Defining Housing Affordability
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Affordability Defined

The federal government says housing is “affordable” if a family spends no more than 30% of their income on housing.
Additional Factors to Consider in Affordability

• Renters
  • Heat, Water, Electricity costs
  • Quality of units
  • Neighborhood conditions: schools and perception of crime
  • Threat of eviction
  • Transportation options – only 13% of Jobs accessible by transit (Brookings Inst.)
  • Cost of auto ownership

• Owners
  • Cost of maintenance
  • Property taxes
Affordability Using MFI

- Median Family Income, or MFI – US HUD calculates income limits for affordable housing programs using the MFI
- Median Family Income, or MFI – Half the families earn more and half the families earn less
Affordability Defined

- Extremely Low Income = 0% To 30% of MFI
- Very Low Income = 30% To 50% of MFI
- Low Income = 50% To 80% of MFI

- 100% of MFI = the MFI Median Family Income

- Moderate Income = 80% To 120% of MFI
- Middle Income = 120% To 250% of MFI
- High Income = 250% + of MFI
Affordable Housing Problem (US 1990 = 100)
Median Family Income and Median Gross Rent

- US MFI
- KCMSA MFI
- KC KS MFI
- KC MO MFI
- US MGR
- KCMSA MGR
- KC KS MGR
- KC MO MGR
Affordable Housing Defined 1

• **Workforce housing** - is generally considered to be housing that is affordable at 60% to 100% of Area Median Income
  • 100% AMI = $74,800 for a four person household (KCMO)
  • 60% AMI = $44,880 for a four person household (KCMO)

• **Public Housing** - a municipal housing authority uses federal funding to build and operate affordable housing. Units are PERMANENTLY affordable. For renters.
Affordable Housing Defined 2

• **Section 8 Vouchers** – government subsidies to families to find their own housing from private landlords. Section 8 can be tenant-based or project-based. For renters.
  • Tenant-Based Section 8 (Housing Choice Vouchers, HCV)
  • Project-Based Section 8

• **Low-Income Housing Tax Credits Projects** - tax incentives to developers who agree to set aside parts of their developments for lower income families. Used for mixed income and low income housing developments.
Affordable Housing Defined 3

Naturally Occurring Affordable Housing (NOAH)

• Naturally affordable units – non-subsidized units that are affordable for low and moderate income households

• Jackson County has about 23 naturally affordable units per 100 extremely low-income households (<30% of AMI)

• Including subsidized housing, 51 units per 100 extremely low-income households is available in Jackson County.

• “Naturally-occurring” takes agency out of market outcomes.
# FY 2016 Income Limits Summary

<table>
<thead>
<tr>
<th>FY 2016 Income Limit Area</th>
<th>FY 2016 Income Limit Category</th>
<th>Kansas City, MO-KS HUD Metro FMR Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>1 Person</td>
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<tr>
<td>Kansas City, MO-KS HUD Metro FMR Area</td>
<td>Median Income</td>
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<tr>
<td></td>
<td>Very Low (50%) Income Limits</td>
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<tr>
<td></td>
<td>Extremely Low (30%) Income Limits</td>
<td>$15,300</td>
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<tr>
<td></td>
<td>Low (80%) Income Limits</td>
<td>$40,800</td>
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</table>

*Note: FMR = Fair Market Rent*
Affordability Defined

• Subsidized housing is not the same as affordable housing.
  • Much affordable housing is subsidized, but not all subsidized housing is affordable.

• Mortgage Interest deduction is the biggest subsidy
Map 16: Publicly Supported Housing and Households with Severe Cost Burden
Kansas City Region

Publicly-Supported Housing and Households with Severe Housing Cost Burden

- Other Multifamily
- Project Based Section 8
- Public Housing
- LIHTC

Households (%)
- 0% - 12%
- 13% - 19%
- 20% - 29%
- 30% - 39%
- 40% - 44%

Regional Average
Thousands of households making $20,000 and less ($11.00 wage) with a shortage of rental units in KC MSA

McClure 2016
There are 6,904 units of public supported housing in the city of Kansas City, Kansas, including:

- 2,056 Public housing units
- 2,205 Low Income Tax Credit units
- 1,309 Other units, including Section 8 project-based housing units
- 1,304 Housing vouchers
KCMO

There are 27,086 units of public supported housing in the city of Kansas City, Missouri, including:

• 1,910 Public housing units
• 12,673 Low Income Tax Credit units
• 5,852 Other units, including Section 8 project-based housing units
• 6,651 Housing vouchers
• 1,140 units of affordable housing are expiring in the next five years in the Downtown area. This represents a 41% decline from the 2,759 units that are currently affordable, assuming no new units are added.
Two questions were added to the Resident Survey in FY17-18 to gauge residents’ satisfaction with availability of affordable housing and quality of housing.

- Mid-year data shows that overall, 57% of residents are satisfied with availability of affordable housing and 18% are dissatisfied. However, there are significant differences when looking at the results by income, geography, and race.
  - 27% of African-American residents are dissatisfied with availability of affordable housing.

The Jackson County portion of Kansas City, MO averaged 5,367 formal evictions annually. This is equivalent to 14 evictions per day, and 4% of Jackson County households.
KCMO Housing Policy Timeline

Fall 2016
• Housing added as a goal in update to Citywide Business Plan

2017
• Comprehensive Housing Policy discussions begin

Fall 2017
• Council and Mayor pass resolution #170825 directing the City Manager to develop a housing policy report by August

January 2018
• Working group convened to discuss next steps

2018
• Proposed next steps include:
  • Naming a Housing Policy Task Group
  • Identifying and securing a facilitator
  • Hosting a series of facilitated meetings with take-aways
  • Shape policy based on feedback and present in summer (July/August)
Case Study: $15/hour wage

$31,200
- Approximate annual earnings for full-time employment

52.7%
- Percent of area median income

$93,600
- Approximately value of affordable home (3x income)

$650/month
- Approximately amount of affordable rent (25% gross income)

Housing Affordability by MVA Category at 50% of AMI

<table>
<thead>
<tr>
<th>Total Block Groups</th>
<th>Affordable at 50%</th>
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<tbody>
<tr>
<td>A</td>
<td>34</td>
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<td>B</td>
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<td>C</td>
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<td>NULL</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>441</td>
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Source: CPD; MVA
Case Study: Living Wage ($24.50/hour)

- **$50,960**
  - Approximate annual earnings for full-time employment

- **86.1%**
  - Percent of area median income

- **$152,880**
  - Approximately value of affordable home (3x income)

- **$1,061/month**
  - Approximately amount of affordable rent (25% gross income)

Source: CPD; MVA

### Housing Affordability by MVA Category at 100% of AMI

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Kansas City Metro Housing Burden

• Nationwide, 28 percent of homeowners suffer from high housing cost burden, but in Kansas City, the number is lower at 23 percent.

• Housing cost burden is much higher for households with incomes below $20,000, at 74 percent nationwide and a still higher 80 percent in Kansas City.

• For renters, 52 percent nationwide suffer from high housing cost burden, but in Kansas City the share is lower at 48 percent.

• For households with incomes below $20,000, the figures are 89 percent nationwide and a comparable 90 percent in Kansas City for renters.
Sources


Other Resources


• City of Kansas City, Missouri Transit Oriented Development Policy - http://kcmo.gov/planning/todpolicy/

• Harvard’s State of the Nations Housing 2017 report - http://www.jchs.harvard.edu/research/state_nations_housing