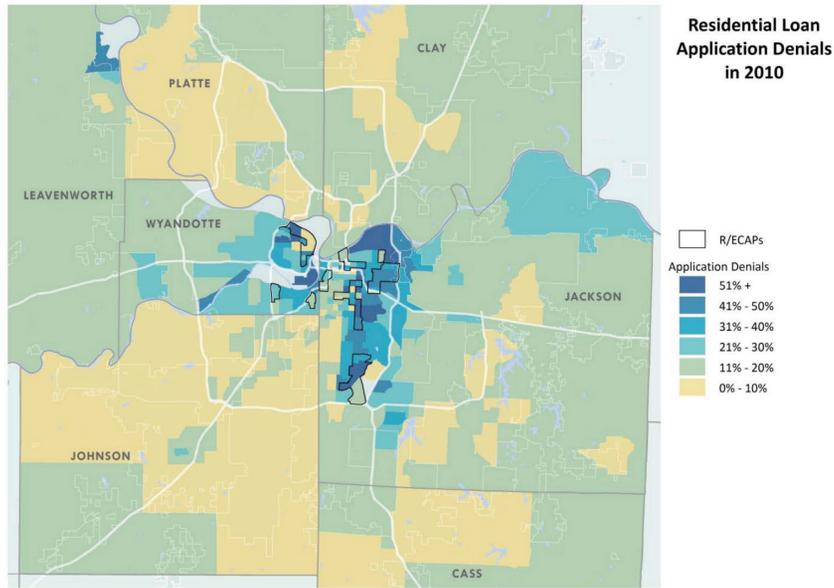


The chart above, from a 2016 analysis conducted for the Mid-America Regional Council by Dr. Kirk McClure at the University of Kansas, shows households by income group (orange) and rental housing units by monthly rent (blue). There are about 80,000 renter households in the Kansas City metro area that earn \$20,000 a year or less. There are 27,052 rental units where those occupying the units are paying \$500 or less/month, or about 30 percent of that gross income. The housing market for those at the lowest incomes is only serving about one-third of the need. Assuming some of those low-income households are using vouchers (about 14,829 households in the metro receive vouchers), that would reduce the need for affordable housing to just over half of low-income renters (about 42,000 households).

Source: MARC refers readers to the Fair Housing Assessment for Greater Kansas City

<https://www.marc.org/Regional-Planning/Housing/pdf/7-Disproportionate-Housing-Needs.aspx>

Map 5: Residential Loan Application Denials in 2010



Source: Fair Housing Assessment for Greater Kansas City Section VII: Disproportionate Housing Needs

<https://www.marc.org/Regional-Planning/Housing/pdf/7-Disproportionate-Housing-Needs.aspx>

Table 1: Households Experiencing Housing Problems and Housing Cost Burden

	KC Region	KCMO	KCK	Leavenworth	Independence	Blue Springs
White*	26.7%	28.7%	29.6%	25.7%	30.4%	25.8%
Black*	46.0%	47.0%	17.3%	52.5%	48.2%	30.1%
Hispanic	42.2%	43.8%	46.6%	17.1%	45.1%	31.7%
Asian or Pacific Islander*	28.8%	32.5%	32.3%	30.3%	28.9%	10.0%
Native American*	37.6%	45.7%	59.7%	89.2%	27.0%	53.3%
Other*	37.6%	42.2%	47.1%	35.5%	45.6%	32.7%
Total	30.2%	35.4%	38.4%	29.5%	32.3%	26.2%

* Non-Hispanic

“Fair Housing Assessment for Greater Kansas City Section VII: Disproportionate Housing Need”

<https://www.marc.org/Regional-Planning/Housing/pdf/7-Disproportionate-Housing-Needs.aspx>

Despite Rising Incomes, the Share of Cost-Burdened Renters Remains High



Notes: Median costs and household incomes are in constant 2016 dollars, adjusted for inflation using the CPI-U for All Items. Housing costs include cash rent and utilities. Cost-burdened households pay more than 30% of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens. Indexed values represent cumulative percent change.

Source: JCHS tabulations of US Census Bureau, American Community Surveys.

Source: Joint Center for Housing Studies of Harvard University. “American’s Rental Housing 2017.” P. 27 (pdf 29)

Income Groups	Annual Income Range	Monthly Income Range	Base Monthly Affordable Housing Range
Very Low Income (0-30% of AMI)	\$0 - \$15,370	\$0 - \$1,280	\$0 to \$384
Low Income (30-60% of AMI)	\$15,370 - \$30,741	\$1,280 - \$2,562	\$384 - \$768
Moderate Income (60-80% of AMI)	\$30,741 - \$40,988	\$2,562 - \$3,416	\$768 - \$1,025
Average Income	\$40,988 - \$61,482	\$3,416 - \$5,124	\$1,025 - \$1,537

“A Housing Policy for Kansas City 2018” (Draft), p. 6

<https://uni-ki.org/wp-content/uploads/2018/12/KCMO-Draft-Housing-Policy.pdf>

References

- (1) Teresa Wiltz. "In Shift, States Step in on Affordable Housing." Pew Charitable Trusts, Stateline, October 15, 2018. <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2018/10/15/in-shift-states-step-in-on-affordable-housing>
- (2) Joint Center for Housing Studies at Harvard. "America's Rental Housing 2017." 2017. <https://www.jchs.harvard.edu/research/americas-rental-housing-2017>.
- (3) Lisa Rodriguez. "Housing Study: For Low-Income Residents, Kansas City Is Far From Affordable." KCUR, September 12, 2018. <https://www.kcur.org/post/housing-study-low-income-residents-kansas-city-far-affordable#stream/0>
- (4) Allison Kite. "For residents already burdened by housing costs, utility bills can be a budget-buster" Kansas City Star, December 20, 2018. <https://www.kansascity.com/news/politics-government/article222945405.html>
- (5) Dr. Kirk McClure, KU Professor of Urban Planning, email to Katherine Sheilds and Quinton Lucas, "Housing Market Conditions in Kansas City Missouri," December 12, 2018. (Data from American Community Survey.)
- (6) Kansas City Housing Authority.
- (7) Kite.
- (8) McClure.
- (9) Data from American Community Survey, U.S. Census.
- (10) Wiltz.
- (11) "Fair Housing Assessment for Greater Kansas City Section VII: Disproportionate Housing Needs," Mid-America Regional Council, 2016. <https://www.marc.org/Regional-Planning/Housing/pdf/7-Disproportionate-Housing-Needs.aspx>
- (12) "Housing Policy for Kansas City-2018." (Draft) September 13, 2018. <https://www.kcmo.gov/home/showdocument?id=3264>
- (13) Emily Nonko. "Kansas City's Quest for a Real Housing Policy." Next City, November 16, 2018. <https://nextcity.org/daily/entry/kansas-city-quest-for-a-real-housing-policy>

Other Resources

- American Public Square at Jewell Podcast: "At the Square: Affordable Housing," <http://ow.ly/lqfQ50wMlqZ>
- "A Housing Policy for Kansas City, 2018." Draft created by Urban Neighborhood Initiative. <https://uni-kc.org/wp-content/uploads/2018/12/KCMO-Draft-Housing-Policy.pdf>
- Desmond, Matthew. *Evicted: Poverty and Profit in the American City*, New York, Penguin Random House LLC, 2016.
- KCPT. "Evicted #KCPublicWorks." YouTube video, 26:47. May 17, 2018. Description: America's eviction problem is now being described as an epidemic. Our half-hour documentary, "Evicted," takes an in-depth look at the issue across the Kansas City metro through the lives of those most affected. <https://youtu.be/u20aHkEd2OQ>
- St. Louis Post Dispatch, Editorial Board. "Editorial: Revival of Missouri's low income housing tax credits is urgent, but so is reform." May 12, 2019. <http://ow.ly/iG1b50wMlxY>

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