

RE: Ordinance 260286, to be heard 3/31, 4/6 at Finance, Governance and Public Safety Committee

Dear Council Members,

On behalf of the Promoting Equitable Neighborhoods (PEN) work group, we respectfully request that **Section 3 of Ordinance 260286 that relates the Affordable Housing set aside be removed from this legislation and be addressed separately** and through a deliberate process.

Attached is a 1-pager explaining why Section 3 of Ordinance 260286 is problematic and a recommended path forward. We recognize the need to evaluate the city's policies and are ready to assist and be part of the discussion.

As described in our 1-pager, Section 3 reduces the in-lieu fee from \$100k to \$5k – an amount that is arbitrary, not based on data, goes against the City's own goals, and is far from best practice.

The process by which Section 3 was added to the ordinance is also deeply problematic – there was no engagement with stakeholders (as was done with Sections 1 and 2 of the ordinance) and it does not comport with recommendations from the City's own Housing and Community Development Department. Additionally, this section circumvents and undercuts two other key pieces of legislation underway/previously enacted - the Economic Development & Incentive Policy (2025 Ord. [251058](#)) and the nexus study that was to be commissioned to determine the appropriate fee requirement (2021 Ord. [210688](#)).

We urge Finance Committee members to remove Section 3 from the current Ordinance 260286.

PEN is well-versed in the Affordable Housing set aside requirement and best practices in similar cities across the country. We are happy to answer any questions or concerns you may have.

Sincerely,
Amanda

Who is PEN? PEN is a coalition focused on developing local policies to preserve and create equitable housing opportunities for households making 50% of the Area Median Income (AMI) or below in Kansas City. Created in 2017, our group is co-led by Urban Neighborhood Initiative, LISC, and Habitat for Humanity of Kansas City, we are housing advocates, affordable housing developers, community development financial institutions, anchor institutions, funders, public agencies, urban core neighborhood leaders and residents, and other stakeholders. To learn more about PEN and our accomplishments in local housing, see our slidedeck [here](#).

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PROMOTING EQUITABLE NEIGHBORHOODS

Position Statement on Ordinance 260286

March 2026

Promoting Equitable Neighborhoods (PEN) has worked closely with City of Kansas City on major affordable housing efforts, including the 2018 Five-Year Housing Policy, the original Set Aside Ordinance (2021), and the Affordable Housing Trust Fund. As a valued thought leader and policy partner with the City, we have deep concerns with Ordinance 260286 and the impact it would have on affordable housing.

REMOVE SECTION 3 OF ORDINANCE 260286

ADDRESS SECTION 3 SEPARATELY

Ordinance 260286 addresses prevailing wage and MBE/WBE requirements, which are worthwhile issues. However, Section 3 attaches a significant change to the affordable housing set aside payment-in-lieu (PIL) fee, dropping it from \$100,000 to \$5,000 per unit. **We seek removal of Section 3 and that the set aside policy be addressed as a separate issue.**

WHY SECTION 3 OF ORDINANCE 260286 IS PROBLEMATIC

NOT GROUNDED IN DATA

The \$5,000 PIL figure appears to have been rushed and does not reflect local market conditions or national best practice. It is not aligned with recommendations made by the City's Housing and Community Development Department. A sound PIL fee requires a nexus or feasibility study, not an expedited estimate or negotiation.

WORKS AGAINST ITS OWN GOAL

When a PIL fee is set below the actual cost of providing affordable units, it becomes easier for developers to pay the fee and opt out. That outcome weakens the set aside policy rather than strengthening it.

A PATH FORWARD

Removing Section 3 of Ordinance 260286 creates space for a more productive conversation about the set aside policy, and one that could enhance its overall utility. PEN advocates for several ways to properly address the set aside ordinance, including:

- **Commission a nexus study** to determine the appropriate fee and set aside requirement based on economic data (per 2021 Ord. 210688), with PEN in an advisory capacity. In the interim, calculate the "Affordability offset value" using all public fund sources invested in affordable housing, including CCED, CDBG, HOME, and the Housing Trust Fund.
- **Enforce the current set aside** through consistent application of existing requirements. Allocate resources to build adequate enforcement and reporting capacity, as required by legislation.
- **Enact best practices for housing policy and incentives** by completing economic development policies and studies underway; adopt inclusionary housing policies (e.g., height/density bonuses) to balance public good with public subsidies.

PEN is committed to working toward a set aside policy that is fair, data-driven, and delivers results for Kansas City residents. We welcome the opportunity to continue this conversation.