

## BULLETIN: TENANT SCREENING IN KANSAS CITY, MO

Kansas City, Missouri recently enacted Ordinance 231019 (the “Ordinance”) which amends the Code of Ordinances to, in part, prohibit housing providers from denying applicants based solely on certain factors without considering any additional information provided by the applicant, and to prohibit discrimination against rental applicants based on their source of income.<sup>1</sup> The Ordinance takes effect on August 1, 2024.

*This Bulletin provides a brief overview of the requirements in the Ordinance that may impact the tenant screening process in Kansas City, Missouri. Housing providers should review the complete Ordinance with their legal or compliance team.*

### DENYING APPLICANTS SOLELY FOR CREDIT, CIVIL, OR CRIMINAL RECORDS

The Ordinance prohibits housing providers<sup>2</sup> from refusing to rent to applicants based solely on the below factors, without considering any additional information provided by the rental applicant:

- A rent-to-income ratio that does not take into account all lawful and verifiable sources of income;
- An adverse credit report or lack of credit history;
- Prior evictions or alleged damages, except those occurring within one year; or
- Prior convictions or arrests.<sup>3</sup>

However, it is not a violation to deny a rental application based on reference to two or more of the factors above.

The “additional information” that housing providers should consider in conjunction with the applicant’s credit history, criminal background check, or rental history includes, but is not limited to:

- Personal references;
- Recency and status of any evictions;
- Any actions taken by the applicant to resolve past evictions, credit challenges, or alleged damages;
- Recency and severity of any convictions;
- The violent or sexual nature of prior convictions;
- The facts or circumstances surrounding criminal conduct;
- Applicant’s age at the time of the conduct;
- The victim’s age or vulnerability;
- Evidence that the applicant has maintained a good rental history in the intervening time; and
- Evidence of rehabilitation efforts, consistent with state and federal laws.

It is therefore not a violation of the Ordinance to deny an application based on an assessment of these factors specific to the individual applicant.

Housing providers are not responsible for incorrect information obtained from third parties as part of the tenant screening process if they use “reasonable diligence in assessing the veracity and reliability of third-party information” and identify the third-party source. If information used to deny an application is later corrected, the housing provider must reconsider the application.

Housing providers must give applicants notice if their application is denied. If the applicant requests the reasoning for the denial, the housing provider must inform the applicant that denial was not on the basis of their membership in a protected class and must inform the applicant of their rights under the Code of Ordinances.

### SOURCE OF INCOME AS A PROTECTED TRAIT

The Ordinance also prohibits discrimination against applicants based on their “source of income”, which includes:

- Reasonably verifiable and lawful income from employment, including cash or tipped wages;
- “[A]ny type of private, non-profit, or governmental assistance or payment such as federal Housing Choice Vouchers”;<sup>4</sup> and
- Other sources of income such as military pension payments, disability payments, court ordered payments.

<sup>1</sup> The Ordinance is available at: <https://clerk.kcmo.gov/LegislationDetail.aspx?ID=6437181&GUID=FBF2E648-4FD2-454C-825F-CDC1428B59AA&Options=ID%7CText%7C&FullText=1>.

<sup>2</sup> The Ordinance includes an exception to these screening requirements for small, owner-occupied properties.

<sup>3</sup> Please note that RentGrow does not report arrest data about applicants.

<sup>4</sup> “Source of income” includes these types of payments unless compliance “would require unreasonable structural modifications to the dwelling.”

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Housing providers must consider these sources of income when evaluating applicants and must not deny applicants solely because of a rent-to-income ratio that does not take into account all verifiable and lawful sources of income. If an applicant has a voucher, the rent-to-income requirement must only apply to the portion of the rent not covered by the voucher.

## QUESTIONS HOUSING PROVIDERS SHOULD ASK WHEN EVALUATING THEIR TENANT SCREENING PROCESSES

Considering the Ordinance, housing providers may want to evaluate their tenant screening processes and consider:

- Do your tenant screening processes include consideration of any “additional information” in conjunction with the applicant’s credit history, criminal background check, and rental history?
- Do your tenant screening criteria consider an applicant’s source of income, either for considering rent-to-income ratios or another purpose?
  - If so, is the consideration of an applicant’s source of income done in compliance with the Ordinance?
- Contact the RentGrow Client Services Team if you need assistance reviewing your current criteria or making any updates or modifications recommended by your legal or compliance teams.

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*This Brief Review was prepared for general information purposes only, does not constitute legal advice, must not be acted upon as such, and is subject to change without notice. Always consult a lawyer or qualified housing expert for legal or compliance advice.*