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# TESTIMONY

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## KANSAS CITY ORDINANCE 231019 AND HOUSING VOUCHERS

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**Testimony before the Kansas City Council Special Committee for Legal Review**

### TO THE HONORABLE MEMBERS OF THIS COMMITTEE

Our names are David Stokes and Patrick Ishmael, and we are director of municipal policy and director of government accountability, respectively, at the Show-Me Institute. The Show-Me Institute is a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state and local policy. The ideas presented are our own. Thank you for this opportunity to testify.

Proposed ordinance 231019 requires landlords in Kansas City to accept housing vouchers for rental property in Kansas City. It does this by prohibiting "discrimination" against applicants based on their source-of-income (SOI) to pay the rent, i.e., vouchers. The housing voucher program, commonly referred to as Section 8 housing, is a federal program. There is no federal requirement that landlords participate in it. The voluntary nature of the program is one of the reasons for its relative success. People are not forced to participate, yet many landlords do, and there is no documented shortage of low-income housing in Kansas City. In fact, the Kansas City metropolitan area was ranked as the 13th most affordable housing market in the country in one survey.[1] Another study ranked Kansas City as the 11th most affordable metro area out of 94 major metros internationally.[2] Finally, a very recent survey ranked Kansas City 27th out of the 100 largest metro areas in total affordability, where housing was an important part of the calculations.[3] Any brief perusal of apartment or home rental listings in Kansas City will confirm those results, and demonstrate that there are considerable Section 8 housing rental properties available in the area.

There are many examples of government social programs where participation is voluntary. Doctors are not forced to accept Medicaid

payments, yet many do. Grocery stores are not required to accept food stamps, yet many, if not most, do. That is how the housing voucher program has worked for many years. Requiring a local mandate in Kansas City will force landlords either to accept the burden of joining the program against their will, sell their properties to larger landlords with the resources to handle the new burdens, or to exert time and effort to creatively find other reasons to deny risky renters. All three of these options are bad.

The ability to find other reasons to deny high-risk renters is complicated by other aspects of the bill, which take the proposal beyond tragedy to farce. The bill states landlords cannot reject applicants based on things like credit scores, criminal records, or past evictions. It is essentially forcing landlords to rent to anyone who applies, no matter their financial state or criminal history. Will laws requiring school bus companies to hire drunk drivers and pre-schools to hire sex offenders coming up next?

Participation in social welfare or government relief programs should be voluntary to the largest extent possible. You are not required to accept unemployment funds when you are unemployed if you do not want to. You are not required to receive food stamps if you do not wish to. Mandating that landlords in Kansas City participate in this program would be an example of the city improperly inserting itself into a federal program and interfering with private property rights. Furthermore, it would be an uncalled-for requirement for property owners to join in a federal welfare program they may have no desire to join. Such a mandate would not increase housing opportunities in Kansas City. There are numerous, legal ways for landlords to deny prospective tenants, and requiring them to claim alternative reasons for denial instead of a straightforward "I choose not to participate in the housing voucher program" would be a waste of everyone's time, including the potential tenant's.

The academic literature on the question of SOI requirements is very limited. Most states and cities do not have them. Currently, four cities in Missouri have SOI laws, and all of them have been passed relatively recently. A 2017 review of the research clearly stated about the topic, "Given the paucity of studies surrounding SOI discrimination and antidiscrimination policies, it is unsurprising that there is a lot we do not know."[4] That paper later concluded with encouraging further research on the question and again stating, "While literature on SOI discrimination is still in its infancy, it seems clear it is not a panacea for many of the problems faced by HCV [housing choice voucher] participants discussed in this article."[5]

If Kansas City wants to do something that might actually help lower-income people who live in the city, it should rezone parts of the city, especially parts of it near transit stops, to allow for more multi-family housing units in those neighborhoods. Increasing the supply of housing of all types is the best way to further lower the cost of housing in Kansas City. Minneapolis dramatically reduced its zoning requirements in 2018 to allow more apartments and condominium developments. Since that time, median rental rates in Minneapolis have increased just one percent—the lowest in the nation—due to increased housing supply.[6]

Landlords and developers can meet this demand for housing if they are allowed to. Authoritarian mandates and wasteful subsidies are not required for them to do so. This council can let the free-market work for housing in Kansas City, just as it has for over a century. Thank you for this opportunity to submit these comments.

## NOTES

1. https://www.realestatewitch.com/house-price-to-income-ratio-2021.
2. Cox, Wendell, "International Housing Affordability," Demographia, 2023.
3. Medici, Andy, and Cagle, Ellen, "After inflation's boom, here's how Kansas City ranks for affordability," Kansas City Business Journal, October 5, 2023.
4. Tighe, J. R., Hatch, M. E., & Mead, J., "Source of Income Discrimination and Fair Housing Policy." Journal of Planning Literature, 2017, 32(1), pages 3–15.
5. Ibid.
6. Horowitz, Alan, and Canavan, Ryan, "More Flexible Zoning Helps Contain Rising Rents," Pew Charitable Trusts, April 17, 2023.

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